Associated British Foods plc

Annual Report 2023

Investing for tomorrow Delivering today

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Group revenue
£19.8bn
(2022: £17.0bn)

Adjusted operating profit*
£1,513m
(2022: £1,435m)

Operating profit
£1,383m
(2022: £1,178m)

Profit before tax
£1,340m
(2022: £1,076m)

Adjusted profit before tax*
£1,473m
(2022: £1,356m)

Adjusted earnings per share*
141.8p
(2022: 131.1p)

Net cash before lease liabilities*
£895m
(2022: £1,488m)

Net debt including lease liabilities*
£2,265m
(2022: £1,764m)

Gross investment*
£1,171m
(2022: £930m)

Return on average capital employed* (ROACE)
13.6%
(2022: 14.0%)

Dividends per share (including special dividend)
60.0p
(2022: 43.7p)

Basic earnings per share
134.2p
(2022: 88.6p)

On the cover: An Allied Mills employee at our Manchester flour mill

* Alternative Performance Measures (APMs) as defined on pages 189 to 191.

Associated British Foods is a highly diversified group, with a range of food and ingredients businesses as well as our retail brand, Primark. We are united in our purpose: to provide safe, nutritious and affordable food, and clothing that is great value for money.

Investing for tomorrow Delivering today

We invest in our businesses to create long-term value for our shareholders and our stakeholders including customers, employees and suppliers. We believe that this investment, with the process of ambition and renewal that accompanies it, builds momentum and sharpens focus across the Group.

In our Annual Report this year we highlight how we are continuing to invest in new technologies, in products and processes, in our people, and in capital and acquisitions despite a year of economic volatility and high inflation. We show how our businesses are increasingly well-placed to grow sustainably from this year's delivery of sales and profits.

About us

133,000
employees

55%
of our total workforce are women

55
countries operated in, across Europe, Africa, the Americas, Asia and Australia

96%
of our people have access to an employee assistance programme

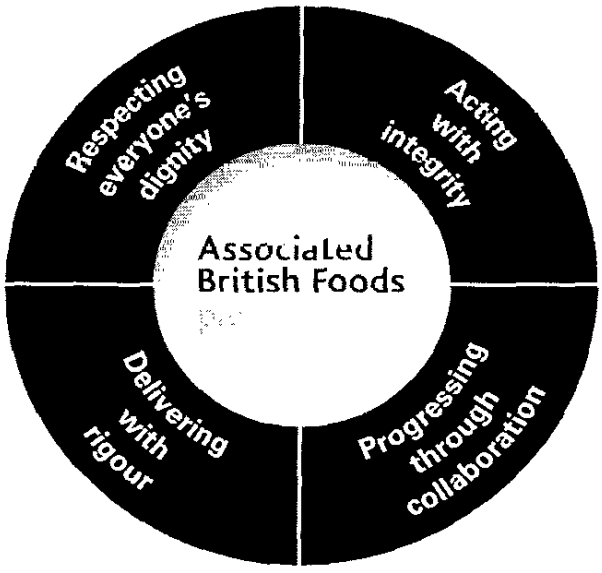
One of the largest
fashion retailers in Europe

188
food manufacturing sites globally

83%
of the waste* we generated was sent for recycling, recovery or other beneficial use

58%
of the energy we used came from renewables

Our values



See pages 10 and 11 for more on our values and how we operate.

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

Our consumer brands

Alfez
Anthony's Goods
Billington's
Bull Brand
Capullo
Don
Dorset Cereals
Fleischmann's
Jordans
Kingsmill
Mazzetti
Mazola
Ovomaltine
Pataks
Primark
Ryvita
Silver Spoon
Tip Top
Twinings
Yumis

For a full list of our businesses and brands, visit www.abf.co.uk/our-businesses/a-z-finder

Our operating businesses

Grocery

Twinings and Ovaltine are enjoyed in more than 100 countries worldwide

Read more on page 14

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.

Revenue
£4,198m
(2022: £3,735m)

Adjusted operating profit
£448m
(2022: £399m)

Retail

Primark is one of the largest clothing retailers in Europe, with the highest sales by volume in the UK and a growing presence in the US. In total, we have 432 stores in 16 countries across Europe and the US.

One of the fastest
growing fashion retailers in Europe

Read more on page 30

Revenue
£9,008m
(2022: £7,697m)

Adjusted operating profit
£735m
(2022: £756m)

Ingredients

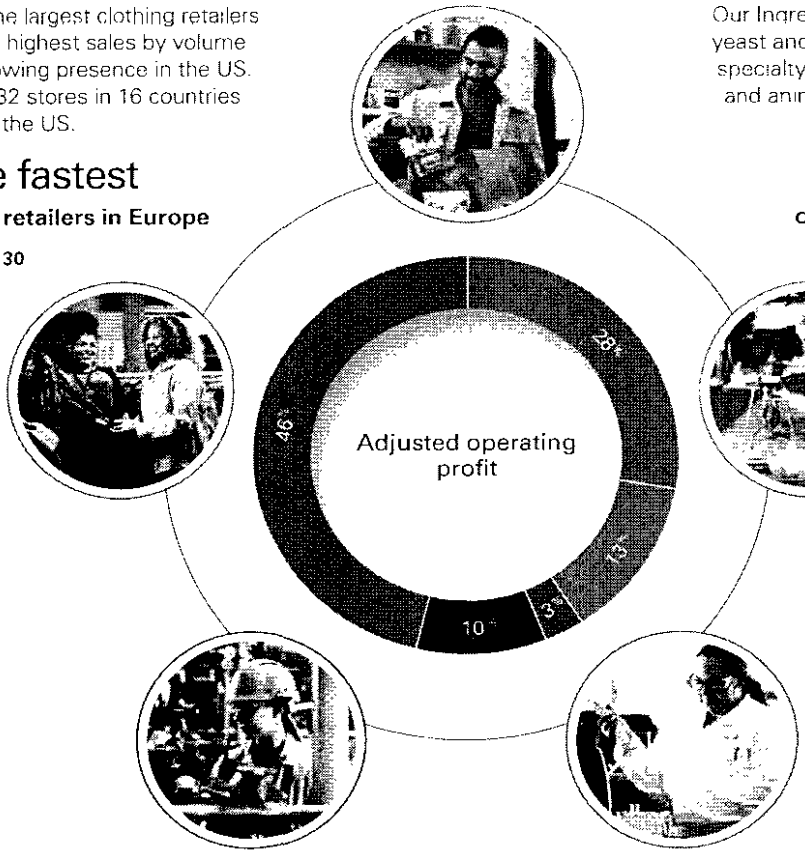
Our Ingredients businesses are leaders in yeast and bakery ingredients as well as in specialty ingredients for the food, human and animal nutrition, pharmaceutical and various other industries.

A global leader
of specialty yeast ingredients

Read more on page 18

Revenue
£2,157m
(2022: £1,827m)

Adjusted operating profit
£214m
(2022: £159m)



Sugar

ABF Sugar produces a range of food, feeds, fuels and other products from sugar cane, sugar beet and wheat in Africa, the UK, Spain and China.

One of the largest
sugar producers in the world

Read more on page 26

Revenue
£2,547m
(2022: £2,016m)

Adjusted operating profit
£169m
(2022: £162m)

Agriculture

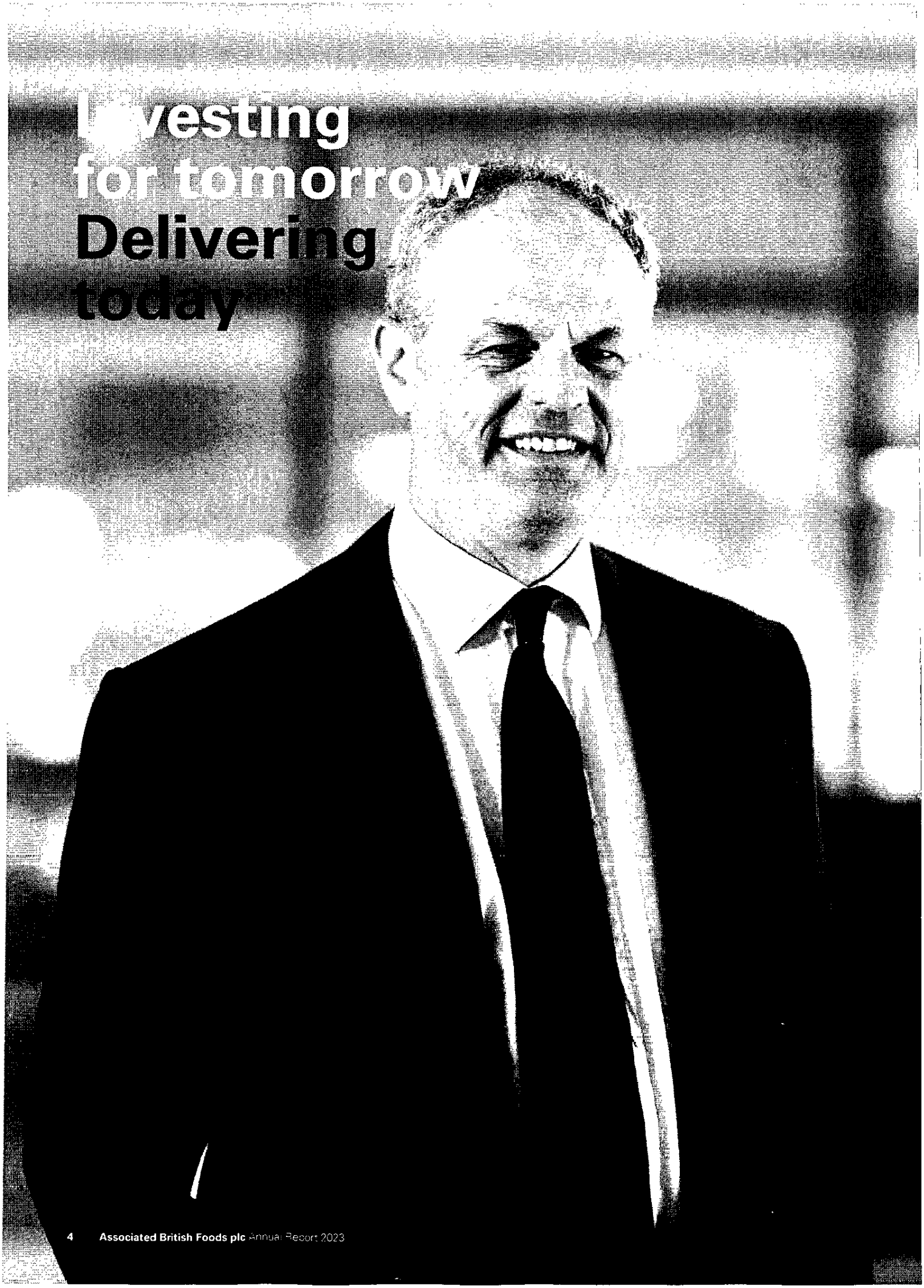
AB Agri is an international agri-food business and a leader in the UK. We supply farm performance services, animal feed, specialty ingredients and supplements to farms, feed manufacturers, food producers and retailers.

The UK's largest
animal feed business

Read more on page 22

Revenue
£1,840m
(2022: £1,722m)

Adjusted operating profit
£41m
(2022: £47m)


Investing
for tomorrow
Delivering
today

Chairman's statement

The Group performed very well in the financial year despite significant inflationary and other macro-economic pressures.

Group revenue increased to £19.8bn, 16% higher than the previous year at actual exchange rates and 15% higher at constant currency. This increase in revenue was largely due to price increases negotiated across different businesses to mitigate high levels of inflation. As the financial year progressed, we saw the rate of inflation ease.

Year-on-year performance in our Grocery and Ingredients divisions was strong while Sugar delivered higher sales and resilient profits in the face of difficult growing conditions in Europe. Retail revenue was very good, driven by our like-for-like performance and selling space expansion. At the start of the year we decided not to recover through pricing all the inflation in Primark's input costs, and Primark adjusted operating profit fell by 3% year-on-year.

Group adjusted operating profit rose to £1,513m, an increase over the previous year of 5% at actual exchange rates and 4% at constant currency. Adjusted profit before tax rose 9% to £1,473m and adjusted earnings per share increased by 8% to 141.8p.

Gross investment stepped up to £1.2bn in the financial year reflecting the many strategic investments made in our Grocery, Ingredients and Sugar divisions as well as a step-up in the store and technology roll-out in Primark. We made a number of small acquisitions for a total cash payment of £94m, in particular in our Agriculture division to expand the strength and breadth of our offer to the dairy sector.

Capital structure and shareholder returns

Our capital allocation policy is for the Group's financial leverage, expressed as the ratio of total net debt to adjusted EBITDA, to be well under 1.5 times, whilst financial leverage consistently below 1.0 times may indicate a surplus capital position. Surplus capital may be returned to shareholders by special dividends or share buybacks, subject to the Board's discretion.

During the financial year we executed £446m of a £500m share buyback programme with the remaining amount being completed recently. At the end of the financial year the financial leverage ratio was just under 1.0 times. The Group continues to prioritise investment in its businesses, and we expect to increase spend in each of the next few years to slightly above last year's level. Nevertheless, given the outlook for the Group, the strength of the balance sheet and the underlying cash generation of the business, the Board has decided to continue to return additional capital to shareholders. Therefore, the Group will continue with a buyback programme, targeting an additional amount of £500m over the next 12 months. In addition, the Group is declaring a special dividend of 12.7p per share.

The Board is proposing a final dividend of 33.1p per share which together with the special dividend will be paid on 12 January 2024 to shareholders on the register on 15 December 2023. Taken with the interim dividend of 14.2p a share, the aggregate total dividend equates to 60.0p per share, 37% higher than the total dividend of 43.7p per share in 2022.

Our commitment to good business

Our businesses aim to make a lasting contribution to society by following our Group values of respecting everyone's dignity, acting with integrity, progressing through collaboration and delivering with rigour. The Group operates a devolved business model which gives the businesses considerable autonomy, but the Board has ultimate responsibility for overseeing responsible business practices across the Group. This year we continued to make good progress in our environmental initiatives in particular with significant investments in decarbonisation of Sugar, in water and effluent projects in Ingredients, and at Primark which progressed a number of initiatives under the Primark Cares programme including an increase in the proportion of recycled or more sustainably sourced materials used in our clothing.

Board

There have been several important changes to the Board this year. We welcomed Eoin Tonge as a director in February 2023, succeeding John Bason as Finance Director in April 2023. Dame Heather Rabbatts became Senior Independent Director and Graham Allan became Chair of the Remuneration Committee in May 2023. Ruth Cairnie stepped down on 31 August 2023 after nine years on the Board. Ruth made a terrific contribution to our Board deliberations, and she leaves with our grateful thanks.

We have also welcomed Annie Murphy and Kumsal Bayazit as new non-executive directors. Annie joined from 6 September 2023 and Kumsal will be joining from 1 December 2023. They bring a wealth of relevant experience in different areas to the Board and I very much look forward to working with them.

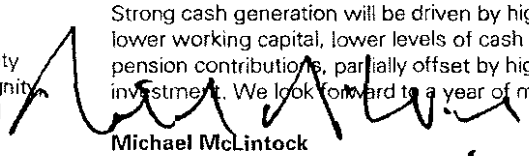
Looking ahead

Whilst the environment is still challenging for the consumer, inflationary pressures have eased and there is less volatility than there was 12 months ago. The Group is well positioned as a result.

At Primark, we believe our trading performance demonstrates the enduring strength of our appeal to customers across all markets. We continue to invest in both our existing store estate and in new stores and in our digital infrastructure. We expect further growth in sales next year driven by new selling space expansion of some 1 million sq ft and modest levels of like-for-like sales growth. This like-for-like growth will be underpinned by our value proposition, our product relevance and stretch, our increasingly effective digital platform and some limited pricing. Lower material costs and lower freight costs should result in a substantial recovery in gross margin and overall we expect Primark adjusted operating profit margin to recover strongly. At this early stage we believe that the adjusted operating profit margin will be above 10% with further improvement dependent on levels of consumer demand.

In our food businesses, we expect stability across our Grocery division as inflation recedes and as we step up our investment in marketing in our international brands. In Ingredients we anticipate a modest decline in sales and profit as we consolidate following a year of very strong growth and we invest to enhance capabilities. We expect Agriculture to move forward as markets improve and it integrates and leverages the acquisitions of the last two years. We continue to expect the broader Sugar portfolio to deliver a substantial improvement in profitability in this new financial year, driven by a marked improvement in the performance of British Sugar with an anticipated better UK sugar beet crop, and a significant reduction in losses at Vivergo.

Strong cash generation will be driven by higher profitability, lower working capital, lower levels of cash tax payable and pension contributions, partially offset by higher capital investment. We look forward to a year of meaningful progress.



Michael McLintock
Chairman

Chief Executive's statement

At the start of this financial year we were staring at some very significant economic and political challenges. International currency markets were subject to extreme volatility and sterling's weakness was damaging Primark's gross margin. Supply chains were disrupted, not least by conflict in Ukraine. Inflation threatened consumer spending. And it was all but impossible to forecast how consumers in our many markets would behave.

Faced with that outlook, we made two decisions. First, that we would work hard and consistently to recover our food margins wherever we could while taking great care to look after our customer relationships. And second, that we would raise prices only selectively at Primark, with the result that the impact of input cost inflation would mean lower Primark profits. To get a sense of the scale of the challenge, we believe that inflation increased costs across the Group by some £1.7bn in this financial year. That follows higher costs of £1bn in the previous year. As always in inflationary cycles, pricing actions lag the impact of rising input costs and, as a result, some of the benefits apparent this year originated from pricing agreed last year.

Today I look back at the twelve months with enormous pride in how the Group navigated those conditions. Revenues increased significantly but what is especially pleasing is how our businesses managed inflation with both consumers and customers in a thoughtful way, without damaging our businesses or those of others in the long run. It was not an easy process, but it was a necessary one, and it was handled with care. As the financial year progressed, inflation eased and some costs began to decline from recent highs, for example in freight, fabric and energy. This is not a uniform picture and inflation remains substantial in some countries in which the Group operates. But in aggregate we believe that the need for price increases in food and Primark are now largely behind us.

So, Group revenue increased to £19.8bn, 16% higher than the previous year. Adjusted operating profit was also higher at £1,513m, an increase over the previous year of 5%. Adjusted earnings per share increased 8% to 141.8p. The fact that profits and earnings per share increased by less than revenues is a clear indication that we have more work to do to rebuild the Group margins.

Against this backdrop our Ingredients business fared very well, with significantly higher adjusted operating profit. Grocery and Sugar also increased profits, albeit more modestly. Faced with challenging markets, profits fell in Agriculture.

The effects of inflation were felt most in our Grocery businesses. We operate in many markets particularly through our international brands - Twinings, Ovaltine, Blue Dragon, Patak's, Jordans and Mazzetti – and we used local consumer insight to manage inflation without overly impacting consumer demand. For the most part our branded product lines secured price increases sufficient to recover cash margins eroded by inflation, and in places we benefited from increased demand for own-label products. Our brands are now also more on the front foot in terms of investment. For example, Twinings plans to roll out campaigns internationally in the coming year while Ovaltine is benefitting from work on product innovation with the further introduction of Ready-to-drink products. Operational delivery also featured in our progress. Mazola and Fleischmann's, our edible oils and yeast brands respectively in the US, had a very strong year with good availability of supply. In particular, I am very pleased with the improvement at Allied Bakeries while recognising we have more work to do.

In Ingredients, the step-up in performance at AB Mauri has been significant. There were a number of good performances across its many geographies due to pricing, resilient volumes and good supply chain management. In fact, many other businesses in the Group benefitted from the experience AB Mauri has gained in the past from operating for years in high inflation environments. We continue to invest in the business to increase capacity and develop new products. ABF Ingredients, our specialty ingredients business, also increased sales well. Most of its businesses are long-term growth opportunities for the Group and much of this year has been focused on stepping up investment in capacity and capability for that growth.

Agriculture had a more difficult year, as did many agriculture businesses across the world. Disease, particularly in pig and poultry, became a more common feature to manage. The imperative is to innovate using both science and technology, and we continue to invest in both AB Vista and our dairy-related businesses to this end.

The year for Sugar could have been torrid. The UK beet harvest was blighted by a sequence of weather events that resulted in one of the lowest levels of sugar production at 0.74m tonnes and this in a year when energy costs were exceptionally high. In addition, Vivergo had a poor start to the year with a perfect storm of challenged industry margins and a difficult operating environment, both of which improved as the year progressed but which resulted in a substantial trading loss for this year. Next year looks much more promising. Illovo, our African sugar business, had a good year despite severe damage to our cane business in Mozambique due to flooding and it made further progress in developing its capability to offer retail packs to local markets. It strikes me that taken as a whole our Sugar business now has more balance due in part to geographical diversification – Illovo and our Spanish sugar business, Azucarera, performed well while our UK businesses struggled somewhat – and even within British Sugar our co-products activity compensated for some of the losses from sugar.

I am delighted by Primark's navigation of what could have been a very difficult year, when volatile inflation threatened to disrupt consumer spending. In the event, the strength of the Primark offer, and our decision to pass on only part of Primark's cost increases in higher prices, stood us in good stead with our customers. Against the same period a year ago, sales reached more than £9bn, 15% higher at constant currency. Our difficult decision not to fully recover costs was fully vindicated, resulting in market share gains. The business has real confidence in its product offering both in the core proposition and in an increasingly impressive range extensions and collaborations, culminating in the collaboration with Rita Ora as the financial year ended. Margins at 8.2% were lower year-on-year, the natural consequence of our pricing decision.

We now have real momentum in our store opening programme and customer enthusiasm for new Primark stores continues. The digital programme is also building well. The roll-out of our enhanced website has been a key component of the programme, but as significant is the way we are organising and connecting our social media and digital marketing activities. Our Click + Collect trial has been extended by range and by geography, and we are adding self-checkout to our stores and automated systems to our warehousing. Last but not least, we are continuing to fit large numbers of low energy lightbulbs into our stores.

Step-up in investment

We spent more than £1 billion in capital as a Group this year. While a minority of that investment is to replace existing plant or facilities or to meet regulatory requirements, most of the investment is aimed at growth.

Among our ongoing capital projects for our food businesses is the exciting build of a new sugar factory in Tanzania, the completion of 17 decarbonisation projects across various sugar processes, completion of a new animal feed mill in Western Australia, reconstruction of a bakery for Tip Top also in Western Australia, further investment in core technology platforms for Grocery, and initiation of investment in a production facility in Nigeria for Ovaltine to serve markets across West Africa.

In Primark, capital investment was also substantial. The company made considerable progress with its store expansion programme, now back at some 1 million sq ft of retail space a year with the associated logistics investments. We are also deploying technology in our digital roll-out and in areas such as self-checkouts and automated warehousing.

More broadly we continue to invest across the Group in technology and innovation, not just in core operating systems but also increasingly in more innovative solutions for our businesses.

We continue to expect at least this level of investment in the medium term.

People

I am immensely proud of the efforts of all our people in ABF who have worked hard in difficult economic circumstances made worse in some parts of the world by particularly bad weather. We continue to work very hard indeed to build a company where everyone feels welcome and included.

In August we announced that Paul Foster, Managing Director of Mauri Australia, would succeed Stuart Grainger in November as Chief Executive of George Weston Foods following Stuart's decision to retire from the role. Stuart joined ABF in 1995 and since 2008 he has been in Australia where he has transformed our businesses. I'd like to thank Stuart for being such an effective steward of the Group's assets on the other side of the world.

ESG

As a Group we have a clear sense of our social purpose. We work hard to provide safe, nutritious and affordable food and good quality, affordable clothing to millions of customers every day. At the heart of this purpose lies a devolved business model that empowers our managers to make the right decisions. This year saw significant progress across a wide range of ESG activities and actions designed to deliver on our previously published commitments.

Of particular note were the steps taken this year to advance the decarbonisation of British Sugar. These investments, detailed later in this report under the Operating Review for ABF Sugar, are part of a broader strategy to cut Scope 1 and 2 GHG emissions at ABF Sugar by 30% by 2030. ABF Sugar accounts for some 82% of the energy used by the Group in our own operations, making its progress in decarbonisation critical to the delivery of commitments on GHG emissions. By the end of this calendar year, reduction targets for Scope 1, 2 and 3 emissions at ABF Sugar should be validated by the Science Based Targets initiative (SBTi). Primark's targets for GHG emission reductions have already been validated by the SBTi this year.

We recognise that water is a vital resource. We have carried out a high level water risk assessments for our Group operations using recognised methodologies and we are working steadily to reduce our water footprint. A significant amount of our water use occurs in crop irrigation and we are focused on improving the efficiency of this process. We have recently approved a large-scale irrigation project which could bring significant benefits.

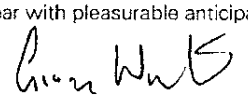
The year has shown us the potential impact of extreme weather. Our businesses are adapting and building resilience. They are also supporting social and environmental interventions on farms globally, with management models that include certified organic production, standards to promote wildlife biodiversity, and engagement with smallholder growers in developing markets.

We understand that making progress in our supply chain, which is extensive, requires sustained and focused work over time. For that reason it is gratifying to note that the Primark Sustainable Cotton Programme celebrated its 10th anniversary this year. This year alone, Primark sold more than 337 million products made from this cotton, at the end of July this year, 299,388 farmers had taken part in the training programme. This feels like very tangible progress, although there remains more to do of course.

Looking ahead

The Group is in very good shape. Its diversification, its strong positions in attractive markets, and the calibre of its management teams will stand it in good stead in the year ahead. But more than that, the operational improvements that we have made in the last 12 months, along with investment in new capacity and capabilities, should enable the Group to make very meaningful financial progress. Primark is as well placed as it has ever been, and our food businesses are as strong as ever. I look forward to this year with pleasurable anticipation.

George Weston
Chief Executive



Creating long-term value...

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. 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.

Grocery

Our Grocery businesses are founded on a set of strong brands with leading positions in many markets worldwide.

For our international brands such as Twinings, Ovaltine, Patak's, Blue Dragon and Jordans, we focus on investing in brand equity and employ regional strategies to drive growth.

We also have a series of more regional brands that are market specific, such as Tip Top bakery in Australia, Mazola vegetable oils in the US, and Kingsmill in the UK, where we seek out leading market positions in the relevant domestic markets.

For most of our brands we have our own end-to-end manufacturing capability which is critical in supporting new product development and operational excellence that drives our brand proposition.

Read more about Grocery's performance and brands in action this year on pages 14 to 17.

Ingredients

Our Ingredients businesses enable or enhance the production of food and other products.

AB Mauri manufactures and sells yeast and ingredients of a consistently high quality to the baking industry. We operate globally and have strong market positions in the Americas, Europe, and south and south east Asia. Through our Global Technology Centre in the Netherlands we invest in innovation to generate opportunities for growth. ABF Ingredients develops and manufactures specialty 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 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 on pages 18 to 21.

Agriculture

AB Agri is an international agri-food business and a leader in the UK.

We supply farm performance services, animal feed, speciality ingredients and supplements to farms, feed manufacturers, food producers and retailers.

Our growth strategy sets out opportunities to strengthen our position in current markets, expand into new geographies, connect data and technology in new ways to deliver on-farm performance and build on our established position of strength in the dairy industry.

Read more about Agriculture's performance and the expansion of our business this year on pages 22 to 25.

Sugar

ABF Sugar has a portfolio of attractive positions, generally in deficit markets which are somewhat insulated from the volatile world sugar price by local supply and demand conditions.

We have significant opportunities to grow profits by continuing our efforts to become truly customer-led, by driving further efficiency and building out our co-products portfolio, all whilst working to reduce our water, carbon and electricity usage.

Our African sugar businesses are building attractive consumer brands and effective routes to market that will reinforce our market-leading positions. In the UK and Spain, where the majority of sugar demand is from food and drink manufacturers, we have built strong business-to-business offers around security of supply and quality. We have efficient operations, but there remains an opportunity to fully optimise reliability and utilisation to gain valuable additional volumes. In our fields, we are using data to improve yields and profitability for our growers.

Read more about Sugar's performance and the development of our business this year on pages 26 to 29.

Retail

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.

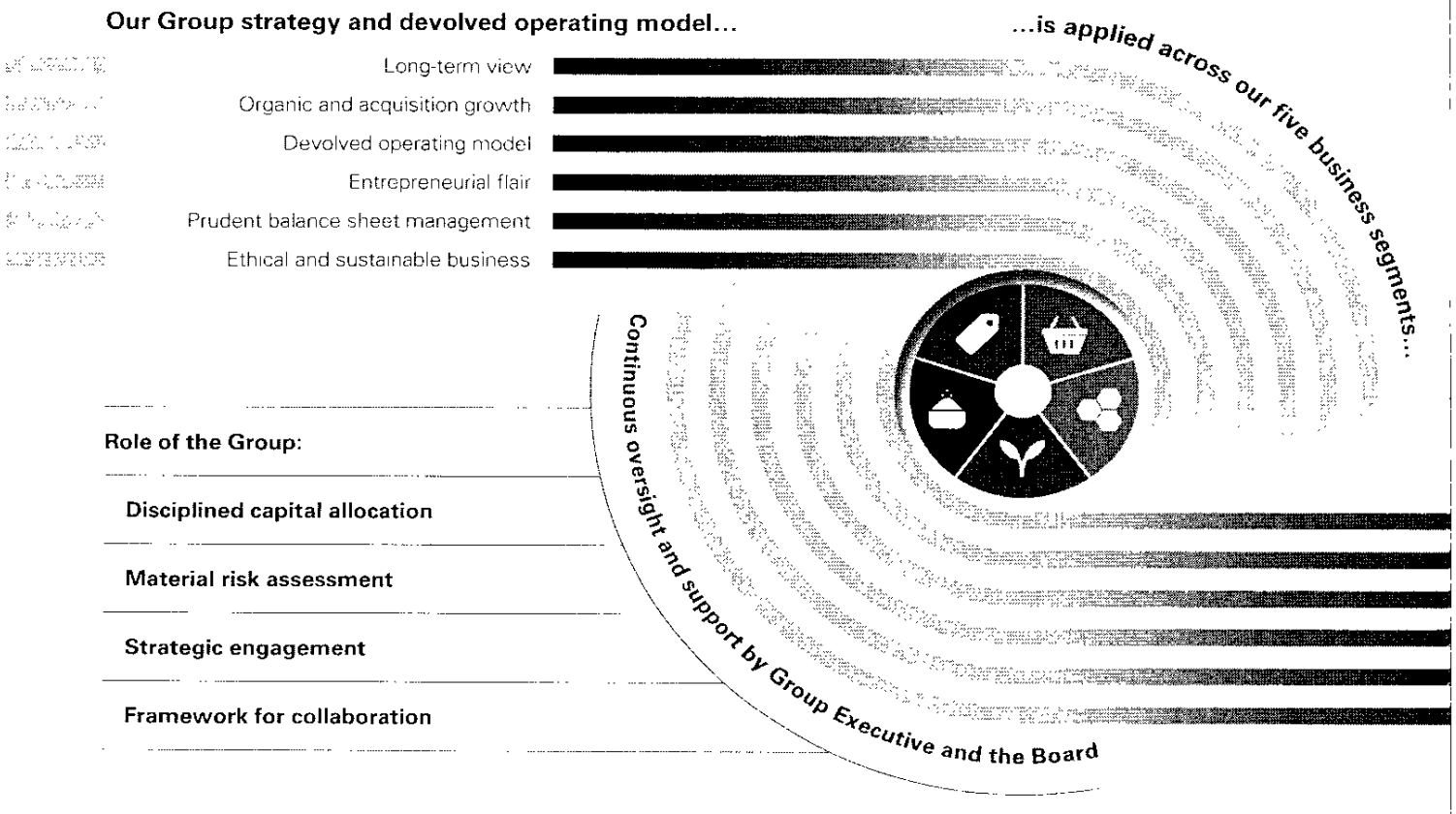
Our strategy is to drive business growth through the development of existing product categories, expansion into new product categories and space expansion in both existing and new markets.

Our customer appeal is supported by our commitment to price leadership, an exciting store environment and our sustainability programme. We are also using our increasingly sophisticated digital and online technologies which are driving marketing and customer engagement.

Read more about our performance and investment in Primark this year on pages 30 to 35.

...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.



Who we are

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 133,000 employees, operations in 55 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.

Devolved operating model

We operate a devolved operating model across our five business segments of Grocery, Ingredients, Agriculture, Sugar 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 the 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 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 2023, the Foundation donated £90m to around 2,000 charities across the UK and in the 65 years since the Foundation was created it has disbursed more than £1.5bn in grants.

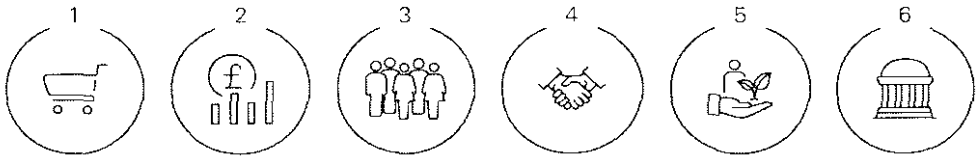
The Foundation has disbursed more than

£1.5bn

in grants since 1958

...to create long-term value for all our stakeholders.

1. *Customers*
2. Investors and shareholders
3. Employees
4. Suppliers
5. Communities
6. Governments



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; disposals are made when judged the best route to creating shareholder value.

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 that 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 inclusion 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.

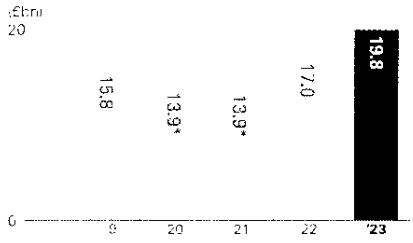
We believe that most people are inherently good and that with encouragement, engagement and support they will do the right thing in the right way. Our high standards of integrity enable us to drive a strong culture, recognising that acting responsibly is the only way to build and manage a business over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

Tracking our progress

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

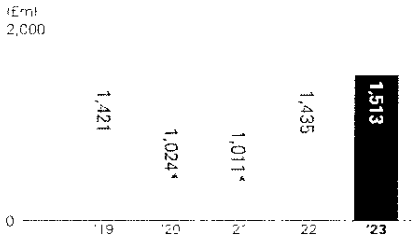
Financial indicators

Group revenue



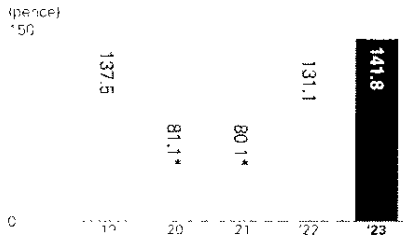
Revenue is a measure of business growth. Constant currency comparisons are also used to provide greater clarity of performance.

Adjusted operating profit**



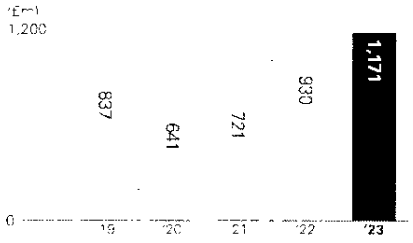
Adjusted profit and earnings measures provide a consistent indicator of performance year-on-year and are aligned with management incentive targets.

Adjusted earnings per share**



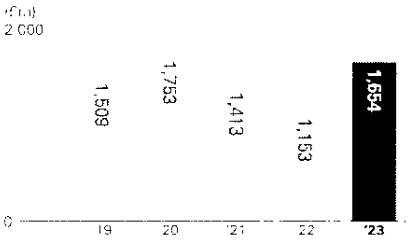
The Group's organic growth objective aims to deliver steady growth in earnings over the long term. Adjusted earnings per share is a key management incentive measure.

Gross investment**



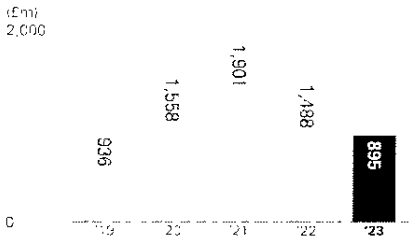
A measure of the commitment to the long-term development of the business

Cash generation



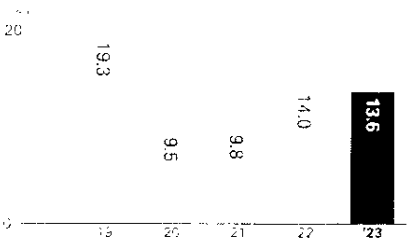
Net cash generated from operating activities is monitored to ensure that profit is converted into cash for future investment and to return to shareholders.

Net cash before lease liabilities**



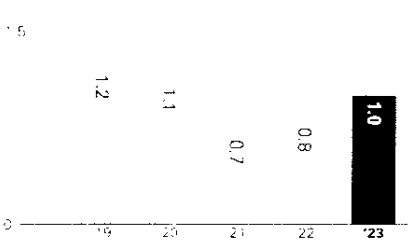
This measure monitors the Group's liquidity and capital structure and is used to calculate ratios associated with the Group's banking covenants

Return on average 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.

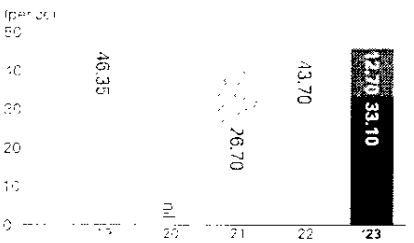
Financial leverage**



This measure monitors the Group's financial strength to ensure long-term financial stability.

The 2019 figures given on an IFRS 16 pro forma basis.

Dividends per share



The Group's organic growth objective aims to deliver steady growth in dividends over the long term. This included the payment of a 13.80p and 12.70p special dividend in 2021 and 2023 respectively

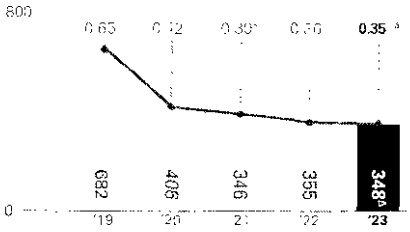
* Impacted by COVID-19 pandemic

** APMs as defined on pages 189 to 191

Each business develops KPIs relevant to its operations. These are monitored regularly. In the case of adjusted operating profit and return on average capital employed, we use them as metrics to incentivise our management teams.

Non-financial indicators

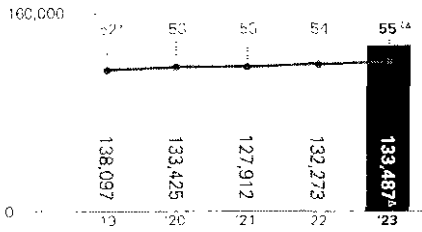
Lost time injuries and lost time injury rate (%)



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

Read more on page 50

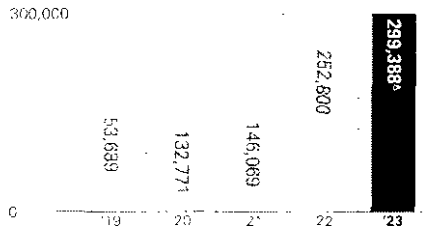
Number of employees, highlighting percentage of women in workforce



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 51

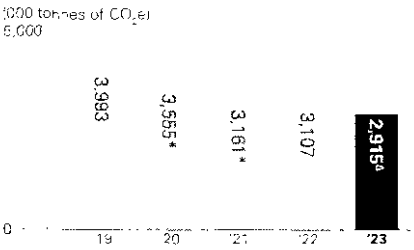
Number of farmers trained in Primark Sustainable Cotton Programme (PSCP)



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

Read more in our 2023 Responsibility Report

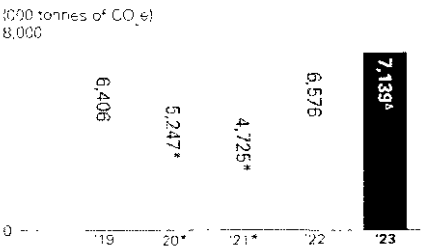
ABF Scope 1 and 2 GHG emissions



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

Read more on pages 52 and 53

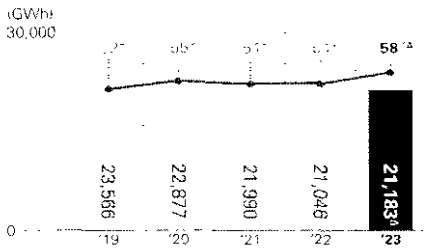
Primark Scope 1, 2 and 3 GHG emissions



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

Read more on pages 52 and 53

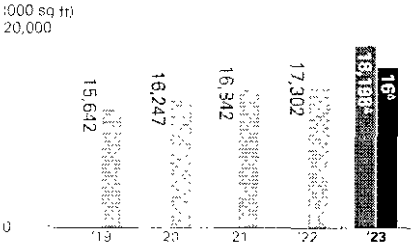
Total energy consumed and proportion from a renewable source



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 53

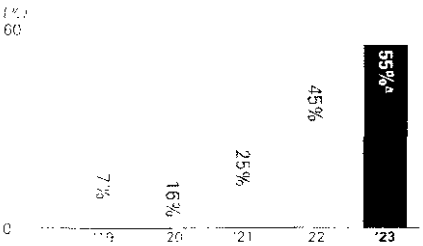
Primark selling space and number of countries of operation



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

Read more on page 31 and 32

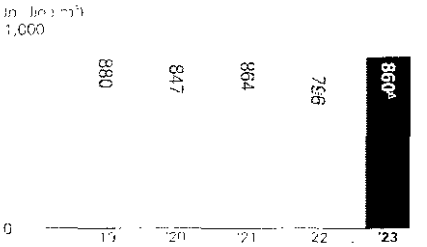
Proportion of clothing sales (units) containing recycled or more sustainably sourced materials



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 32

Total water abstracted



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

Read more on pages 54 and 55

The Group data in this report on our environmental and safety KPIs covered the period 1 August to 31 July, excluding Primark selling space and number of countries of operation; and employee numbers.

^ EY has provided limited independent assurance over the 2023 metrics. See the 2023 ABF Responsibility Report page 114, for EY's assurance statement.

* Impacted by COVID-19 pandemic

Grocery

Grocery comprises brands which occupy leading positions in markets across the globe. In the UK, nine out of 10 households use our brands.

Revenue

£4,198m

2022: £3,735m

Actual currency: up 12%
Constant currency: up 11%

Adjusted operating profit

£448m

2022: £399m

Actual currency: up 12%
Constant currency: up 8%

Adjusted operating profit margin

10.7%

2022: 10.7%

Operating profit

£402m

2022: £369m

Actual currency: up 9%

Return on average capital employed

30.0%

2022: 29.3%

A selection of grocery products from our businesses around the world

About Grocery

International

Twinings has been blending tea since it was founded in 1706 and now sells premium teas and infusions in more than 100 countries. **Ovaltine** malted beverages and snacks are consumed throughout the day in countries across the globe. **Patak's** is the original spice blending expert and is recognised around the world for creating authentic Indian food that is quick and easy to prepare. **Jordans** has a heritage of using traditional methods to produce delicious wholegrain breakfast cereals. **Blue Dragon** offers authentic, simple and convenient ingredients to create delicious dishes from China, Thailand, Japan and Vietnam. **Mazzetti** is our leading brand of Balsamic Vinegar of Modena.

North America focused

We make and market 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. We also have a 50% ownership in **Stratas Foods**, the leading US supplier of packaged oils, margarines, mayonnaise, sauces and dressings for the foodservice market, specialist packaged oils and fats for food ingredients, and private-label bottled oil for the retail market.

UK focused

We have a broad set of food brands and businesses focused in the UK. **Kingsmill** produces a range of bakery products for the whole family. **Dorset Cereal's** award-winning muesli and granolas are renowned for the quality of the ingredients. **Ryvita** is the UK category leader in crispbreads. **Silver Spoon** and **Billington's** are our two retail sugar brands in the UK. We are also a leading supplier to the Indian, Chinese and Thai foodservice sectors with well-known brands including **Lucky Boat** noodles.

Australia and New Zealand focused

We are one of Australia and New Zealand's largest food manufacturers. **Tip Top** is one of the most recognised brands in Australia with an extensive range of bread and baked goods. Our **Don** business manufactures a variety of bacon, ham and meat products. **Yumi's** produces hommus, vegetable dips and snacks and is the leader in the Australian market.

For a full list of our businesses and brands visit https://www.abf.co.uk/our-businesses/a-z-finder.

Operating review

Our Grocery businesses performed with great resilience in what were challenging inflationary conditions. Revenues were strongly ahead of last year driven primarily by price increases through the course of the year to mitigate cost inflation. Despite the challenges of dealing with inflation volatility, adjusted operating profit margin held at 10.7%, helped in part by a recovery in our Allied Bakeries business. Adjusted operating profit for the year was 8% higher at £448m. In the first half of the year revenues were 10% higher than the same period a year ago. In the second half, revenues were 12% higher. The difference in the growth rates predominantly reflects the lag between the input cost inflation of the prior year and the first half of this financial year and the time taken to implement pricing. As this year progressed, inflation abated somewhat. Adjusted operating profit in the first half was £173m, down 10% on the same period a year ago. However, in the second half adjusted operating profit increased by 23% to £275m as the effect of pricing came through.

Our group of international brands – Twinings, Ovaltine, Blue Dragon, Patak's, Jordans and Mazzetti – largely performed well. Sales at Twinings moved higher on pricing to recover input cost inflation, with volumes broadly flat. Within this, there were good performances in the US, UK, Australia and France. The brand conducted a number of marketing trials in the year as a prelude to deploying marketing spend to drive further growth. Sales of fruit and herbal infusion teas have increased significantly and are now close to those of black teas. Ovaltine sales also moved higher, with good performances in Brazil, Switzerland and Nigeria partially offset by lower foodservice sales in China and by difficult trading conditions in Myanmar. We saw an increase in sales of Ready-to-drink products in Thailand but lower sales of higher margin powder products. Patak's and Blue Dragon both traded well. Half the sales of Patak's are now located outside the UK where we delivered good growth, and the brand also delivered strong growth in the US and good growth in Australia. Blue Dragon delivered strong value growth, increasing further its proportion of international sales with growth in the US and Canada. Jordans had a resilient year, broadly maintaining its international sales. The Mazzetti brand of balsamic vinegars continued its international growth and nearly half of sales are now outside Europe.

As noted above, in the US our international brands performed well. Our US focused brands and businesses also traded well. Mazola, the leading brand in the US edible oils category, delivered strong volumes and profitability supported by new production capabilities. Sales of our Fleischmann's yeast and baking ingredients products have also been strong. Stratas, our joint venture in the US that supplies oils and other products to the foodservice, ingredients and retail markets, traded strongly due to improved sales mix and good procurement of oils.

In our UK focused brands and businesses, the sales trajectory of Allied Bakeries improved considerably through the course of the year due to higher volumes, stronger pricing and operational improvement. We continue to work on improvements to the financial performance of this business. Ryvita continues to underperform but is investing in a brand relaunch and early results are positive. Shortly after the period end we acquired the Capsicana range of Latin American products such as tortillas, pastes, kits and seasoning mixes, broadening further our range of world foods.

In our Australian focused brands and businesses, sales at our Tip Top brand increased due to pricing taken to mitigate cost inflation. Performance at Don was held back by high meat costs, labour shortages and the insolvency of a major distribution business. As a result, we have conducted a value in use assessment which has led to a non-cash exceptional impairment charge of £41m.

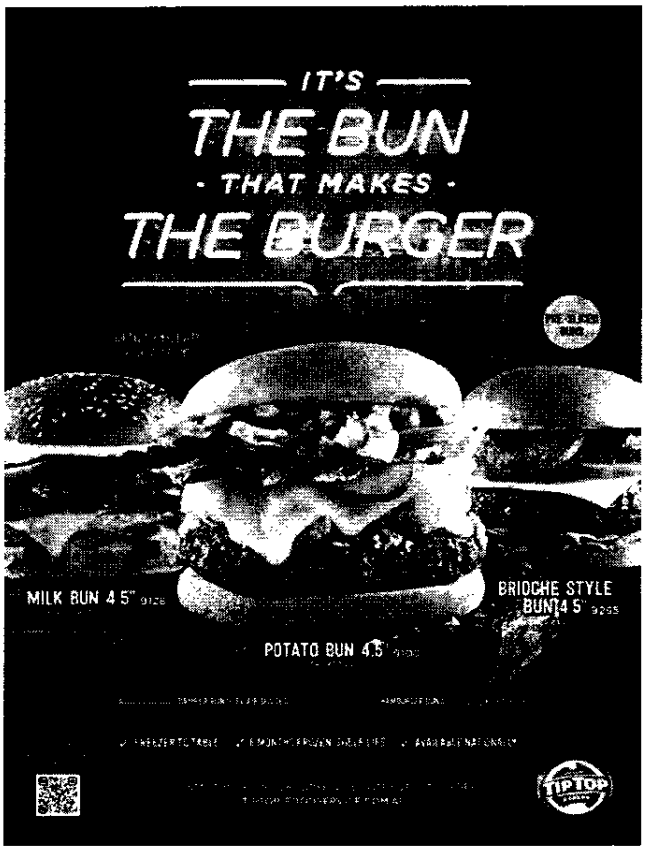
Investment continued, with major projects including the re-construction of the Canning Vale bakery in Western Australia which will secure Tip Top's position as the leading supplier in that state and the first part of Ovaltine's investment in a production facility in Nigeria to serve markets across West Africa. We have also invested in increased edible oil production capacity in the US. The division has also stepped up its investment in core technology platforms.

Tip Top's expanded foodservice offering

Tip Top is a key player in Australia's bakery market, serving both the retail channel and the foodservice channel, which includes restaurants, cafés and clubs. The retail bakery market is quite mature, but we have leveraged drivers of growth such as 'out of home' dining and premiumisation to deliver impressive sales growth in the foodservice channel over the last three years.

Despite the challenges brought on by the pandemic, when many restaurants and cafés were forced to close, the trend for consumers to dine 'out of home' bounced back and continues to grow. This is demonstrated by foodservice's impressive five-year growth rate of 8%, significantly above the 5% growth rate achieved in retail sales over the same period. Over the past two years, Tip Top has outperformed the market and driven sales by focusing on premiumisation of its product range and a revitalised channel strategy, which focuses on our three key routes to market: 'quick service restaurants' (QSR), distributors and direct accounts.

A great example of this progress is in burger buns, where we have significantly improved our product offering. Our new range of premium buns – which are glazed, noticeably softer and better-tasting – have been very well received by our QSR customers and, importantly, by consumers too. This new range – which includes potato, brioche-style and milk buns – has driven impressive sales growth and transformed the performance of the burger bun category. This trajectory looks set to continue as we partner with our customers in the QSR segment and expand our customer base in the fast-growing and high-value hotels, restaurants and cafés segment. As we like to say – it's the bun that makes the burger!



A poster advertising Tip Top's new premium bun range

Thai consumers favour Ovaltine's Ready-to-drink products

Ovaltine has been a household name and staple product in Thailand for more than 80 years. This year, as the Thai economy continued to recover from the effects of the COVID-19 pandemic, we saw consumers favouring our Ready-to-drink (RTD) format.

Our RTD products grew by 17.1%, driving growth across the malted beverage category but also significantly outperforming it. This surge in popularity was due not only to advertising but also to a desire for convenience, with RTD growth stronger in urban centres where this format is even more important to consumers. Our new advertising helped strengthen the brand image, with the campaign 'Promoting love and warmth in the family' resonating well.

In the past year, Ovaltine Ready-to-drink reached its highest consumption at 243 million serves, an increase of more than 20% on the previous year.

An advert for Ovaltine Smart and Ovaltine Base, two of our popular Ovaltine RTD products in Thailand

Strong brand propositions driving growth in the US

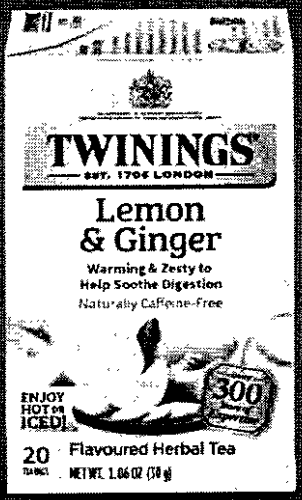
This year has been notable for the strong progression in the US enjoyed by a number of our brands despite a challenging retail environment.

Twinings is now the fastest-growing tea brand in the American market. Our products are enjoyed in half a million more households compared with three years ago, the greatest increase in household penetration of any tea brand. We achieved this outperformance by broadening our offering, both in terms of ranges and pack sizes; by evolving our marketing to become more modern, distinctive and relevant to today's consumers; and by building strong relationships with our retail partners.

In addition to strong growth in traditional retail, we are now the number one selling tea brand on Amazon. We have developed a powerful, collaborative partnership with Amazon and revamped our brand store to showcase compelling content. We keep the consumer at the heart of what we do, creating meaningful and engaging advertising, enhancing search engine optimisations and making it easier for consumers to find and buy the Twinings products they are looking for.

Our Mazola cooking oil brand bucked the category trend, which was impacted by inflation resulting in a decline in the overall market. It grew market share to return to its position as the number one branded cooking oil in the US.

We accomplished this by using targeted digital and TV advertising to strengthen brand loyalty and remind consumers of the heart-healthy benefits of Mazola corn oil.



Some of our branded products that have proved particularly successful in the US

Our Fleischmann's yeast brand also used digital and social media to promote the brand, extolling the benefits of home baking to consumers and helping us grow the category and our market share. The cost-of-living crisis is cited as the reason behind declining volumes across 86% of US grocery categories but, with home-baking remaining elevated, commercial activities to promote Fleischmann's helped the yeast category grow more than 5%.

Our Blue Dragon and Patak's world food brands have been available on the US market for many years but the pandemic was a pivotal moment for them. With restaurants closed, consumers wanted to enjoy international cuisines by cooking them at home, a trend that continued post-pandemic. Growth was also fuelled by changing consumer trends, with professional chefs finding innovative ways to use rice and non wrappers, including frying them or adding them as a topping to salads and poke bowls.

The Asian food category is worth $1bn annually and Blue Dragon is one of many players in this market. However, we have the added advantage of being pan-Asian, offering Thai, Chinese, Vietnamese and Japanese ranges. Blue Dragon is now the number one spring roll wrapper in the US and we are broadening our offering to include Asian sauces and a selection of egg, rice and soba noodles, as well as a range of products including Thai paste and coconut milk to help consumers make authentic Thai curries at home.

Operating review

Ingredients

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.

Revenue

£2,157m

2022: £1,827m

Actual currency: up 18%
Constant currency: up 15%

Adjusted operating profit

£214m

2022: £159m

Actual currency: up 35%
Constant currency: up 28%

Adjusted operating profit margin

9.9%

2022: 8.7%

Operating profit

£201m

2022: £141m

Actual currency: up 43%

Return on average capital employed

16.1%

2022: 14.8%

Ohly process engineer sampling product to ensure quality

About Ingredients

ABF Ingredients (ABFI)

ABFI 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 *just as likely to be found in the kitchen and medicine cabinet as* in production units and research laboratories.

We have over 1,200 employees and serve customers in more than 50 countries from manufacturing and R&D facilities in 15 countries across Europe, the Americas and India. ABFI comprises seven businesses which operate worldwide with distinct identities.

AB Biotek Human Nutrition and Health uses fermentation technology to provide microbiome 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 and other food and beverage markets, as well as in animal nutrition, pulp and paper, detergent and other 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 and health.

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 drug delivery solutions to the pharmaceutical industry.

AB Mauri

AB Mauri has a global presence in bakers' yeast with significant market positions in the Americas, Europe and Asia. We have over 5,000 employees and sell our products to customers in over 100 countries, operating from 52 plants across 32 countries. 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 the raw materials and processes to 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.

Mauri ANZ

Mauri ANZ is a baking ingredient company, with production and milling capacity in Australia and New Zealand. Our product portfolio includes bakers and speciality flours, yeast, dough improvers and pre-mixes for cakes and breads.

New Food Coatings

We also have a 50% ownership in New Food Coatings, one of the leading suppliers of customised breaders, batters, seasonings, sauces and functional ingredients to the food manufacturing and food service markets across Australia, New Zealand and south east Asia.

Operating review

Ingredients had a very strong year with substantial increases in both revenues and profits and, significantly for the future development of these businesses, higher investment in both production capacity and capability.

Revenues were well ahead of last year primarily due to pricing action to recover large increases in raw material and other input costs which were apparent both this year and in the prior financial year. Revenues in the first half of the financial year were ahead of the same period last year by 27% at £1,088m. In the second half of this financial year, revenues were 6% ahead at £1,069m

Profitability this year was well ahead of the last financial year as the benefits of pricing were felt, with volumes proving generally resilient and a particularly strong performance by AB Mauri, our yeast and bakery ingredients business. In the first half of the financial year, Ingredients' adjusted operating profit was 48% higher than the same period a year ago at £102m; in the second half of the period, adjusted operating profit was 14% higher at £112m.

AB Mauri had a very strong year with significant increases in both revenues and profit. Price increases lagged prior year input cost inflation as customer contracts came up for renewal. As these contracts were repriced, the benefits came through strongly with little impact on volumes. Demand for yeast remained good, both from industrial bakers and from consumers who returned to home baking during the pandemic. Sales and profitability were particularly strong in the US. Elsewhere, hyperinflation continued in Argentina, Venezuela and Turkey with a consequent need for frequent repricing. Transition of our China business to our joint venture was completed.

We continue to invest in effluent treatment plants at many sites to deliver on our commitment to maintain appropriate standards of water quality, this investment being significant in recent years. More broadly, the company's water strategy focuses on reducing its water-intensity ratio defined as the quantity of water consumed per tonne of product produced, excluding by-products. AB Mauri has reduced its overall water-intensity ratio by 25% since 2017/18.

ABF Ingredients, our portfolio of specialty ingredients businesses, delivered a solid increase in revenues derived from pricing taken to offset input cost inflation, partially offset by a small decline in volumes, particularly in the second half of the period as customers destocked following the stabilisation of supply chains. Profits were slightly lower year-on-year as we continue to invest in these growth businesses to enhance capability in both research and development and in commercial activities.

Specifically, AB Enzymes, specialising in food and feed enzymes, had flat sales with pricing offsetting lower volumes caused by destocking. Ohly, specialising in yeast extracts, delivered good revenue growth driven by robust demand from food and bionutrients customers. SPI Pharma, specialising in pharmaceutical excipients, continued to progress with pricing and volume growth and an improvement in manufacturing efficiency. ABITEC, specialising in lipids, delivered a modest increase in sales driven by a solid performance in the Pharma and Nutritional Science sectors. Fytexia, our life sciences businesses acquired last year, continued to perform well. PGPI, which specialises in extruded proteins, saw volumes fall due to lower consumer demand for nutrition bars in the US.

Investment continued, with major projects including a powder packing line for AB Enzymes at Rajamaki, Finland, and increased capacity at Ohly's fermentation and spray dryer operations in Hamburg. In Mauri ANZ, investment in our animal feed mill in Hope Valley in Western Australia was completed and commissioned. Our specialty yeast plant in Hull has now been commissioned

Celebrating the centennial of an iconic brand in bakery ingredients

In Argentina this year we celebrated the 100th anniversary of Calsa, AB Mauri's consumer yeast brand. Calsa is well known there for its high quality, innovation and customer service, a reputation which we have developed over the past century.

It is this consistency that has made our *levadura fresca* product, or fresh yeast, a household name in the country since its origins in 1923. Calsa, which was created as a high-quality yeast for legendary Argentine bakery Virgen, has evolved to become AB Mauri's flagship product in Argentina.

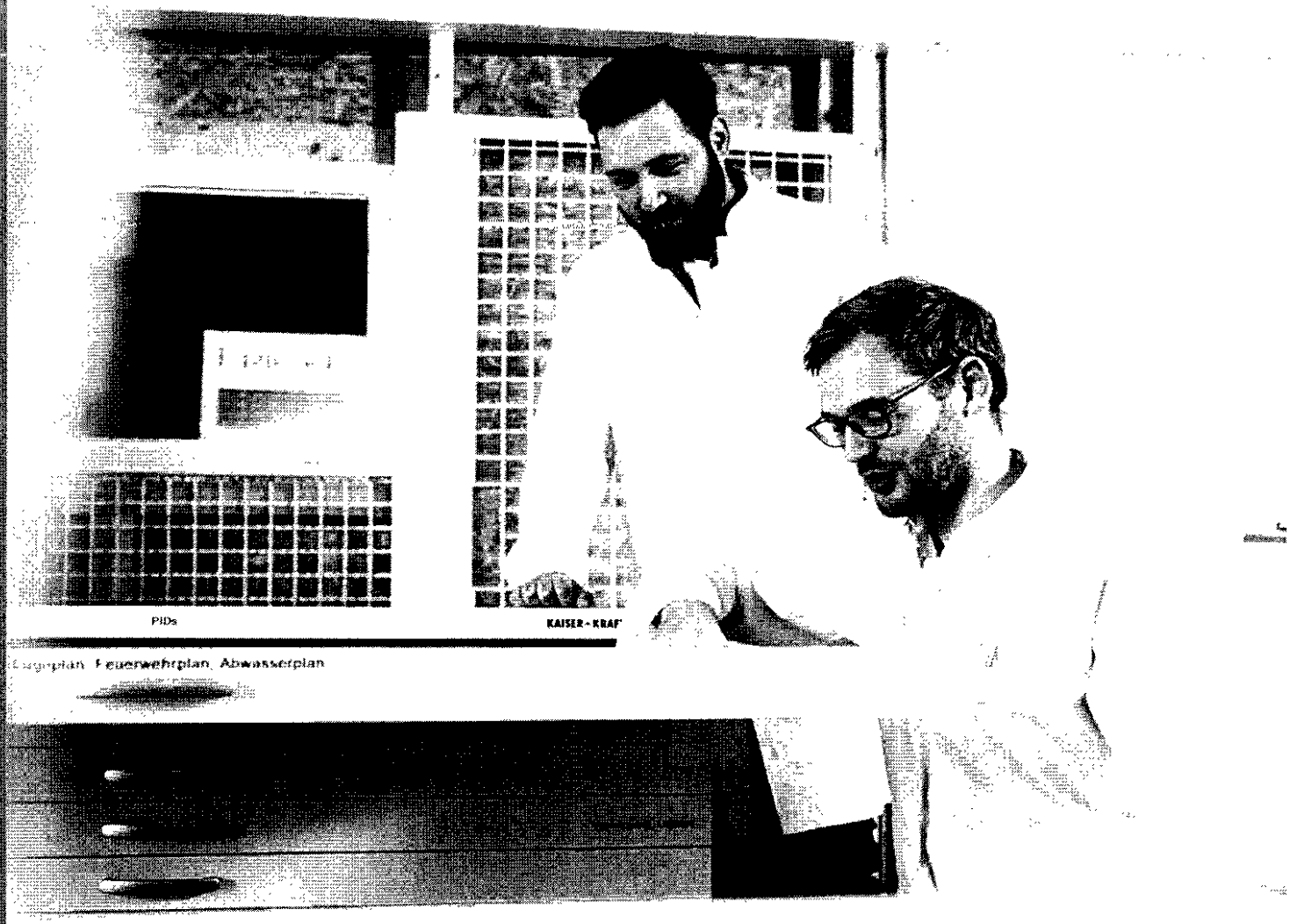
Calsa's dedication to the skilled craft of bakery has endured for decades, particularly in the 1960s, when the brand featured a much-expanded product, and in the 1970s when we introduced a school of bakery. With the launch of this educational initiative we deepened our business strategy, thereby delivering on Calsa's ultimate mission and purpose: to help develop the artisan bakers of tomorrow. The bakery school still serves as a trusted mentor to home and commercial bakers across Argentina.

Fast-forwarding to the 1990s, Calsa underwent further significant development with the addition of a premium lineup of silver-branded bakery and pastry ingredients which has proved important to its current success.

Today the collection is led by Calsa's traditional fresh yeast as well as other innovative products featuring added sourdough, better kneading and mixing capabilities, and more.

Calsa continues to lead the industry by staying true to the purpose established a century ago, prioritising what is important for artisan and home bakers in Argentina. We continue to nurture this reputation through the creation of the freshest, highest-quality handmade bakery products and our focus on consistent and well-executed service to customers.

An advert celebrating the 100th anniversary of Calsa, our consumer yeast brand



Ohly project engineers looking at site plans

Capacity expansion at Ohly's Hamburg plant

After multiple years of sales and volume growth at our Hamburg plant, where we produce innovative yeast extracts, we implemented a significant programme of investment to increase capacity and efficiency to enable us to continue to service increasing customer demand.

This investment will also improve environmental performance and enhance our ability to tailor products to customer needs.

Ohly's strong growth has been driven by our product-led commercial teams, who have developed deeper insights into both their sectors and customers' needs in key markets such as food, health and nutrition, animal health, and bionutrients.

We have invested in a state-of-the-art drying tower which, once complete, will enable us to dry a significant proportion of our yeast extract products on-site, reducing the distance our products have to travel during processing. This new equipment will also reduce the amount of electricity and water used during the drying process by 10%, enhancing our efficiency and improving our environmental footprint.

We have also invested in a new on-site fermentation facility. This cutting-edge system has been designed specifically for the manufacture of our products and will increase production capacity by 50%. The investment should also enable us to run our fermentation process using approximately 40% less water, 30% less natural gas and 25% less electricity.

These two investments will enable us to meet customer demand, which has nearly doubled over the last seven years. It will also provide us with the capability to tailor our products to these markets, as well as the potential for further innovation.

Operating review

Agriculture

AB Agri is an international agri-food business and a leader in the UK supplying farm performance services, animal feed, speciality ingredients and supplements to farms, feed manufacturers, food producers and retailers.

Revenue

£1,840m

2022: £1,722m

Actual currency: up 7%
Constant currency: up 7%

Adjusted operating profit

£41m

2022: £47m

Actual currency: down 13%
Constant currency: down 15%

Adjusted operating profit margin

2.2%

2022: 2.7%

Operating profit

£32m

2022: £41m

Actual currency: down 22%

Return on average capital employed

8.4%

2022: 10.3%

An AB Vista laboratory technician preparing testing solution for feed sample analysis using our automated analyser technology

About Agriculture

AB Agri employs more than 3,000 people around the world. We sell products and services into more than 100 countries and our global operations continue to grow.

We have an expert understanding of agriculture and animal nutrition and we combine data and technology with industry expertise to enable the production of nutritious and affordable food.

Our core capabilities include:

Creating innovative nutrition and technology-based products – we are a major investor in innovation of speciality feed ingredients for livestock, 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.

Making animal feed – 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.

Delivering farm performance services for the agri-food industry – our data and technology platforms deliver targeted insights that help 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 wellbeing and husbandry; and
- develop quality assurance and operate in a more sustainable way.

Our products, insights and technological solutions enable our customers to produce high-yielding, safe and nutritious food using fewer chemicals whilst safeguarding natural resources and reducing environmental impact.

We also have a 50% ownership in Frontier, the UK's largest arable farm inputs and grain marketing business. Its customers are some 25% of arable farmers in the UK and many UK food producers and processors. It supplies seed, crop protection products and fertiliser to farmers, as well as providing specialist agronomy and crop marketing advice. Frontier also works with farmers to increase the biodiversity of their farms and implement practices which help productivity and carbon reduction and sustainability. Its food customers look to Frontier for reliable supplies of quality agricultural products as well as procurement advice and logistics service.

Operating review

AB Agri revenues were up 7% against the same period last year driven by pricing taken to mitigate input cost inflation, partially offset by lower volumes in the UK and China compound feed businesses. By period, revenue in the first half grew 15% compared to the same period a year ago but fell by 1% year-on-year in the second half, largely reflecting movements in input commodity prices. As a result of these challenging market conditions, adjusted operating profit reduced to £41m despite a modest recovery in the second half of the financial year.

There was a decline in the size of the European pig and poultry sectors as a result of disease and high cost of inputs, reducing sales volumes and margins in our compound feed and starter feed businesses. The dairy sector was more resilient, and we saw higher revenues and profits in our businesses serving that sector. In China, lockdowns caused by the pandemic depressed demand for pork products and reduced pig herd sizes, resulting in a decline in that market. AB Vista, our international feed additives business, traded robustly with sales and profits both slightly higher. The performance at Frontier, our joint venture specialising in farm crop inputs and grain marketing, was only slightly lower than the record results achieved last year as grain and fertiliser trading normalised.

We believe there is an opportunity to develop a unique full service offer to the dairy sector. In August 2023 we completed the acquisition of National Milk Records for £48m which provides services to the dairy supply industry including testing services and management information which are complementary to AB Agri's existing services. This follows our acquisition in November 2022 of Kite Consulting and Advance Sourcing which also serve customers in this sector.

AB Vista's evolution from enzymes to a feed additive business

AB Vista is a leader in feed enzymes and one of the largest suppliers of yeast and natural betaine to the global animal nutrition industry. We recently broadened our portfolio through acquisitions and in-house product development into the highly profitable additives market.

We are focused on better protecting animal gut health in livestock agriculture through additive solutions to help animals better cope with environmental and biological challenges that could otherwise result in both ill health and reduced productivity.

We launched Signis, an AB Vista product that is proven to accelerate the fermentation of fibre in the gut. We also acquired the intellectual property for Progres, a patented natural feed material derived from coniferous trees. Developed in Finland, where resin has been used as a natural treatment for centuries due to its natural antiviral, antibacterial and anti-inflammatory properties, Progres is the only natural feed material on the market with a proven direct effect on intestinal integrity. Its active ingredients, resin acids, reduce the damage caused by inflammation, with proven application so far in poultry and livestock. Having acquired Progres, we can now leverage our global supply chain to bring this product to new markets while continuing to develop our portfolio to support our customers in the journey to produce feed and food more responsibly.

One of our AB Agri consultants with a client farmer on their farm in Somerset.

Expanding AB Dairy through acquisition

As the global population increases, the need to provide nutritious, affordable protein that can be produced sustainably has never been greater.

The dairy industry stands to benefit from this demand and milk, as one of the lowest-emitting and affordable animal proteins, is particularly well positioned. There is also ample scope to improve productivity through the integration of insights and technology to inform nutrition, genetics and feeding strategies.

In the UK, data is routinely collected across a range of inputs, such as diet and genetics, and outputs such as milk production volumes and quality. However, this data is yet to be collated and interpreted in a way that gives farmers a deeper understanding of optimal dairy cow performance. Building on our 30 years' experience supplying feed and providing nutritional expertise, we have acquired three businesses to help the industry respond to these challenges and enable more sustainable and profitable dairy farming.

Kite Consulting is a specialist dairy consultancy, providing practical and strategic advice on dairy farm performance across the food supply chain from farmers and food processors right through to retailers. Kite is known for its technical and business consultancy service, which supports dairy farmers in their efforts to improve the efficiency of their business and herd, and for its sustainability advisory service, which helps them reduce the carbon footprint of dairy production.

International Farm Comparison Network (IFCN) is a global dairy research network, providing globally comparable economic data and forecasts through partnerships with researchers, dairy companies and organisations in over 100 countries. Its dairy farm economics model is accepted as the global standard for comparing and understanding dairy systems, helping to secure profitability and sustainability in dairy farming by enabling users to understand the drivers that contribute to better performance.

National Milk Records (NMR) provides a range of milk quality, herd health and genomic testing services to farmers and milk buyers, as well as providing an independent source of data for third parties such as vets, farm consultants and breed societies. Data is used to provide the phenotypic database for UK genetic evaluation, and the milk recording database is used to provide the basis of food provenance schemes run by major supermarket retailers.

Together, these businesses provide unrivalled capability to combine milk, health, genomics and dairy industry insights, as well as the ability to help farmers consistently use these insights to make more precise and timely decisions.

Sugar

ABF Sugar produces a range of food, feeds, fuels and other products from sugar cane, sugar beet and wheat in Africa, the UK, Spain and China.

Revenue

£2,547m

2022: £2,016m

Actual currency: up 26%
Constant currency: up 29%

Adjusted operating profit

£169m

2022: £162m

Actual currency: up 4%
Constant currency: up 8%

Adjusted operating profit margin

6.6%

2022: 8.0%

Operating profit

£119m

2022: £164m

Actual currency: down 27%

Return on average capital employed

9.7%

2022: 10.3%

British Sugar refinery technician monitoring sugar crystalisation

About Sugar

ABF Sugar is a group of agribusinesses which together employ 30,000 people and operate 20 plants in nine countries, with the capacity to produce some 4.5 million tonnes of sugar annually. We farm more than 330,000 hectares worldwide by ourselves, and by over 25,000 growers.

In Africa, we have sugar cane operations in Eswatini, Malawi, Mozambique, South Africa, Tanzania and Zambia, and packing operations in Rwanda. We are the largest sugar producer in Spain and in the UK we are the sole processor of the beet sugar crop and one of the largest bioethanol producers. We also have a sugar business in China.

Our sugar-making plants are efficient bio-refineries that enable us to produce a range of products including sugar, animal feed, biofuels and a number of speciality products. We have the market leading consumer brand in over half our markets, including Silver Spoon in the UK, Azucarera in Spain, Bwana Sukari in Tanzania, White Spoon in Zambia and Illovo in multiple markets. We are also a large-scale power generator, with renewable sources providing 60% of our own energy use as well as significant renewable energy exports into national grids.

Although we have a global portfolio, we operate on a local basis, working together to do what is right in each location and market. As we continue to evolve to meet the changing needs of customers, growers and others, our role is to ensure we use resources responsibly, build strong rural economies and support local communities.

We also have a 42.5% ownership in Czarnikow Group Limited (CZ), a global supply chain management and advisory company specialising in the food and beverage sector.

Operating review

Sales were well ahead of last year with a strong performance by Illovo, our African sugar business, which delivered both higher sugar production and strong pricing actions. Illovo also made good progress in developing new and higher margin routes to market through pre-pack branded sugar facilities. In Europe, production was lower due to adverse weather conditions, but the resulting impact on profitability was partially offset by good co-product sales.

Revenues were strongly ahead of the prior year driven by higher sugar pricing, a recovery in production and sales in Eswatini in Africa following strike action last year, and much higher sales from Vivergo, our bioethanol plant in Hull. European sugar prices moved higher this year, building on the price levels seen in the previous year and driven by lower European sugar production and higher world market prices. Prices in Africa also increased. Sales volumes increased modestly, with higher volumes at Illovo more than offsetting declines at British Sugar and Azucarera. Total production, at 2.8 million tonnes, is 8% down on last year reflecting lower volumes as a result of adverse weather affecting European crops, partly mitigated by strong co-product performance and partially offset by higher production in Africa driven by the recovery in Eswatini and good factory performances in Malawi and South Africa. By period, revenue in the first half increased 27% to £1.2bn against the same period a year ago, in the second half, revenue rose 31% to £1.4bn.

Adjusted operating profit was modestly ahead of last year at £169m. Overall, the contribution from higher sales prices was partially offset by higher costs for beet, cane and energy. Specifically, profit was impacted by the need for British Sugar to buy and import sugar to make good a shortfall in beet sugar production. Overall profits were held back by the substantial trading losses incurred by Vivergo in the first half of the year. First half Sugar adjusted operating profit was 5% ahead of the same period last year at £86m while second half adjusted operating profit was 11% higher at £83m.

British Sugar production levels were exceptionally low at 0.74 million tonnes, 27% lower than the prior year's campaign, the result of a sequence of unusually poor weather conditions which reduced the crop size and lowered beet yields and sugar content. The business secured alternative sources of supply in order to fulfil customer contracts but profitability was significantly reduced as a consequence in the second half of the year. In the course of the year energy costs remained at elevated levels, but were partially offset by strong pricing for electricity produced and other co-products. Profitability for the year at British Sugar was lower as a result of the combination of these factors.

Azucarera, our Spanish sugar business, benefitted in the course of the year from the higher prices, partially offset by elevated costs for beet, raw sugars and energy. Beet sugar production was lower than the prior year due to hot and dry weather, and additional purchasing of raw sugars for refining was required in order to support sales. Overall production was down 20% at some 0.45 million tonnes.

Our Illovo Sugar Africa business performed very well. The business continues to develop sales and higher margin routes to market for pre-packed branded sugar in Malawi, Tanzania and Zambia. Overall, Illovo sugar production was 1.53 million tonnes compared to 1.45 million tonnes in the previous financial year reflecting the recovery in production in Eswatini and good production in Malawi and South Africa partially offset by the impact of flooding in Mozambique. The combination of higher volumes and strong pricing resulted in both sales and profit being well ahead of last year. Construction of our new sugar mill in Tanzania continues and will increase our production capacity considerably in that country.

At the end of February, severe flooding in Mozambique affected our cane estate at Maragra and most of our partner-grower operations. The Maragra mill will not open for sugar production this season and as such we have taken a non-cash exceptional impairment charge of £35m in these accounts to write down the net asset value of this business.

The trading performance of AB Sugar China was below last year as a result of lower demand caused by lockdowns earlier in the year. More recently the relaxation of restrictions has caused sugar prices to recover strongly. However, trading remains difficult and we have reviewed our outlook for this business, including the forecast for the evolution of beet crop area and yields. As a result, we have taken a one-off non-cash adjustment of £15m as an exceptional impairment charge this year.

Vivergo incurred substantial losses in the first half due to high wheat and energy costs and low bioethanol prices. The second half of the year saw much reduced losses and a significant improvement in margin and operating performance, particularly in the fourth quarter.

Sugar made good progress in its decarbonisation programme in the financial year. It completed 17 decarbonisation projects across various sugar processes, which contributed to a 4% reduction in greenhouse gas emissions compared with 2022. Among the projects completed are modifications in the UK to replace coal with natural gas in the dryers at our Bury St Edmunds processing plant, improvements to gas turbine performance at our Wissington plant, the elimination of heavy fuel oil at Cantley, and the installation of more efficient slicer machines at Bury St Edmunds. In addition, Sugar has also published its transition plan to a low carbon economy by 2030.

Pulp processing improvement programme at British Sugar

At British Sugar, one of the most valuable co-products we produce is animal feed. We make and sell over 500,000 tonnes of feed a year from sugar beet pulp, the fibrous material left over from the sugar-making process.

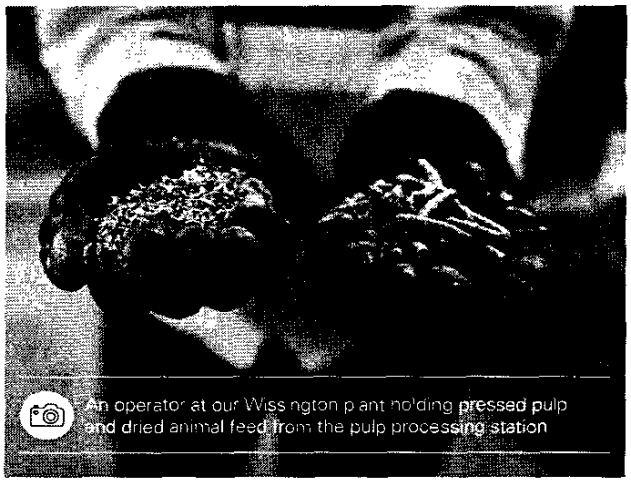
To produce the feed, the wet pulp needs to be dried. The first step of this process involves mechanically squeezing the pulp to remove as much residual water as possible, before drying it at a high temperature in rotating drums which uses a lot of energy. We have therefore been working to find ways to increase the efficiency of this mechanical squeezing process. This has included an investment programme to transform our systems, increasing profitability and reducing energy costs across our UK sites.

In September 2022, we upgraded the sugar beet pulp press station at our Wissington factory to include a new, larger, self-draining press as well as making improvements across three other pulp presses. These improvements increased the quantity of water squeezed from the pulp, reducing the energy required to dry it.

In just over a year of operation the improvements at Wissington alone have delivered a number of substantial efficiencies, including:

- a 6% overall improvement in the dry content of the pulp;
- a reduction in gas usage of 12% at site and 6% across the business; and
- a CO_2 emission reduction of more than 5,000 tonnes per annum.

This strategy is being replicated across all other sites to deliver considerable savings and significant carbon reductions.



An operator at our Wissington plant holding pressed pulp and dried animal feed from the pulp processing station

Success in Azucarera's grower base in northern Spain

We have transformed our relationship with sugar beet growers supplying Azucarera's factories in northern Spain to deliver an impressive 70% increase in growing area for our 2022/23 campaign.

Over the last five years we have developed a commercially viable model that delivers a tailored, grower-centric proposition to build confidence in growing beet. The approach is about much more than price: it is focused on developing a collaborative model that encourages all parties to work together to minimise risk and overcome barriers to growing the crop successfully. Our team negotiates directly with growers to agree a tailor-made model that works for them. This model encompasses all aspects of the growing process including buying the inputs needed to develop the beet crop, selecting the service providers, and defining the responsibilities and workload. This approach means all parties are aligned to deliver the best possible outcomes, resulting in a more equitable share of risk between us, the growers and service providers.

Our collaborative model also gives growers access to Azucarera's significant data capabilities, which provide valuable insights that can improve yields. Our 'Visor' platform gives growers access to real-time monitoring of crop health, of irrigation levels and of the evolving sugar content in the crop. Visor aggregates data across our grower sites, offering personalised advice and best practice to individual farms to improve beet yields. Equally, Visor gives Azucarera a significant competitive advantage as growers are incentivised to work with us in order to access this powerful monitoring tool that would otherwise be unavailable to them.

The success is testament to our team's commitment to collaboration. By promoting a grower-centric approach, underpinned by data and technology, we have significantly increased the growing area and fostered trust and confidence among our partners to grow beet more efficiently and more sustainably.

One of our Azucarera employees demonstrating the Visor platform to a Spanish sugar beet farmer on their farm

An Illovo employee with a customer outside a container store at the Thabwa Trading Centre in Mwanza district, southern Malawi

Optimising sugar distribution in Illovo Malawi

In Malawi, we have successfully redesigned Illovo Sugar's routes to market to put customers' needs at the heart, helping us to improve sugar margins and connections with distributors and stockists. This helped increase sugar sales to both consumers and industrial customers across the country.

We did this by developing and implementing a standardised process across the country, with one of the most important changes being the introduction of our improved delivery network. In delivering products to customers instead of them having to travel to collect stock, this eliminated price disparities arising from transportation costs being added to the selling price of our sugar.

We also expanded our geographic footprint by appointing new distributors, opening new container shops in strategic locations and significantly scaling up our secondary distribution. This combination of improved delivery and an expanded footprint has transformed market penetration and ensures easier and more reliable access to Illovo products in rural areas.

These improvements contributed to a significant increase in our domestic sales, which have increased by 40% over the last three years.

Looking ahead, we are committed to refining our processes to promote closer and stronger relationships with our customers, improve the availability of sugar in the domestic market and grow volume and value for our stakeholders.

Retail

Primark is one of the largest clothing retailers in Europe, with the highest sales by volume in the UK and a growing presence in the US. In total, we have 432 stores in 16 countries across Europe and the US.

Revenue

£9,008m

2022: £7,697m

Actual currency: up 17%
Constant currency: up 15%

Adjusted operating profit

£735m

2022: £756m

Actual currency: down 3%
Constant currency: down 3%

Adjusted operating profit margin

8.2%

2022: 9.8%

Operating profit

£717m

2022: £550m

Actual currency: up 30%

Return on average capital employed

12.0%

2022: 12.9%

Womenswear in our Oxford Street East store

About Retail

About Primark

Primark is a leading international retailer with 18.2 million sq ft of selling space across 432 stores in 16 countries with more than 76,000 colleagues. Founder Arthur Ryan opened our first store in 1969 in Mary Street and this remains our flagship Dublin city centre store and home of the global headquarters. Today Primark has stores in the UK, Ireland, Europe and the US with ambitious expansion plans: we expect to trade from 530 stores by the end of 2026, including from 60 in the US. We have expanded but remain true to our roots: offering unbeatable value alongside great quality products.

We target a wide customer base, offering quality essentials and affordable fashion across women's, men's and kidswear, as well as beauty, homeware, accessories and licensed ranges with some of the biggest names in entertainment, sport and food. Through our Primark Cares strategy, we have set open and measurable targets relating to product, planet and people and we are evolving how we operate. This is alongside our existing commitment to high ethical trading standards. Our intention is to use our scale for good, deploying it to have the most benefit across our end-to-end supply chain, so ultimately enabling customers to access more sustainable products affordably.

Primark is a retail store business and the store model centres on finding the right-sized stores in the right locations. We seek to continually improve our in-store experience, creating exciting retail destinations with additional services including beauty, food and beverage and our vintage concession WornWell. We focus on cost alongside price leadership; keeping our operating costs low and maximising efficiencies across our supply chain and operations to keep prices competitive and maintain margins.

Digital is a core enabler of how we showcase our offering to customers and drive footfall into stores. We have now launched our enhanced customer website into all our markets, significantly improving our customers' digital experience. The new site has increased traffic in all markets and we believe it is driving incremental growth in store sales. We have also launched a Click + Collect trial across selected stores in the UK to offer customers more choice and convenience to browse and order online before coming into store to collect their purchase.

Operating review

Primark revenues rose strongly in this financial year, up 15% and exceeding our expectations a year ago. This reflects a sales increase in all our markets driven by a number of factors, including carefully selected price increases taken to partially offset high and volatile input cost inflation, well-received product ranges and the resulting appeal of our offer to new and existing customers. Good footfall, strongly performing new stores and the rollout of our enhanced customer website also contributed to the strong sales performance. Sales increased in both halves of the year. In the first half, by 17% to £4.2bn against the same period in the prior year; and in the second half, by 14% to £4.8bn.

We believe that our product offer was a source of differentiation and competitive advantage throughout the year. Cold weather essentials and other seasonal product lines, including our well-received velvet plush leggings, drove strong sales leading into a record Christmas season which included a resurgence in women's partywear, tailoring separates and beauty products as a return to festive socialising gathered pace. In the new year sales of beachwear and luggage were exceptionally strong as customers looked early to holidays. Our summer trading was good, led by our boho inspired design trend. Throughout the year we further broadened our ranges and collaborations to appeal to customers trying Primark for the first time alongside existing customers. We expanded our Edit collection, our more premium essentials range for women, across more stores which sold well. We also continued our successful UK and European collaborations with Stacey Solomon, Kem Cetinay, and Paula Echevarria, and launched our first truly international partnership with Rita Ora whose first collection sales have surpassed expectations. Sales of licensed products grew significantly year-on-year, in particular over Christmas across our growing portfolio of brand partners including Disney, Netflix, The Grinch, and US sports partners NFL and NBA. Our summer Barbie collection with Mattel also proved very successful.

Trading was influenced in the second half of the year by weather. We saw good sales through the early summer with the exception of Iberia which suffered unusually poor weather in May. In July, there was very poor weather in the UK and Ireland and heatwaves in Southern Europe, followed by warm conditions in August and September which coincided with the launch of our Autumn / Winter ranges. Despite these unseasonal conditions, we generally traded well with our core product ranges remaining in robust demand and partially offsetting inevitable volatility in sales more dependent on fashion and season.

Like-for-like sales growth was 8.5% for the year. In the first half, like-for-like sales rose by 10% driven by higher average selling prices and higher unit volumes partially offset by smaller basket sizes. Footfall increased in both the UK and Europe, against a comparative period which featured some disruption from the pandemic. In the second half of the year like-for-like growth was lower than in the first half at 7%. This growth was driven by a slightly greater benefit from selective pricing taken to part-mitigate inflation, the benefits of which were partially offset in turn by lower unit volumes, smaller basket sizes and slightly lower footfall. Space growth contributed sales growth of 6%, driven by the increase in selling space across a number of our markets, in particular Italy, France and the US, and higher sales densities in most new stores.

Adjusted operating profit margin for the full year was 8.2%, down on the previous financial year's 9.8%. Adjusted operating profit margin in the first half was 8.3%, down on the same period a year ago due to our decision not to fully recover all the inflation in input costs. In the first half the higher costs of bought-in goods, higher freight rates, higher labour costs and higher energy costs outweighed the benefits of our selective price increases and an improvement in store sales densities due to higher footfall. In the second half, compared with the same period a year ago, the cost of bought-in goods was higher again including a more significant impact of the strength of the US dollar against sterling and the euro when we placed orders for our Spring / Summer ranges several months earlier. This higher cost of goods was offset somewhat by the benefit of like-for-like sales growth and sales from new store openings and by the benefit of additional pricing being implemented in the spring and summer ranges. Freight costs fell in the fourth quarter, but labour costs were higher than the same period a year ago. Second half operating profit margin was 8.0%, slightly below the first half of the year, and also held back by higher than expected stock loss and a modest amount of German restructuring costs, albeit helped by lower markdowns.

In the UK, sales increased by 11% against the previous financial year, driven by like-for-like growth of 10% helped in particular by our new customer website that has now been running for more than a year. This sales performance was achieved despite unhelpful weather impacts in the third and fourth quarters which resulted in slightly lower footfall in contrast to the first half of the year when footfall was significantly higher. Primark's market share[1] grew in the financial year, increasing from 6.4% last year to 6.7% this year.

In Europe excluding the UK, sales increased by 18% on the previous financial year, with like-for-like growth of 8% despite weaker trading at times due to unseasonable weather. Our store estates in all the countries in which we operate delivered like-for-like sales growth, with good performances in Iberia, France, Germany, Belgium, the Netherlands and Eastern Europe. Italy delivered strong total sales growth and continues to operate on high sales densities. We opened 17 stores in the European region in the period to strong customer demand and good resulting footfall. Sales densities in most of these new stores continue to be higher than average. Primark's share of the total clothing, footwear and accessories market by value increased in both Spain and France. In Germany we closed two stores in the period and, after period end, we closed one more store and agreed two further closures. In addition we have started our rightsizing programme with two stores in the period and the signs are encouraging. Two further stores were resized in September after the period end. We continue to consider further resizing. We are also developing plans to open new stores smaller than average in new locations with merchandise selected to appeal to local customer demand.

In the US, total net sales were 24% higher than last year driven by space expansion. We opened eight new stores in the period, largely in the Northeast, taking the estate to 21 stores trading from 0.9 million sq ft and are on track to meet our US store expansion target of around 60 stores by the end of 2026. We are pleased with trading in our new stores which are benefitting from our growing knowledge of the US consumer and the wider retail market. We have refined the design, size and layout of our stores and continue to tailor our ranges to suit the US consumer. We continued to expand our footprint beyond the Northeast with further progress in the new store pipeline and two leases signed recently in Texas. Investment in infrastructure to support this expansion continues with work ongoing at our new Jacksonville logistics centre where we expect to be operational in the spring.

Further progress has been made implementing our wide-ranging sustainability strategy unveiled two years ago, itself an evolution of an earlier and long-standing ethical trade and sustainability programme. During the year we further embedded the processes and capabilities needed to drive and accelerate change both internally and across our value chain. Some 55% of all the clothing units we sold in the financial year contained recycled or more sustainably sourced materials, up from 45% last year and up from 25% at launch two years ago. This represents good progress in the delivery of our commitment that all our clothes will be made from recycled or sustainably sourced materials by 2030. Within this, 46% of our cotton clothing now contains cotton that is organic, recycled or sourced from our Primark Sustainable Cotton Programme (PSCP), up from 40% last year. Our commitment to reduce our carbon emissions across our value chain by 50% by 2030 was validated by the Science Based Targets initiative (SBTi). While carbon emissions increased this year by 11% compared to our baseline 2018/19 financial year, this is as expected: Scope 1 and 2 emissions reduced but there was an increase in our Scope 3 emissions due to an increase in the volume of materials used to produce the higher number of products sold in the period year-on-year. In the short term, this trend is likely to continue, but emissions will decline in time as we increase the use of more sustainably sourced materials across our product ranges. In our own store estate, some 70% of our stores are now powered by renewable or low-carbon electricity and 141 stores have switched to energy-efficient lighting.

Primark continues to build and invest in transforming its digital capability. This year we successfully rolled out our new and improved website to all 16 markets. Since launching the new website, we have seen a positive customer reaction and strong traffic uplift in all trading markets, led by the UK and the Republic of Ireland which were the first two countries to move on to the new platform. Usage of the stock checker facility ranged broadly between 15%-20% of website sessions across our markets. We are also putting more focus on increasing traffic growth to www.primark.com through organic search, CRM and selected performance marketing trials and, overall, working in closer alignment with our already strong social media engagement. We believe our digital platform is already beginning to support good uplifts in footfall and that it is contributing to store like-for-like sales across our markets.

In April we announced the expansion of our Click + Collect trial to an additional 32 stores in London, taking the total number offering this service to 57 stores, one third of our UK estate. On 13 September 2023 we extended the service to include womenswear, alongside the existing offer on kidswear. Although this remains a trial, we are encouraged by the early results. In addition, we implemented self-checkouts in 22 stores in the period. This service has seen high utilisation and customer engagement and the roll-out continues.

Retail selling space overall increased by just under 1 million sq ft since the last financial year end and on 16 September 2023 we were trading from 432 stores and 18.2 million sq ft of selling space. We added 27 stores in the period, eight in the US; six in Central and Eastern Europe with three in Poland, two in Romania and our first store in Slovakia marking our 15th and 16th market; four in Italy and France respectively; three in Spain; and two in the UK. As referred to above, two stores in Germany were closed during the year. We fully reopened our Bank Buildings store in the heart of Belfast, which was damaged by fire in 2018, and closed our temporary store in Donegal Place. We also re-started our store refurbishment programme.

We remain on track to grow to 530 stores by the end of 2026 and have visibility for continued footprint expansion beyond.

1 Kantar Primark market share of the total UK clothing, footwear and accessories market including online by value 52-week data to 16 September 2023

New store openings in the year ended 16 September 2023:

France
Brest, Coat Ar Gueven S.C
L'Atoll Angers
Mulhouse, Ponte Jeune
Saint-Etienne, Centre Deux S C

Slovakia
Bratislava – Eurovea

Italy
Caserta Campania
Bari Casamassima
Turin Le Gru
Venice Nave de Vero

Spain
Lanzarote Arrecife
Melilla
Toledo Luz de Tajo

Poland
Bonarka S C., Krakow
Katowice Silesia City Centre
Magnolia Park S.C., Wroclaw

UK
Craigavon –Rushmere S.C.
Salisbury

Romania
AFI Palace, Bucharest
Park Lake, Bucharest

US
Arundel Mills, Baltimore, MD
Crossgates, Albany, NY
City Point, Brooklyn, NYC
Green Acres, Long Island, NY
Jamaica Ave, Queens, NYC
Jersey Gardens, Newark, NJ
Roosevelt Field, Long Island, NY
Walden Galleria, Buffalo, NY

	Year ended 16 September 2023		Year ended 17 September 2022	
	# of stores	sq ft 000	# of stores	sq ft 000
UK	**192**	**7,725**	191	7,620
Spain	**59**	**2,390**	56	2,305
Germany	**30**	**1,605**	32	1,841
France	**24**	**1,203**	20	1,044
Republic of Ireland	**37**	**1,165**	37	1,121
Netherlands	**20**	**1,016**	20	1,016
US	**21**	**873**	13	563
Italy	**15**	**747**	11	552
Belgium	**8**	**403**	8	403
Portugal	**10**	**383**	10	383
Austria	**5**	**242**	5	242
Poland	**5**	**197**	2	77
Czechia	**2**	**89**	2	89
Romania	**2**	**75**	–	–
Slovenia	**1**	**46**	1	46
Slovakia	**1**	**39**	–	–
Total	**432**	**18,198**	408	17,302

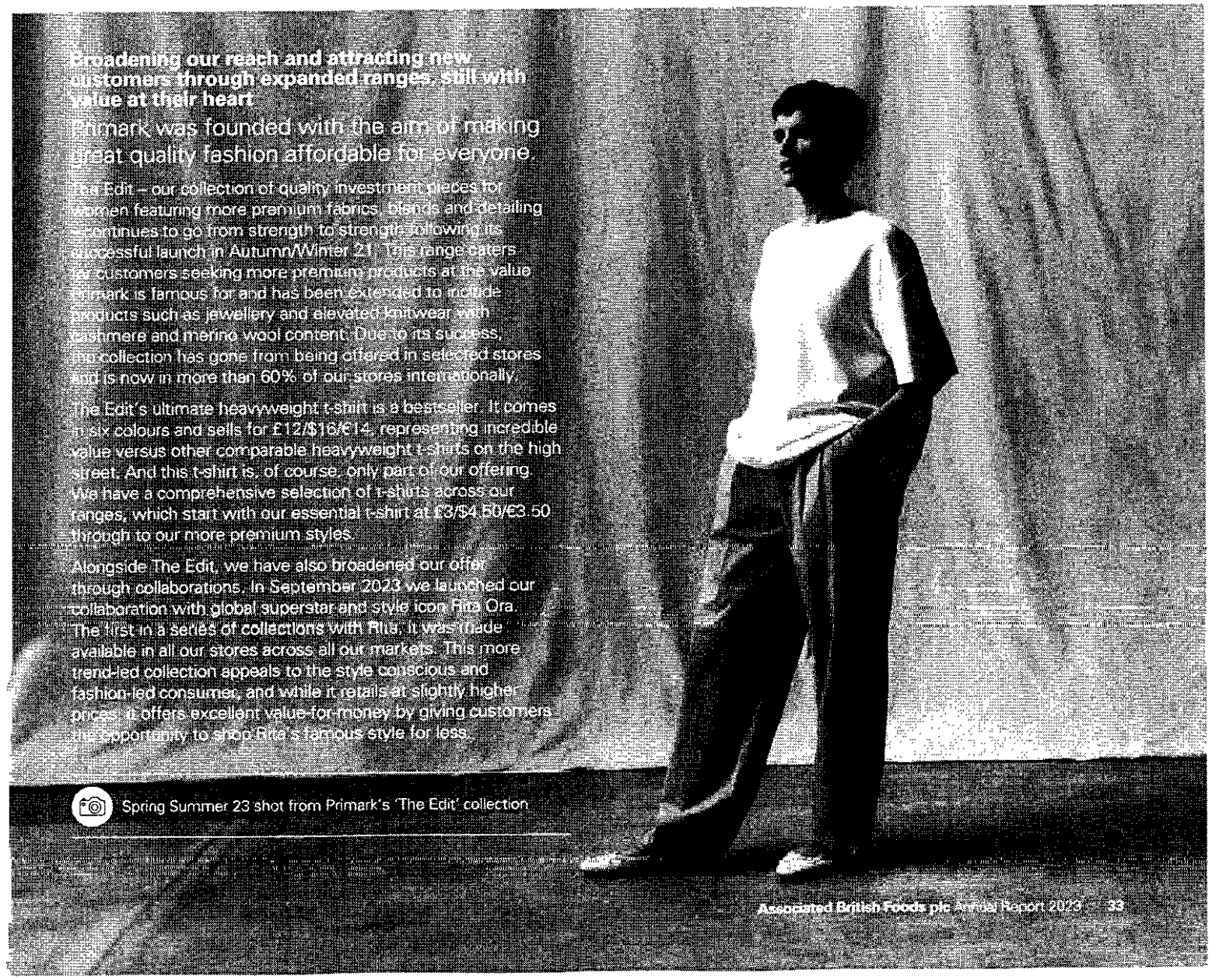
Broadening our reach and attracting new customers through expanded ranges, still with value at their heart

Primark was founded with the aim of making great quality fashion affordable for everyone.

The Edit – our collection of quality investment pieces for women featuring more premium fabrics, blends and detailing – continues to go from strength to strength following its successful launch in Autumn/Winter 21. This range caters for customers seeking more premium products at the value Primark is famous for and has been extended to include products such as jewellery and elevated knitwear with cashmere and merino wool content. Due to its success, the collection has gone from being offered in selected stores and is now in more than 60% of our stores internationally.

The Edit's ultimate heavyweight t-shirt is a bestseller. It comes in six colours and sells for £12/$16/€14, representing incredible value versus other comparable heavyweight t-shirts on the high street. And this t-shirt is, of course, only part of our offering. We have a comprehensive selection of t-shirts across our ranges, which start with our essential t-shirt at £3/$4.50/€3.50 through to our more premium styles.

Alongside The Edit, we have also broadened our offer through collaborations. In September 2023 we launched our collaboration with global superstar and style icon Rita Ora. The first in a series of collections with Rita, it was made available in all our stores across all our markets. This more trend-led collection appeals to the style conscious and fashion-led consumer, and while it retails at slightly higher prices, it offers excellent value-for-money by giving customers the opportunity to shop Rita's famous style for less.



Spring Summer 23 shot from Primark's 'The Edit' collection

Our 'Supporting Women for Life' collection, making specialist collections more accessible and affordable

At Primark, we want all our customers to feel seen, included and understood but after listening to them, we realised many of the products women rely on during key moments of their lives were, for many, out of budget.

For example, post-surgery bras for breast cancer patients were often expensive and not widely available on the high street. Period underwear, which has become more popular in recent years, was in many cases prohibitively expensive. We challenged ourselves to think about the different products we could create for women offering the same functionality but at Primark prices. As a result, we created our Supporting Women for Life collection, offering a range of more specialist clothing, lingerie and nightwear at affordable prices.

We started with our maternity range in January 2021, when maternity wear was not widely available on the high street and often sold online only. We followed with period underwear, designed as an alternative to single-use sanitary products. Since then, we have launched a dedicated breast cancer range comprising leisurewear, underwear, nightwear and accessories for women. We extended our underwear sizing across all our ranges to include fuller bust and bigger brief sizes, and to include a greater variety of skin tones. We also introduced innovative new fabrics – for example, our menopause collection contains anti-flush technology and cooling yarns across nightwear, underwear and base layers, which to date have only been available at a premium price elsewhere.

Today, our Supporting Women for Life collection is made up of six ranges, representing almost £100m in sales and growing. We are continuing to work with our customers, colleagues and specialist organisations to better understand consumers' needs and experiences and will continue to bring to market more inclusive and specialist products at accessible prices for women at their different stages of life.

Some of the products in our 'Supporting Women for Life' range

Using self-checkouts to enhance customers' in-store experience

At Primark, we think about every stage of a customer's journey with us and we know how important it is that they have a good experience, including when they pay in-store.

With more customers using card and contactless payments and self-checkouts becoming commonplace, we took the decision to launch a trial to understand the benefits these technologies might bring to our customers, colleagues and business.

We started with self-checkouts in two UK stores, Sheffield and Northampton, which had higher-than-average numbers of card transactions. The initial response from both customers and colleagues was very positive, with high adoption rates from customers who were given the option to use either the self-checkouts or the staffed checkouts as before

We then extended the trial to three additional UK stores of different sizes, formats and locations. With an average overall satisfaction rating of 88%, speed, convenience and reduced queue times were cited as the biggest draws for the service.

The benefits to the business are already apparent and have the potential to be very significant. These innovations free up colleagues to focus on where they are most needed – for example re-stocking the shop floor, helping customers or manning fitting rooms – relieving recruitment pressures faced by the business in a tight labour market.

Due to the initial success of the trial, we have added self-checkouts to 22 stores across the UK, the US, Ireland and Poland, both incorporating them into existing stores and fitting them in new ones. Today, around two thirds of our customers choose to use our self-checkouts when they have the option to do so, with many customers saying they prefer this check-out method.

We are excited by the benefits that self-checkouts can bring to the business and are rolling them out more widely to new and existing stores.

Self-checkouts in Magnolia Park, Wroclaw, Poland

An overview of our growth and success in Spain

As part of our expansion strategy, we continue to explore not just new markets and regions but also the potential of our more established markets. Our presence in Spain, which was our first market outside the UK and Ireland, is a great example of this organic growth.

Since opening our first store in Madrid in 2006, Spain has grown to become our second biggest market in terms of both store numbers and sales. We have 59 stores in Spain and employ more than 9,500 colleagues with 2.4 million sq ft of selling space.

The Primark offer has resonated with Spanish shoppers who love us for our style credentials and everyday affordable essentials for the whole family. In particular, our kids collections and licensed collections have been received really well, as customers love the quality and choice we offer at such affordable prices. Our collaboration with Spanish influencer Paula Echevarría has proven notably successful and helped to attract new customers in this market. We have also tailored our in-store experiences to local tastes and culture, partnering with other domestic brands such as Llaollao frozen yoghurt, Granier cafés and Hello Nails beauty.

We have enjoyed strong growth in Spain and that track record gives us confidence as we continue to invest and grow our presence there. We will invest €100m in our Spanish business between April 2023 and the end of 2024 in both new store openings and upgrading existing stores.

In this financial year, we have opened three stores to a strong customer response: the first in April, in the city of Toledo; the second in June on the Canary Island of Lanzarote; and last but not least in September a store in the autonomous city of Melilla on the North African coastline.

Looking ahead to next year, we have plans for more new stores. Madrid remains as important to us today as it was 17 years ago when we first came to Spain. It is the city with the second highest number of Primark stores, after London. Today, there are eight stores across the city and we plan to open as many as four more in the next financial year, including our second flagship store in Madrid, in the iconic Cine Salamanca building.

We continue to invest in and improve our existing stores too. With a strong pipeline of store extensions and upgrades, our Spanish customers can continue to expect to see the very best of Primark.

Our Spanish flagship store on Gran Via, Madrid

Financial review

Group performance

Group revenue was £19.8bn, 15% ahead of last year at constant currency, with sales growth in each of our businesses, benefitting from the build of price increases taken to offset inflation. However, as expected, adjusted operating profit margin declined, from 8.4% last year to 7.7% this year as a result of the overall inflation. The Group generated an adjusted operating profit of £1,513m, an increase of 5% at actual rates ahead of last year, a strong result given the scale of input cost increases.

Statutory operating profit for the Group of £1,383m was 17% ahead, after charging exceptional items of £109m (2022 – £206m).

For the full year the average rates used to translate the income statement resulted in a translation gain of £17m, primarily driven by the strengthening of the US dollar, particularly in the first half compared to the first half of 2022. The weakness of sterling against some of our trading currencies also drove a benefit on translation of our non-sterling earnings.

Segmental summary

	Revenue			Adjusted operating profit		
At actual rates	**2023 £m**	2022 £m	Change %	**2023 £m**	2022 £m	Change %
Grocery	**4,198**	3,735	+12.4	**448**	399	+12.3
Ingredients	**2,157**	1,827	+18.1	**214**	159	+34.6
Agriculture	**1,840**	1,722	+6.9	**41**	47	-12.8
Sugar	**2,547**	2,016	+26.3	**169**	162	+4.3
Retail	**9,008**	7,697	+17.0	**735**	756	-2.8
Central	**–**	–	–	**(94)**	(88)	-6.8
	19,750	16,997	+16.2	**1,513**	1,435	+5.4

The segmental analysis by division is set out in the operating reviews. The segmental analysis by geography is set out in note 1 on page 140. Of note is the increase in adjusted operating profit in North America which is driven by the success of our Grocery and Ingredients' businesses there.

Adjusted earnings per share

	2023 £m	2022 £m	Change %
Adjusted operating profit	**1,513**	1,435	+5.4
Net finance income/(expense) before lease interest	**11**	(11)	+200.0
Other financial income	**40**	13	+207.7
Lease interest	**(91)**	(81)	-12.3
Adjusted profit before tax	**1,473**	1,356	+8.6
Taxation on adjusted profit	**(346)**	(302)	-14.6
Adjusted profit after tax	**1,127**	1,054	+6.9
Adjusted earnings attributable to equity shareholders	**1,103**	1,034	+6.7
Adjusted earnings per share (in pence)	**141.8p**	131.1p	+8.2

Net finance income and other financial income

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. Lease interest increased during the year because of more leases being entered into from our continued store expansion programme, particularly in the US, Italy and France.

As a result, on an adjusted basis, profit before tax was up 8.6%, to £1,473m.

Taxation

This year's tax charge on the adjusted operating profit before tax was £346m, with an increase in adjusted effective tax rate to 23.5% from 22.2% last year. This rate includes the impact on the blended tax rate for the full year of the increase in UK corporation tax rate from 19% to 25% in April 2023.

The Group is exposed to a range of uncertain tax positions. The provision at the financial year end for these tax positions was £55m (2022 – £102m). The reduction in the provision is due to the conclusion of UK tax audits covering several businesses and years. This reduction in the provision between last financial and this financial year was due to partial utilisation and also translated into a one-off benefit to the effective tax rate for the year.

We expect the Group's effective tax rate in 2024 to be broadly in line with 2023. This includes the full year impact of the increase in the UK corporation tax rate in April 2023 and changes to the mix of profits by jurisdiction.

Adjusted earnings per share increased by 8.2% to a record 141.8p per share. This increase follows from the higher adjusted profit and the higher financial income, more than offsetting the slightly higher adjusted effective tax rate. The adjusted earnings per share also benefit from the reduction in weighted average number of shares, from 789 million for 2022 to 778 million for 2023, as a result of the buyback programme.

Basic earnings per share

	2023 £m	2022 £m	Change %
Adjusted profit before tax	**1,473**	1,356	+8.6
Acquired inventory fair value adjustments	**(3)**	(5)	
Amortisation of non-operating intangibles	**(41)**	(47)	
Exceptional items	**(109)**	(206)	
Profits less losses on sale and closure of businesses	**(3)**	(23)	
Profits less losses on disposal of non-current assets	**28**	7	
Transaction costs	**(5)**	(6)	
Profit before tax	**1,340**	1,076	+24.5
Taxation	**(272)**	(356)	+23.6
Profit after tax	**1,068**	720	+48.3
Earnings attributable to equity shareholders	**1,044**	700	+49.1
Basic earnings per share (in pence)	**134.2p**	88.6p	+51.5

Profit before tax of £1,340m was 24.5% ahead of last year, benefitting from the lower level of exceptional items in 2023.

Exceptional items

	2023 £m	2022 £m
Grocery – Impairment	**41**	–
Sugar – Impairments	**50**	–
Retail – Impairments, rightsizing and fair value writedowns	**18**	206
	109	206

The income statement this year included a non-cash exceptional impairment charge of £109m. In Grocery, the Don business has been impacted by inflationary pressures, a surplus supply of fresh pork in the market, labour constraints, equipment reliability causing production shortfalls and additional transportation costs following the unforeseen liquidation of its distribution partner. As a result we recognised impairment write-downs of £39m against property, plant and equipment, £1m against right-of-use assets and £1m against intangible assets.

In Sugar, the China Sugar North business recognised a £15m impairment write-down against property, plant and equipment. This business was held for sale in the previous year but that process was halted in the second half of the year. Due to severe flooding in Mozambique, the related damage to the sugar crop fields and the inability to plant for the foreseeable future Illovo Mozambique recognised £25m impairment write-downs against property, plant and equipment, £7m against current biological assets, £2m of personnel costs and £1m write-down against inventory.

In Retail, the German Primark portfolio recognised exceptional impairment charges relating to stores that were impaired in the previous year: £13m as a result of additional right-of-use assets being recognised due to rent indexation adjustments on right-of-use assets that were impaired, a further £5m non-cash exceptional charge for the right-sizing of four stores and the fair value write-down of a store.

The prior year exceptional impairment charge of £206m comprised non-cash write-downs of assets in Primark Germany, £72m against property plant and equipment and £134m against right-of-use assets.

Total tax charge for the year was £272m. This includes the positive benefit of deferred tax on exceptional items from the prior year, when a £63m exceptional charge was included in the Group's total tax charge reflecting the de-recognition of the deferred tax assets relating to Primark Germany. A significant proportion of that asset had been deemed to be irrecoverable and was written off as an exceptional tax charge last year. As a result of further work undertaken this year it has been determined that more of this deferred tax asset is recoverable and so, an exceptional non-cash tax credit of £58m was recognised in the first half.

Earnings attributable to equity shareholders were £1,044m and basic earnings per share were 134.2p, 52% ahead of last year.

Cash flow

	2023 £m	2022 £m
Adjusted EBITDA	**2,361**	2,261
Repayment of lease liabilities net of incentives received	**(246)**	(275)
Working capital	**(216)**	(729)
Capital expenditure	**(1,073)**	(769)
Purchase of subsidiaries, joint ventures and associates	**(94)**	(154)
Sale of subsidiaries, joint ventures and associates	**4**	–
Net interest paid	**(74)**	(97)
Taxation	**(341)**	(304)
Share of adjusted profit after tax from joint ventures and associates	**(127)**	(112)
Dividends received from joint ventures and associates	**107**	93
Other	**(32)**	2
Free cash flow	**269**	(84)
Share buyback	**(448)**	–
Dividends	**(345)**	(380)
Movement in loans and current asset investments	**(10)**	196
Cash flow	**(534)**	(268)

There was free cash inflow in the year totalling £269m as a result of the operating profit generated by the Group, despite cash outflows driven by higher capital expenditure than the prior year and a working capital outflow.

The capital expenditure increase was driven by the number of large capital projects and a step up following low levels of the last few years. The increase of the investment in our food businesses primarily relates to projects to build capacity. In Primark the increase reflects the acceleration of our new store programme and expenditure to expand our capabilities in warehouse automation and technology. We expect this higher level of investment to continue over the medium term.

The main factors driving the increase in working capital were twofold: the impact of inflation across all our food businesses and higher inventories, particularly in our Sugar and Primark businesses. As a reminder Primark inventories a year ago were too low and reflected the logistics and supply chain difficulties experienced in the prior year. We do expect a working capital inflow in 2024 as Primark inventory levels normalise.

Cash tax increased in the year driven by the increase in profit before tax. We expect a reduced level of cash tax in 2024 due to the reallocation of historic overpayments and favourable settlements of historical enquiries and returns.

There was cash outflow of £448m for our share buyback programme, with the remainder of the £500m programme completed after the year end. We also paid £345m for total dividends in this financial year, which reflects the final 2022 dividend and interim 2023 dividend. The £380m paid in the prior year included a special dividend that was declared in respect of the 2021 financial year.

Acquisitions and disposals

The spend on acquisitions this financial year was £94m. The most significant of these were the acquisitions of National Milk Records, Kite Consulting and Advance Sourcing in Agriculture.

For disposals, a non-cash provision of £6m was included in profit less losses on sale and closure of business in respect of Illovo's investment in Gledhow.

Financing and liquidity

	2023 £m	2022 £m
Short-term loans	**(99)**	(31)
Long-term loans	**(394)**	(480)
Lease liabilities	**(3,160)**	(3,252)
Total debt	**(3,653)**	(3,763)
Cash at bank and in hand, cash equivalents and overdrafts	**1,388**	1,995
Current asset investments	**–**	4
Total net debt	**(2,265)**	(1,764)
Leverage ratio	***0.96***	*0.78*

At 16 September 2023, the Group held cash balances of £1,388m. In addition, the Group has an undrawn Revolving Credit Facility (RCF) for £1.5bn. This facility is free from performance covenants and was extended in June 2023 for a further year, bringing the maturity to 2028. Our £400m bond, launched last year, at 2.5% is due in 2034, and our final $100m Private Placement notes are due in March 2024.

Total liquidity at year end was £2.7bn, comprising the £1.5bn of cash, less £0.2bn of short-term loans and overdrafts and £0.1bn of inaccessible cash, plus the £1.5bn RCF. This compares to £3.4bn at the end of 2022.

Pensions

The Group's defined benefit pension schemes aggregate surplus increased by 5% to £1,377m at year end compared to last year's £1,314m. The UK scheme, which accounts for around 90% of the Group's gross pension assets was in surplus by £1,397m (2022 – £1,366m). A significant increase in the pension surplus in the prior year was driven by an increase in bond yields reducing liabilities. 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 charge for the year for the Group's defined contribution schemes, which was equal to the contributions made, amounted to £95m (2022 – £87m). This compared with the cash contribution to the defined benefit schemes of £36m (2022 – £36m).

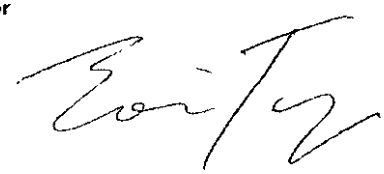
The most recent triennial actuarial valuation of the UK scheme was carried out as of 5 April 2023. This last valuation showed a funding surplus of £1,013m. This is a clear improvement on the previous valuation undertaken at 5 April 2020, which showed a deficit of £302m. As agreed with the trustees in September, as a result of this significant increase in the surplus, the Group will receive a cash flow benefit of approximately £70m per year from the abatement of UK employer pension contributions on both the defined benefit and defined contribution schemes. This will take effect from the start of the new financial year.

Dividend and shareholder returns

We announced a share buyback programme of £500m in November 2022. In the financial year we purchased 23.7 million shares for £446m and the shares bought back were cancelled. At the end of the financial year we had 765 million ordinary shares in issue. The weighted average number of shares for the year was 778 million which compared to 789 million for the last financial year. This share buyback has resulted in a positive impact on our reported adjusted earnings per share of 1.8p. Since the financial year end, a further 2.8 million shares were purchased, completing the total £500m buyback programme. The Group has announced the continuation of a buyback programme, targeting an additional amount of £500m over the next 12 months.

This year the Board declared an interim dividend of 14.2p per share (2022 – 13.8p), an increase of 3% compared to prior year. The Board is proposing a final dividend of 33.1p per share. It is also declaring a special dividend of 12.7p per share to be paid as a second interim dividend. Taken with the first interim dividend of 14.2p per share, the aggregate total dividend for the year is 60.0p per share, 37% higher than the total dividend of 43.7p in 2022, which comprised an interim dividend of 13.8p, and a final dividend of 29.9p.

Eoin Tonge
Finance Director



Engaging with our stakeholders

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 9 to 11, the role of the Group, 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.

While day-to-day operational decisions are generally made locally, the Board not only provides input on the principal decisions and strategy, but also supports individual businesses by facilitating the sharing of best practice and know-how between the businesses.

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 and/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 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.

In the following pages, we set out the key stakeholder groups with whom engagement is fundamental to the Group's ongoing success.

Employees

We employ approximately 133,000 people. Our people are central to our success.

Key matters

- Health and safety
- Diversity, equity and inclusion
- Cost of living
- Culture and wellbeing
- Engagement and development

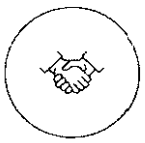
How the businesses engage with this stakeholder group

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

How the Board engages and/or is kept informed and takes matters into account

- So as to seek to ensure that the 'voice' of each workforce in the Group is heard at Board level, Richard Reid, as designated Non-Executive Director for engagement with the workforce, meets 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 from Richard Reid and the Chief People and Performance Officer in respect of progress on workforce engagement and resulting actions.
- 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 continue to engage with Company employees both at the corporate centre and at the regional businesses through town halls in the businesses covering issues such as business updates and ESG topics.

See the letter from Richard Reid on pages 84 and 85, which includes details of some of the outcomes from workforce engagement. See also the 'Our people' section on pages 50 and 51.



Suppliers

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

Key matters

- Responsible sourcing
- Supply chain sustainability
- Payment practices
- Capital strength
- Human and labour rights in our supply chains
- Transparency in supply chains

How the businesses engage with this stakeholder group

- Conversations (face-to-face or virtual)
- Training
- Communication sessions
- Correspondence
- Audits
- Engagement with trade unions and NGOs

How the Board engages and/or is kept informed and takes matters into account

- 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.
- The Board reviews each business segment every year, including a review of ESG issues, with support from the Director of Legal Services and Company Secretary and the Group Corporate Responsibility Director.

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

- the expansion of the Kilombero sugar plant in Tanzania;
- the responsible exit from Myanmar as a source of garments for Primark; and
- human rights and environmental due diligence in respect of our supply chains.

See further details on page 45 in respect of the implementation of a responsible exit from Myanmar as a source of garments for Primark and page 47 in respect of ESG governance.

Customers/Consumers

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

Key matters

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

How the businesses engage with this stakeholder group

- In-store signage (Primark)
- Face-to-face interactions with staff
- Customer surveys
- Websites
- Labelling
- Social media
- Customer/consumer contact lines
- Market data analysis

How the Board engages and/or is kept informed and takes matters into account

- The Board is regularly updated by each business division on its strategy, including in relation to key customers and key activities impacting customers and consumers.
- The Group Director of Financial Control provides the Board with an annual report on food and feed safety
- The Chief Executive and Finance Director meet each division quarterly to discuss key commercial matters.

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

- changes to fitting rooms at Primark stores to seek to ensure that our customers feel safer and more welcome;
- performance of the Click and Collect trial at Primark;
- self-checkout trials at Primark;
- Twinings marketing trials; and
- increased marketing investment in Patak's, Blue Dragon, Jordans Dorset Ryvita and Mazzetti.

See further details on page 15 about Twinings marketing trials and on page 34 about Primark using self-checkouts to enhance customers' in-store experience.

Communities and the environment

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

Key matters

- Climate change mitigation and adaptation
- Natural resources and circular economy
- Social impact – including employment opportunities
- Agriculture and farming practices

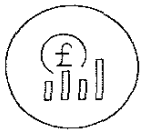
How the businesses engage with this stakeholder group

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

How the Board engages and/or is kept informed and takes matters into account

- Senior management of the business divisions report to the full Board on their key ESG matters.
- The Board reviews risk assessments undertaken by the businesses each year which consider, among other things, climate change impacts and risks.
- The Director of Legal Services and Company Secretary and the Group Corporate Responsibility Director present to the Board on broader corporate responsibility issues that sit beyond our direct manufacturing operations e.g. in the supply chains.
- The Board receives updates from the Chief People and Performance Officer and the Group Safety and Environment Manager on operational safety and key environmental matters in our direct manufacturing operations reflecting an additional focus on climate and sustainability.
- The Board receives updates and provides views on key sustainability matters. This included individual sessions with non-executive directors on climate-related financial reporting.

See the Responsibility section on pages 46 to 67 of this Annual Report. See also the sections of our Responsibility Report 2023 providing further details of our businesses' work with people in the supply chains and surrounding communities.



Shareholders and institutional investors

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

Key matters

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

How the businesses engage with this stakeholder group

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

How the Board engages and/or is kept informed and takes matters into account

- 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 respond to feedback around remuneration issues.
- The Responsibility Report is approved by the Board and is 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 pages 116 and 117).

See further details on page 86, which includes details on this year's annual general meeting.

Governments

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

Key matters

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

How the businesses engage with this stakeholder group

- 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
- Attendance at conferences

How the Board engages and/or is kept informed and takes matters into account

- The Company engages with governments to contribute to, and anticipate, important changes in public policy.
- The Board takes into account the interplay between commercial decisions and government policies and aims in its investment decisions.
- The Board is briefed on engagement with governments, which, using the UK as an example, 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 and the impact of international conflicts.

Shed Store on Carey Street

Principal decisions

In making decisions throughout the course of the financial year, there is a need to ensure that the consequences promote the long-term success of the Company, as well as maintain our reputation for high standards of business conduct.

Provided in this section are some examples of principal decisions that were taken (or implemented) during the year and how stakeholder views were taken into account and impacted on those decisions.

Launch of a £500m share buyback programme.

Which stakeholders most affected?

- Shareholders/Institutional investors

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

The Board took into account views of various investors (including views expressed in meetings with the Chairman, the Chief Executive and/or Finance Director) in reaching the decision in November 2022 to launch a share buyback programme of up to £500m. This included, for example, investor views that the Company's shares were undervalued, that a share buyback would be an appropriate way to return capital to shareholders and that return on investment from a potential buyback should be considered in the same way as an M&A opportunity. Following detailed consideration by the Board and engagement with brokers and external advisers, the first tranche of the programme was launched in November 2022 with Barclays Capital Securities Limited ('Barclays') being irrevocably instructed to buy back up to £250m of the Company's ordinary shares. Feedback received from institutional investors following the launch of the first tranche of the buyback indicated that they welcomed the buyback programme and that, in particular, they were pleased with the quantum.

Following completion of the first tranche of the programme by Barclays, in May 2023 we commenced the second £250m tranche of the share buyback, having irrevocably appointed Credit Suisse International to carry out that tranche. In deciding to launch the second tranche, the Board considered whether the share buyback continued to be value accretive, taking into account external advice.

The share buyback programme announced in November 2022 has now completed and, in total, the Company purchased 26,478,215 of its ordinary shares for a total consideration of £499,999,929. The purpose of the share buyback was to reduce the capital of the Company and all shares repurchased as part of the programme were cancelled.

Whilst some shareholders, particularly retail shareholders, expressed a preference for return of capital by way of an additional (or larger) dividend rather than by way of a share buyback, the Company considered on this occasion that a buyback was the more appropriate way to return capital, taking into account the long-term consequences of the different options.

Investment in Primark's existing store estate alongside its ongoing international expansion.

Which stakeholders most affected?

- Customers/Consumers
- Employees
- Suppliers
- Communities and the environment

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

In line with Primark's commitment to create a great in-store experience for consumers, the Board has approved the investment of substantial sums in extensions and upgrades to existing stores. This is in addition to investment in growing the Primark store estate to 530 by the end of the 2026 financial year as well as in automation of distribution depots.

The upgrades to stores have included the continued roll-out of LED lighting across the UK store portfolio, which will also help Primark progress its ambition to reduce its carbon footprint, and self-service checkouts, which, as well as reducing labour costs, should also reduce queues for customers (in response to customer feedback). We are also upgrading CCTV monitoring in a bid to reduce theft and anti-social behaviour in stores, both of which impact our employees.

During the course of the financial year, Primark has opened stores in two new markets, namely Slovakia and Romania, bringing the total number of countries in which Primark operates to 16 at year end. The decision to expand Primark's footprint in the southern states of the US was also taken. New store openings continue to be met with an enthusiastic reception from customers, as well as providing employment opportunities in the local areas and increasing career options for employees.

Relationships with key landlords continue to be important, as is the use of technology and demographic data to inform decisions about new store locations.

Approval of various projects in our food and ingredients businesses.

Which stakeholders most affected?

- Customers/Consumers
- Employees
- Shareholders/Institutional investors

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

Throughout the financial year, the Board approved significant capital expenditure (or increases to existing approved capital expenditure) by our food and ingredients businesses. This included a new yeast plant for AB Mauri in northern India, a new spray dryer and upgraded yeast production facility for Ohly in Germany, a new sugar factory in Tanzania, a major new water irrigation system in Malawi, an upgrade to a Tip Top bakery and a new animal feed plant in Western Australia (see picture on page 45), a steam reduction project for British Sugar (as part of its pledge to reduce its carbon footprint) and a new factory purchase with plans for localised production for Ovaltine in Nigeria.

The decisions to approve such projects and initiatives took into account customer demand for our products and the additional quantity of products and/or improved quality that such investment should bring about. The decisions also factored in our investors' interest in us making the best use of the Company's capital.

Implementation of a responsible exit from Myanmar as a source of garments for Primark.

Which stakeholders most affected?

- Suppliers
- Communities and the environment

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

Primark places a high priority on the safety and wellbeing of the people who make its clothes and products and of the Ethical Trade team that carries out visits to the factories.

Following the military coup in Myanmar in February 2021 and subsequent calls from global trade unions to disinvest from the country, the situation became both concerning and complex, given that many people in Myanmar are employed in suppliers' factories making garments for major retailers such as Primark.

In September 2022, following its human rights impact assessment, the Ethical Trading Initiative published a report setting out the significant challenges faced by businesses sourcing garments from Myanmar in relation to their ability to conduct the level of due diligence required to meet recognised standards governing human rights and labour rights. The conclusions of this report were combined with information from the Primark Ethical Trade team and the resulting document was then reviewed by the Primark Myanmar Steering Committee. As referred to in our 2022 Annual Report, Primark decided to work towards a responsible exit from Myanmar. Accordingly, Primark stopped placing orders in October 2022 and expects its final orders from Myanmar to ship before the end of the 2023 calendar year.

Following the announcement that it would stop sourcing from Myanmar, Primark doubled the size of the Ethical Trade team on the ground to enable more frequent visits to supplier factories to give the business improved visibility of working and employment conditions. While the exit plan from Myanmar is being implemented, the Primark Ethical Trade team will continue to work with supplier factory management and relevant stakeholders to address any issues as and when they arise.

The decision to exit was not taken lightly. Primark has managed its exit in consultation with partners and stakeholders both in Myanmar and globally, following the UN Guiding Principles on Business and Human Rights and ACT's responsible exit guidelines. It is also working with IndustriALL Global Union and alongside other retail brands to create a framework for responsible business disengagement.

We continue to monitor the Group's small number of food related sales and co-packing operations in Myanmar (which primarily relate to the supply of food and grocery products to the local population).

Acquisition of National Milk Records.

Which stakeholders most affected?

- Shareholders/Institutional investors
- Customers/Consumers
- Employees

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

In June 2023, following detailed consideration of both the short-term and longer-term benefits of the transaction for AB Agri customers and our investors, we announced the acquisition by AB Agri Limited (an indirect wholly-owned subsidiary of the Company) of the entire issued and to-be-issued ordinary share capital of National Milk Records plc (NMR) for approximately £48m. The NMR business was considered by the Board to be well-aligned with AB Agri's objective of supporting customers across the dairy industry, helping to drive efficiency and increase productivity.

NMR provides complementary services and technology offerings to AB Agri's existing operations across the dairy supply chain. It was considered that the combination will enable a better service to the dairy industry and will ultimately offer products that deliver increased value, efficiency and ultimately profitability for farmers. It was also considered that the acquisition will allow NMR to accelerate and de-risk the delivery of its strategy, as well as creating greater opportunities for NMR's customers, employees and wider stakeholders.

The work done leading to the decision to acquire NMR took into account our customers' desire for increased value and efficiency, as well as the opportunities that this is likely to create for our employees as we strengthen our position in the dairy sector.

Mauri ANZ's new animal feed plant, Weston Animal Nutrition, Hope Valley, Australia

Investing for tomorrow Delivering today

Our purpose is to provide safe, nutritious and affordable food, and good quality clothing that is great value for money.

We live and breathe our values through the work we do every day. 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.

Non-financial and sustainability reporting requirements

The Group data included in this Report on our environmental and safety KPIs covers the period 1 August to 31 July.

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

Accordingly, the disclosures required in the Company's non-financial and sustainability 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.

Information on our business model (pages 10 to 11)
Information on our people (pages 50 to 52)
Information on DEI (page 51)
Information on our Anti-Bribery and Corruption Policy (page 52)
Information on our Speak Up Policy (page 52)
Information on our approach to human rights (page 49)
Information on supporting communities (page 49)
Information on our environmental management (pages 52 to 55)
Information on our climate-related financial disclosures (pages 56 to 67)
Information on our principal risks and uncertainties, including how we manage and mitigate those risks (pages 68 to 75)

Further information on these can also be found in our 2023 Responsibility Report. Our Responsibility Report is published online and provides 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 29 ESG KPIs. These are marked with the symbol Δ in these pages and on page 13.

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 submitted to CDP.

Materiality and stakeholders

This year, to better support our stakeholders' understanding of our business model and our approach to ESG, this Responsibility section of the Annual Report focuses on the areas that have been identified as material for the Group.

The materiality assessment helps us understand how ESG factors might impact our businesses. This assessment helps us prioritise our activities. We consider the guidance of globally recognised sustainability standards and frameworks when compiling potential material topics and issues. Our stakeholders are a key part of the materiality assessment and we give them the chance to provide input on our ESG agenda and put their views to inform our decision-making.

The list of ABF material topics has been grouped into six areas:

- **Agriculture and farming practices;**
- **People in our supply chains and surrounding communities;**
- **Our people;**
- **Carbon and climate;**
- **Efficient resource use; and**
- ***Food and nutrition.***

Looking ahead, we are working to further develop our materiality approach in line with the reporting requirements under the EU's Corporate Sustainability Reporting Directive (CSRD).

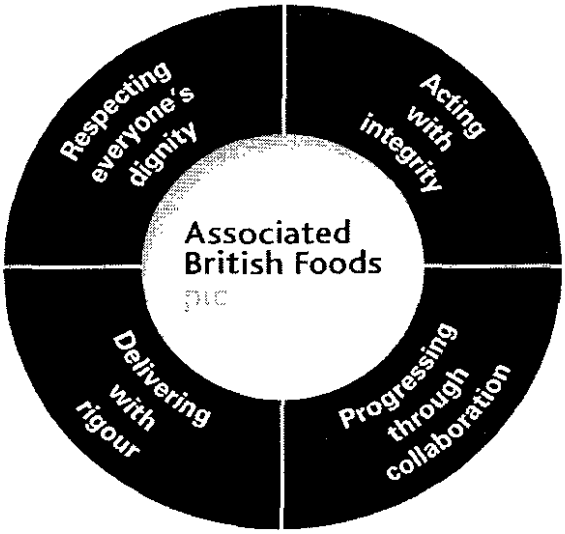
For more information please see our Responsibility Report 2023.

Δ EY has provided limited independent assurance over the 2023 metrics. See the 2023 Responsibility Report page 114 for EY's assurance statement.

Our values

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.

From the products we make, to the way we preserve the 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 experts to help us work towards the highest standards.



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.

We work with others to leverage our global expertise for local good. Through collaboration with our stakeholders, we are working to create safer, fairer working environments and promoting thriving, resilient communities.

Our Group ESG governance

The Board has overall responsibility for the general oversight of ESG factors across ABF. It reviews each business segment every year, including a review of ESG issues.

In carrying out its duties, the Board is also supported by:

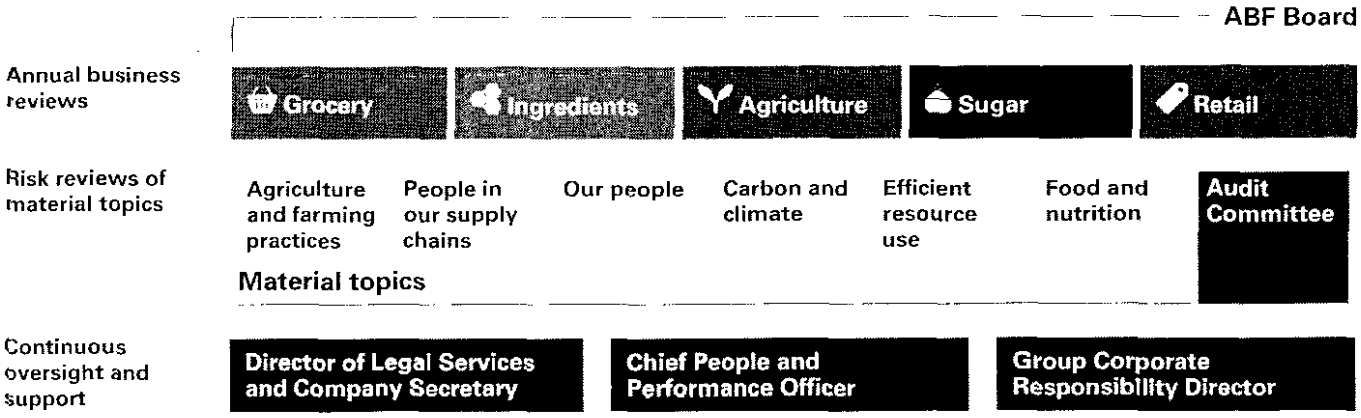
- our Director of Legal Services and Company Secretary who reports to the Chief Executive and has responsibility for ESG issues. He acts as the focal point for communications to the Board and shareholders on ESG matters;
- our Chief People and Performance Officer (CPPO) who reports to the Chief Executive and has responsibility for all employee matters, including safety, mental health, financial wellbeing, employee development, workforce engagement and diversity, equity and inclusion (DEI), as well as initiatives within procurement in our supply chains, the coordination of environmental reporting across our operations and how we ensure security for our people and assets; and
- our Group Corporate Responsibility Director who leads the Group's Corporate Responsibility Hub team.

The Corporate Responsibility Hub is a central resource available to all our businesses, which provides support to them as required on environmental and human rights issues. It provides a network that brings together professionals across the Group working in these areas, the Corporate Responsibility (CR) Leads, so that they can share knowledge and best practices with each other.

Within the remit of the CPPO, other teams have been assigned dedicated focus areas, including DEI and health, safety and environment (HSE) and procurement.

All our businesses operate within a clear governance framework defined by the Group. However, our devolved business model gives businesses autonomy to operate in ways that aim to create enduring economic, environmental and social value. In addition to individual business leaders, divisional CEOs also have responsibility and are accountable for their ESG programmes. This covers their ESG risks, opportunities and impacts. They can draw on specialist support from the Corporate Responsibility Hub and the Director of Legal Services and Company Secretary, the CPPO as well as specialist legal advice from the team led by the Associate General Counsel for ESG.

Governance structure



Agriculture and farming practices

ABF is a diversified group, with a wide range of food and ingredients businesses as well as our retail brand, Primark. Our businesses depend upon agricultural systems for most of the raw materials we use in our products, and we recognise the need to support more sustainable farm management practices.

We have a strong association with the UK agricultural sector, where our businesses collectively form the largest end-to-end food producer. Globally, we are also a significant purchaser of cotton, sugar beet, sugar cane, tea and cereals.

Global agricultural systems are under increasing pressure to provide for a growing population while responding to the challenges and effects of climate change. Extreme weather events, increasing water stress, biodiversity loss and soil degradation are all adding to pressures within the system.

We expect our businesses to go further than legal compliance by continuously considering and implementing other appropriate activities, voluntary commitments and internationally recognised management systems to reduce their environmental and social impacts and risks. This encompasses the responsible stewardship of our environment in line with the following requirements:

- Group Environment Policy;
- Group Animal Health and Welfare Policy; and
- Group Supplier Code of Conduct.

Our businesses support a wide range of social and environmental interventions at farm level. These span management models including certified organic production, standards to promote wildlife biodiversity, engagement with smallholder growers in developing markets, and the adoption of integrated farm management systems built on the principles of sustainable intensification.

For example, Primark launched its Sustainable Cotton Programme in 2013, with farmers in the programme trained on techniques to help improve efficiency, increase soil quality and reduce their use of agrichemicals. It also aims to address a wide range of social development issues related to income improvement.

While it is not possible for our businesses to intervene in every farm supply chain, collectively we support many farm-focused intervention programmes. The objective of these is to shape management practices to promote systemic commercial, social and environmental resilience for the long term. Science, technology and data are essential to achieving this aim.

Many of the farm management standards our businesses support align with the core principles of Integrated Farm Management (IFM). They require the incorporation of a range of management practices across a number of designated criteria in the context of improving overall supply chain efficiency and driving more sustainable farm productivity. Requirements typically include, for example, the safe handling of agrochemicals and improving soil structure, as well as the provision of land management practices to sustain habitats for wildlife biodiversity. IFM can make a significant impact on a range of measures.

A Jordan's Farm Partnership grower tending the infield crop alongside woodland habitat

The UN Sustainable Rice Platform (SRP) Standard, for example, requires Alternate Wet and Dry farm management techniques to reduce water use in the rice sector by around 30% and, by association, GHG emissions by up to 50%. Westmill has committed to source 20% of all the rice it purchases from farms in Pakistan and Thailand to follow this Standard.

Our businesses also supply a range of products and services to the agricultural sector that facilitate efficient farm management and regenerative approaches such as cover-cropping to improve soil structure and water retention.

We support the adoption of regenerative farm management techniques alongside the responsible use of precision science and technology to maximise efficiency, reduce greenhouse emissions and limit biodiversity losses while maintaining commercially productive agricultural outputs. For example, Illovo – Africa's largest sugar producer – manages cane lands and farming activities in South Africa according to the SUSFARMS® environmental management system. Allied Mills and British Sugar require the farms they purchase from to meet the Combinable Crops Standard specified under the Red Tractor mark. In Jordans Dorset Ryvita, the Jordan's Farm Partnership programme is run across 15,000ha in conjunction with both LEAF (Linking Environment And Farming) and The Wildlife Trusts.

We believe in the importance of high animal health and welfare standards. This is captured in our Group Animal Health and Welfare Policy, which applies to all our businesses.

For more information please see our Responsibility Report 2023.

People in our supply chains and surrounding communities

Respect for the working conditions and labour standards of the workers in our businesses' supply chains is important to us. We also recognise the potential contribution we can make to surrounding communities.

Human and labour rights in our supply chains

Our businesses use the United Nations Guiding Principles on Business and Human Rights (UNGPs) as a reference point to guide their activities in implementing human rights due diligence processes. The OECD's Guidelines for Multinational Enterprises, Due Diligence Guidance for Responsible Business Conduct and various sectoral guidance documents all provide valuable models and reference material.

Our Group Supplier Code of Conduct is an essential requirement of the responsible business conduct of our businesses. This document is based on the core conventions of the International Labour Organization (ILO) and on the Base Code of the Ethical Trading Initiative, of which Primark is a member. All businesses within the Group are responsible for managing their relationships with suppliers and satisfying themselves that suppliers operate in line with the principles contained in the Supplier Code of Conduct.

In their application of the Supplier Code of Conduct, our businesses continue to develop and improve human rights due diligence processes in their supply chains as laid out in the UNGPs. Knowledge of where potential negative human rights impacts might exist, combined with supply chain mapping, helps them to monitor and identify actual issues, to seek remedy or even to anticipate and prevent them before they arise, prioritising those that are most salient. Our devolved business model enables our businesses to take the most appropriate approach based on their specific supply chains and the nature of their supplier relationships. In many cases we find that suppliers have their own programmes that meet our expectations in this area, but where this is not the case our businesses seek to use their leverage or collaborate to drive change.

Our businesses use a number of data platforms to assess and monitor potential human rights risks. Many businesses monitor their risk through audits carried out by internal teams or third parties. For example, Primark's Ethical Trade auditing and monitoring programme is one of Primark's most important resources for identifying risks. Some businesses also engage workers and their representatives directly outside of the audit process to understand what issues they face.

Our businesses seek to use the leverage they may have with their suppliers to secure access to an effective remedy for workers facing negative human rights impacts in their supply chains. For example, in India, Primark's Ethical Trade and Environmental Sustainability team has developed a comprehensive programme called the India Worker Empowerment Programme to address the root causes and manifestations of key human rights risks.

Our businesses have or are developing grievance mechanisms to give workers a voice on the issues they face in the workplace. Examples include ABF Sugar's 'We Listen, We Act, We Remedy' toolkit. Primark has multiple approaches to achieve effective grievance mechanisms, these include the Amader Kotha programme in Bangladesh, where a hotline is available to workers in garment factories

Different stakeholders including NGOs, trade unions, governments, other businesses (subject to relevant competition and anti-trust laws) and industry bodies inform our approach to human rights due diligence. We work with these organisations due to their expert knowledge and we acknowledge their contribution.

Transparency about who and where our businesses source from enhances our understanding of human rights risks and, where necessary, encourages collaboration to resolve issues both locally and across our sectors. Some of our businesses, including Primark, Twinings and ABF Sugar, publish global sourcing maps and provide information about their processes, progress and challenges through corporate reports, websites, stakeholder engagement activities and submissions to ESG benchmarks.

In line with our Group Supplier Code of Conduct, our businesses prohibit all forms of modern slavery, including forced labour and human trafficking. For more information, see our Group Modern Slavery Statement 2023. Alongside our Group statement, some of our businesses publish separate modern slavery statements.

Supporting communities

ABF Sugar continues to invest in its relationships with communities and key stakeholders. For instance, Illovo recognises that its sugar estates are a key part of the communities they are located in, and this is reflected by its activities to support those communities, such as by providing clinics, schools and local services to support its employees and in some cases also to support their families and neighbouring communities.

For more information please see our Responsibility Report 2023.

A cotton farmer in Primark's Sustainable Cotton Programme, India

Our people

We employ over 133,000 people and have operations in 55 countries across Europe, Africa, the Americas, Asia and Australia. The people across our businesses are united by our purpose, culture and passion for delivering for our customers. We empower them to innovate and support them to grow and develop.

Health, safety and wellbeing

Our businesses strive to safeguard the wellbeing, health and safety of our people, contractors and visitors to our sites and when they are travelling for business. Safety is non-negotiable.

Loss of life in our operations is unacceptable and we expect all colleagues to return home after work as well as when they arrived. As such, we are deeply saddened to report three fatalities this year and recognise the irreplaceable loss this has caused their families, friends and colleagues. One contractor in Spain was fatally injured during an off-site traffic accident. An employee was involved in a fatal incident with a forklift truck in one of our bakeries in Australia. An employee in Malawi was fatally injured while working on an overhead electricity line.

Following these tragic events, our priority was to support the families and colleagues of those who died. We investigate all fatalities and serious accidents thoroughly, share the learnings with safety and operational colleagues across the group and have reinvigorated our focus on working with moving vehicles and electricity to minimise the risk of such events from happening again.

All our businesses must comply with our Group Health, Safety and Wellbeing Policy. Many of them supplement this with additional policies of their own. Responsibility for ensuring compliance with the Health, Safety and Wellbeing Policy is devolved to the chief executives of the various businesses. Each business also has a nominated director with specific accountability for health, safety and wellbeing.

A growing number of our businesses are investigating the potential of human behavioural and psychological techniques, some of them based on neuroscience, to help employees and contractors stay focused on health, safety and wellbeing.

Across the Group, we have identified the following key on-site and off-site safety risks:

- harm from moving vehicles;
- falls from height;
- machinery safeguarding;
- the storage and handling of hazardous materials;
- manual handling of heavy and awkward loads;
- working in confined spaces; and
- the management of contractors.

Supporting our people's mental health and their sense of general wellbeing also remains a priority. We continue to invest in our support across the Group, including programmes designed to raise awareness and provide practical assistance. In response to rising living costs this year, we have continued to focus on ensuring financial wellbeing tools and resources are available internationally.

We engage independent HSE specialists to provide us with an objective opinion of our safety performance, through a compliance and risk management audit programme.

Of our factories and retail stores, 69% have operated for one or more years without an on-site employee injury.

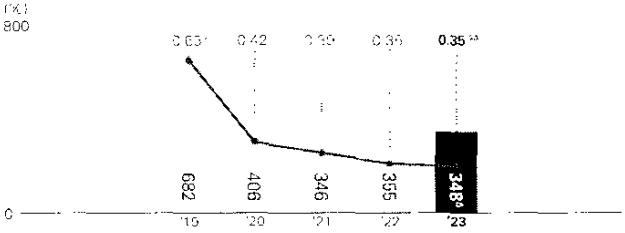
This year, the Group's on-site employee Lost Time Injury (LTI) rate has reduced slightly from 0.36% in 2022 to 0.35%. The number of onsite employee LTIs has also reduced by 2% from 355 to 348. Primark has reduced its on-site employee LTI rate again this year by 15% from 0.40% of employees experiencing an LTI to 0.34%.

The on-site contractor LTI rate this year has increased from 0.14% to 0.33% and the number of on-site contractor LTIs has increased significantly by 85% from 41 to 76. Of this year's on-site contractor LTIs 80% are attributed to our Retail and Sugar segments. The two segments are working hard to address the reasons for these incidents.

For more information please see our Responsibility Report 2023.

Lost time injuries and lost time injury rate

Number of employees having an LTI during the year



Engagement and development

Our employees can provide feedback to their business through discussions with their line manager and leaders, engagement surveys, and other mechanisms that support two-way communication. The work and focus of Richard Reid, our Non-Executive Director for engagement with our workforce, enables the Board to ensure that our businesses have cultures of openness so our people can share their views, that their voice is heard and acted upon. Read more about workforce engagement on pages 84 and 85.

Our businesses strive to attract and develop the most talented people. We enable this by creating opportunities for professional and personal development, and by fostering environments that enable our people to showcase their diverse and unique skills.

We offer a variety of learning opportunities and development programmes to help our people gain the skills our businesses need, including apprenticeships and mentoring. Our people are supported to build a rewarding career with us, we help them explore their own aspirations by building awareness of what their business and the wider group has to offer.

Diversity, equity and inclusion (DEI)

We celebrate diversity in all its forms. Our businesses are focused on widening and deepening their talent pools, attracting new recruits and connecting with the diverse communities they serve. We believe engaging with a diverse talent pool gives us a competitive edge and enhances our ability to deliver long-term success.

Many of our businesses have their own diversity policies, alongside the Board Diversity policy which applies across the Group, DEI teams and dedicated programmes to support their people, be they women, people from ethnic minorities, those working with disabilities or people who identify as LGBTQIA+.

Our Group DEI Network brings together people from across our businesses to share knowledge, best practices and ideas. We have over 300 DEI advocates across the Group, who benefit from access to masterclasses and self-study kits across a range of topics, including allyship, handling difficult conversations, neurodiversity inclusion, disability inclusion, racial and ethnic diversity and anti-racism, female careers and leadership, gender identity and LGBTQIA+ inclusion.

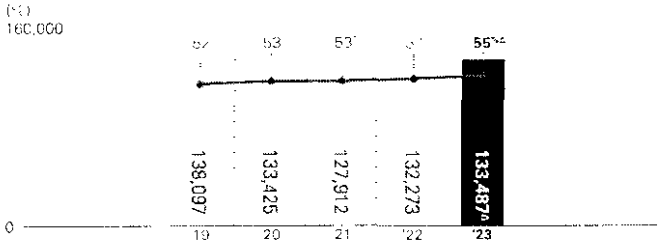
To create a more inclusive workplace, we ensure leaders and line managers have the skills they need to set the tone, model appropriate behaviour and put in place targeted campaigns relevant to local circumstances. We provide unconscious bias and cultural awareness training and tools to all our businesses.

Our 'Women in ABF' network was established over 10 years ago and continues to grow and evolve. It provides support for our women to develop skills, business awareness and networks that will enhance their current performance and future careers across the Group. Virtual events with external and internal speakers and networking opportunities are available to women across the Group.

To further address gender and ethnicity imbalances, we need to prioritise attracting a broader range of talent using more inclusive and effective processes. We are addressing the barriers that have historically discouraged talent from being attracted to or joining ABF or from reaching the top of our organisation. We continue to support female talent with bespoke development interventions to further strengthen our succession pipeline for senior roles across the Group.

Overall, the gender balance of the Group is fairly equal, with women making up 55%Δ of our total global workforce. We voluntarily report on our overall gender pay gap for employees in Great Britain (GB) on page 110 of this Annual Report. Each of our GB-based businesses with over 250 employees also report on their own gender pay gap, with these reports published on their websites. These reports share some *inspirational business-level insights about the actions being* taken to enable all employees to successfully grow their careers with us.

Number of employees, highlighting percentage of women in workforce



Considering 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 28.1% from last year. We also see an increase* in the number of women in senior management roles to 38% It is pleasing to see the outcome from the focus we have given to addressing gender imbalances, we commit to a continued focus on ensuring women are represented in our most senior roles.

For more information please see our Responsibility Report 2023.

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 is pleased that our composition continues to meet the recommendations of the Parker Review and that, by the time of the annual general meeting, we will also have met the recommendations of the FTSE Women Leaders Review and the new targets on gender and ethnic diversity in the Listing Rules.

	Total employees*	Men in workforce	Women in workforce	% women who are in workforce	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	15,788	10,164	5,624	36%	795	470	325	41%
Sugar	30,975	24,849	6,126	20%	246	171	75	30%
Agriculture	3,052	2,028	1,024	34%	454	263	191	42%
Ingredients	6,257	4,583	1,674	27%	562	387	175	31%
Retail	76,857	17,466	59,391	77%	253	131	122	48%
Central	558	350	208	37%	71	55	16	23%
Total	**133,487Δ**	**59,440**	**74,047**	**55%Δ**	**2,381**	**1,477**	**904**	**38%**

* Full-time, part-time and seasonal/contractors

** Includes directorships of subsidiary undertakings

See our Responsibility Report 2023 for definitions.

Anti-Bribery and Corruption Policy

Our approach to governance is to respect not simply the letter, but also the spirit, of our policy and always act 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 on the ABF website.

Speak Up

Our Speak Up Policy provides a route for our employees to raise concerns confidentially about inappropriate behaviour at work.

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. Speak Up includes both a telephone line and a web reporting device managed by a leading independent provider, *People Intouch*.

We encourage all individuals working for ABF in any of our businesses in any country and in any capacity to Speak Up, including employees at all levels, directors, officers, part-time and fixed-term workers, casual and agency workers, seconded workers and volunteers. Speak Up also enables issues to be raised by third parties.

Any contact made is disseminated to the appropriate management team responsible for investigating the issues raised. A thorough investigation is then undertaken and any remediation agreed.

In the year to 31 May 2023, 216 notifications were received, of which:

- 24% were resolved, with outcomes ranging from reviews of processes and support for individual employees to, where necessary, disciplinary procedures being followed;
- 60% were investigated as appropriate and required no action; and
- 16% remain under investigation.

A copy of the ABF Speak Up Policy is available on the ABF website.

Carbon and climate

As a Group, we recognise that climate change represents a material risk throughout our supply chains and poses challenges to some of our businesses worldwide. However, we also recognise that climate change and the transition to a lower-carbon world presents opportunities.

We wholly support policies that are aligned with the goals of the 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 a Group, we have an ambition to achieve net zero by 2050 or sooner. Beyond that broad ambition we do not set groupwide climate-related plans or targets. In line with our devolved business model, our businesses set plans and targets that are appropriate to their operations and supply chains. Our businesses are all committed to cutting GHG emissions and several of our businesses have set specific reduction targets.

ABF Sugar, Primark, Twinings Ovaltine and UK Grocery have each set a specific emissions reduction target. Primark has set a target in line with the Science Based Targets initiative ('SBTi'), while ABF Sugar is in the process of validating their reduction target against the SBTi. We expect this to be completed by the end of the calendar year.

Achieving net zero across ABF by 2050 will depend on a number of factors that are beyond our control. However, based on our track record and progress against our plans so far, we are confident in our ability to deliver on this objective.

Reducing GHG emissions

Our businesses are targeting reductions in GHG emissions through carbon reduction plans, energy efficiency and growing their use of renewable energy. ABF Sugar and Primark have transition plans in place.

Energy efficiency has long been a driver of better performance for our Group, and we remain focused on finding ways to produce more from less energy. Much of our electricity is purchased from third-party power generation companies via national grids, and our businesses understand the benefits of transitioning to renewable energy tariffs for their purchased electricity. Many are doing so as soon as it becomes operationally and commercially feasible. In 2022/23, 29% of the electricity we bought came from renewable sources, which is a 62% increase in the amount of purchased renewable electricity compared with last year.

Several of our businesses are also contributing to decarbonisation by exporting renewable energy, contributing 909 gigawatt hours (GWh) this year to national grids.

This year our businesses consumed 21,183 GWhΔ of energy which is a 1% increase compared with last year. Of this total consumed, 58%Δ was derived from renewable sources. These are predominantly biomass fuels from by-products generated as part of the production process within our agricultural based businesses. In the main, the renewable energy we generate comes from bagasse, the renewable plant-based fibrous residue that remains after the extraction of juice from the crushed stalks of sugar cane. Some renewable energy is derived from the anaerobic digestion of a range of waste materials.

Our Scope 1 and 2 (location-based) emissions decreased by 6% this year from 3.11 million tonnes of CO_2e to 2.91 million tonnes of CO_2e Δ. This decrease has been driven primarily by a reduction in imported electricity and a change in the fuels used on-site.

In compliance with UK reporting requirements, we have provided in the table on the following page our UK energy and GHG emissions data. The principal energy efficiency measures undertaken this year to reduce our carbon emissions include a large-scale project to replace fluorescent lighting with LED lighting across stores in eight of Primark's markets; embedding the use of energy monitoring systems; and upgrades to production machinery such as evaporators, pulp presses and boilers to improve efficiencies across our UK businesses.

For more examples of energy efficiency actions, see our Responsibility Report 2023.

Streamlined energy and carbon reporting

	2022			2023		
	UK only	Non-UK	Total	UK only	Non-UK	Total
Scope 1: 000 tonnes of CO_2e	1,093	1,315	2,408	**1,053**	**1,219**	**2,272Δ**
Scope 2 Location method: 000 tonnes of CO_2e	90	609	699	**92**	**551**	**643Δ**
Scope 2 Market method: 000 tonnes of CO_2e	124	596	720	**108**	**527**	**635Δ**
Total scopes 1 and 2 location method: 000 tonnes of CO_2e	1,184	1,923	3,107	**1,145**	**1,770**	**2,915Δ**
Scope 3 – Indirect emissions from use of third-party transport: 000 tonnes of CO_2e			637			**656Δ**
Scope 3 – Primark's scope 3 emissions: 000 tonnes of CO_2e			6,452			**7,019Δ**
Total Scope 3: 000 tonnes of CO_2e			7,089			**7,675Δ**
Biogenic carbon emissions: 000 tonnes of CO_2e	14	3,865	3,879	**108**	**4,152**	**4,260Δ**
Intensity ratio: Scopes 1 and 2 emissions per £1m revenue Scopes 1 and 2 location method: tonnes CO_2e/£1m			183	–	–	**148**
Energy consumed: GWh	4,777	16,269	21,046	**4,625**	**16,558**	**21,183Δ**

Biogenic emissions are those from the combustion or fermentation of biomass/biofuels on our sites

We calculate and disclose our GHG emissions based on the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard Revised Edition, except for alignment with the GHG Protocol's approach for determining our organisational boundary and limitations with our Scope 3 disclosures. See our Responsibility Report Appendix for detail on our current treatment of emissions from joint ventures and Scope 3 limitations. We use carbon conversion factors published by the UK's Department for Business, Energy and Industrial Strategy (BEIS) in June 2022, other internationally recognised sources, and bespoke factors based on laboratory calculations at selected locations. Scope 2 market-based emissions have been calculated in accordance with the GHG Protocol Scope 2 Guidance on procured renewable energy. Since 2021, we have excluded Primark's third-party transport emissions from the Group figure as these are accounted for in the reported Primark Scope 3 emissions. Aligned with the GHG Protocol, biogenic CO_2 emissions are specifically excluded from Scope 1 emissions and are separately reported.

Many of our businesses are in the process of calculating their wider Scope 3 emissions, focusing initially on their supply chains. Primark completed this process in 2021 and is currently implementing plans to support its suppliers and partners to reduce their GHG emissions in line with its reduction target. ABF Sugar completed this year a project to calculate its Scope 3 emissions and it is also in the process of validating its Scope 3 reduction target with the SBTi.

Primark reports 7.02 million tonnes of CO_2e Δ this year for their full Scope 3 emissions. For the rest of the Group, we currently report emissions from third-party transport for which we are responsible. These equate to 655,545 tonnes of CO_2e Δ which is a 3% increase compared with last year. This increase has been driven primarily by third-party transport emissions from our Retail and Sugar segments.

Our total Scope 3 emissions, which include Primark's Scope 3 emissions and Group third-party transport emissions increased by 8% from 7.09 million tonnes of CO_2e to 7.67 million tonnes of CO_2e Δ. This is largely due to Primark's continued increase in trading activity during the year and expansion into new markets, resulting in increased materials and products brought into the business. Our businesses have started to collect their third-party transport data to align with the internationally recognised GHG Protocol.

For more information please see our Responsibility Report 2023.

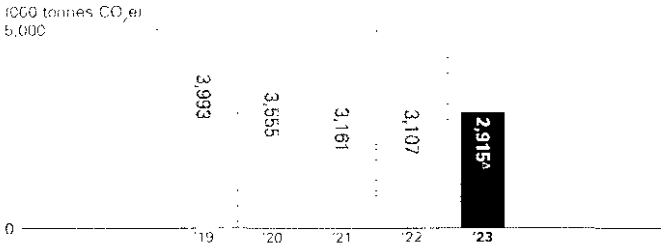
Providing products that help others reduce their GHG emissions

We provide products and services that have the potential to assist others in reducing their carbon emissions, often referred to as carbon enablement. This has always been integral to our businesses, and a key focus for investment and innovation. ABF businesses including ABF Sugar, AB Enzymes and AB Agri play a role in facilitating the potential reduction of other businesses' emissions. For example they do this by creating products which have environmental benefits for the end user.

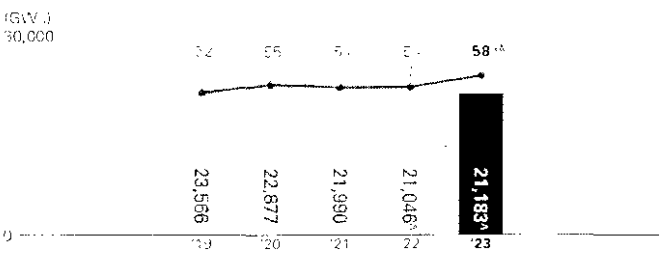
For more information please see our Responsibility Report 2023.

Our performance in 2023

Scope 1 and 2 GHG emissions



Total energy consumed and proportion from a renewable source (%)



Efficient resource use

We are reliant on a range of natural resources to deliver our products and new processes and technologies have enabled us to become highly efficient at maximising the value that we can derive from them.

Waste and circularity

As a first step, our businesses aim to avoid waste generation as far as possible, and reuse and recycle waste where they can. Some of our businesses also explore energy recovery solutions for any remaining waste. Landfill and other final disposal techniques are always the last resort.

We are focused on making finite resources go further, believing that waste materials are often a resource that we can find a use for. With that in mind, our businesses are implementing practices to reuse, recycle or reduce food, plastic and/or textile waste. For example, we do not just make sugar. Our sugar facilities are highly efficient biorefineries that play a key role in other sectors' value chains. We turn sugar beet and sugar cane co-products and by-products into animal feed and chemical products, as well as using it to generate renewable energy. We also use on-site anaerobic digesters to generate biogas from our waste streams.

In Retail, Primark has made a commitment to giving its clothes a longer life. Its ambition is to drive forward innovation and collaboration within its industry to make its clothes last longer and reduce clothing waste.

Our food businesses avoid products going to waste by donating surpluses to food banks, community groups and charities.

Across the Group, we generated 520,608 tonnes of waste Δ in 2023 which is an 11% decrease compared with the 584,845 tonnes generated in 2022. Of the total generated, 83% was sent for recycling or other beneficial use. Our businesses continue to focus on reusing waste materials where possible.

This year, 11% of all our production sites achieved zero waste to landfill and 37% recycled or reused 95% or more of their total generated waste.

For more information please see our 2023 Responsibility Report.

Plastic and packaging

As a leading provider of food, ingredients and clothing, packaging contributes significantly to our environmental footprint. Paper is the main packaging material used across the Group, followed by plastic and glass. We also use wood, steel, aluminium and a number of other materials.

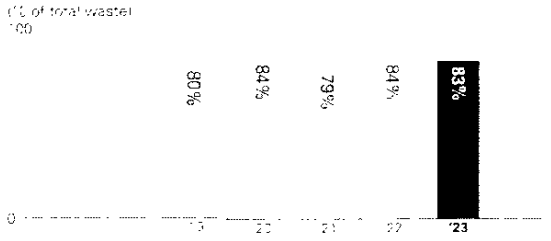
Though we fully recognise the harmful effects of plastic waste on ecosystems, plastic currently plays a vital role in both food safety and reducing food waste, by extending the shelf life of food. Our challenge is to use plastic materials responsibly and find solutions which balance the needs of our customers and our desire to minimise our impact.

Our businesses aim to achieve this by removing unnecessary and problematic plastic packaging, switching to more easily recyclable types of plastic and increasing the use of recycled content in the plastics we use.

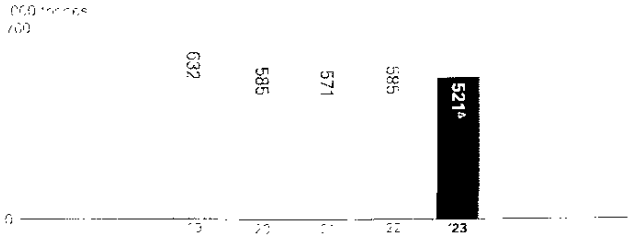
Our businesses demonstrate their commitment to tackling plastic and packaging challenges by involvement with and support for a number of pacts and programmes, including the WRAP UK Plastics Pact, REDcycle in Australia and the Soft Plastic Recycling Scheme in New Zealand.

In 2023, our businesses used 246,683 tonnes Δ of packaging compared with 267,638 tonnes used in 2022. This is an 8% annual decrease even though tonnes of production from Group operations increased by 3%. There has been a decrease in the use of all the packaging materials, including plastic, steel, glass and paper, which remains the main packaging material used. Tonnes of plastic used as a packaging material has decreased by 9% this year and demonstrates the commitment of our businesses to reduce the use of plastic where appropriate.

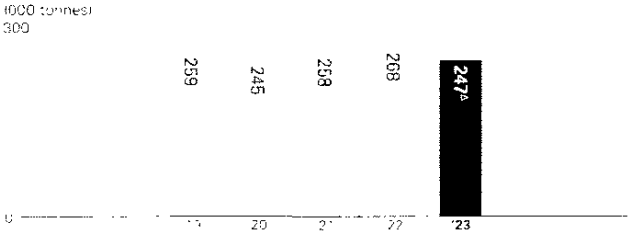
Proportion of total waste sent for recycling or other beneficial use



Total waste generated



Quantity of packaging used



Water use

Our businesses aim to reduce the amount of water they abstract, to reuse process water as much as possible and to return treated wastewater to nature, having ensured it meets or exceeds local and national water standards, and protect aquatic ecosystems.

We have carried out annual water risk assessments for our operations using internationally recognised methodologies to identify the sites operating in water-stressed areas.

We use a range of technologies in our operations to manage our water use in fields and factories, and constantly work to further reduce our water footprint per tonne of product we produce.

This year, the Group collectively abstracted 860 million m^3 Δ of water for use in operations and irrigation, an 8% increase compared with last year. This rise is driven by three of Illovo's estates which account for a significant proportion of the Group's total water abstraction. Their increase in water abstraction, which is primarily used for cane irrigation, is aligned with their increase in tonnes of production from their operations for this year.

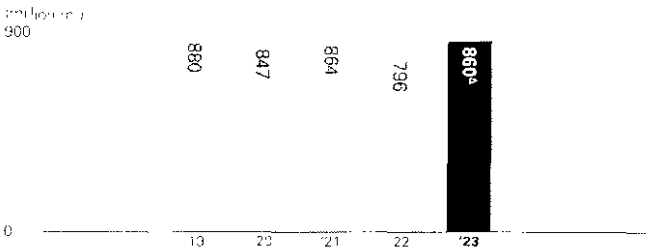
ABF Sugar accounts for a significant proportion of the water used in our own operations across the Group, at 97% of the total water abstracted. Water is used carefully and extensively throughout the sugar manufacturing operations compared with our other businesses; from the processing stage to extract and refine the sugar, to generating steam in the boilers, through to cleaning the equipment. A significant amount of ABF Sugar's abstracted water is also used for crop irrigation within Illovo and where possible the sites reuse abstracted water for this irrigation, for dust control, landspreading and cleaning machinery.

This year, across the Group, 25% of the water abstracted was reused before being returned to watercourses. This is a cost- and resource-efficient way of managing water.

Notable improvements in water management this year were made by ABF Sugar and include the approval of a large-scale irrigation project and continued conversions from furrow to more efficient drop irrigation systems

AB Mauri continues to invest in effluent treatment plants at many of its sites to deliver on its commitment to maintain appropriate standards of water quality, this investment being significant in recent years. More broadly, its water strategy focuses on reducing its water-intensity ratio defined as the quantity of water consumed per tonne of product produced, excluding by-products. AB Mauri has reduced its overall water intensity-ratio by 25% since 2017/18.

Total water abstracted



Food and nutrition

Providing safe food and enabling customers to make healthier choices have both been central to our approach for a long time.

Relevant businesses take nutritional factors into account across their product portfolio. Many of our food products already support healthier choices – from high-fibre breakfast cereals, wholemeal bread and crispbreads to specialist sports nutrition products. Product reformulation can also 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.

As part of ABF Sugar's commitment to thriving and healthy communities, the business has its Making Sense of Sugar website which provides factual information based on robust science to help inform and educate people about sugar and the role it can play as part of a healthy balanced diet.

As part of UK Grocery's commitment to responsibly produce and market safe, nutritious and affordable food, our UK Grocery businesses provide details of the revenue generated by their UK branded portfolio in terms of the 2004/5 Nutrient Profiling Model and the Food (Promotion and Placement) (England) Regulations 2021. The Nutrient Profiling Model uses a formula to assess the nutritional content of foods, designating them as either HFSS (high in fat, salt, or sugar), or non-HFSS.

Overall, more than 94% of the revenue generated from our UK Grocery's branded portfolio in 2022/23 was derived from products that are designated as being non-HFSS, or that are classified as HFSS but are not subject to restrictions under the Food (Promotion and Placement) (England) Regulations 2021. For context, foods designated HFSS within our UK Grocery's branded portfolio that are not within the scope of public health-related sales restrictions include bagged sugars and cooking oils, as well as some cooking sauces and condiments.

Examples of products becoming healthier include Jordans Dorset Ryvita launching several new non-HFSS recipes and AB World Foods reducing sugar, fat and salt from Patak's sauces.

AB Mauri has successfully developed solutions for its sweet bakery portfolio that enables up to 100% sugar reduction while preserving the delightful taste experience. AB Mauri is also improving the nutritional profile of its sweet bakery goods by increasing the amount of fibre.

A number of ABF brands, including Ryvita and Kingsmill, are among 24 signatories to the UK Food and Drink Federation's Action on Fibre pledge, to increase fibre consumption in the UK. Our UK Grocery division is also a long-term sustaining member of the British Nutrition Foundation.

For more information please see our Responsibility Report 2023.

Climate-related Financial Disclosures (TCFD)

Climate change continues to represent a material risk throughout our supply chains and presents ongoing risks and opportunities to some of our businesses, some of which we have been working on for many years. We remain committed to taking action and supporting policies 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.

We recognise our role in working towards a low-carbon economy. We have developed last year's disclosure to highlight actions we have taken in the current year and describe transition plans for two of our largest businesses.

In our diversified Group, climate-related targets are set by our businesses based on their material risks and what is relevant and achievable for them. ABF Sugar, Primark and Twinings remain our most material businesses, comprising 76% of Group adjusted operating profit (2022 – 81%) and 72% of Scope 1 and 2 greenhouse gas ('GHG') emissions (2022 – 70%), mainly from ABF Sugar and Twinings. Primark's GHG emissions arise predominantly in Scope 3, which accounts for 98% of Primark's total GHG emissions. See pages 52 and 53 for the detailed disclosure.

Our most material businesses each have their own emission reduction targets. These are:

- ABF Sugar – a 30% absolute reduction in Scope 1 and 2 emissions by 2030 (baseline: 2018)
- Primark – a 50% absolute reduction in emissions across the value chain by 2030 (baseline: 2018)

Other Group businesses have identified their own emission reduction targets or are in the process of doing so. Further information can be found on our website.

We are committed to the aim of reaching net zero by 2050, but this cannot be achieved by us in isolation. There is a need for systemic change throughout the value chain, including a redesign of national energy strategies and policies.

Twinings' previously set target is under review to develop a new, more specific carbon reduction target. For further details please read page 33 of the Responsibility Report 2023.

Background

We published our approach to TCFD in the 2021 Annual Report before our first TCFD report in the 2022 Annual Report.

Last year we met the requirements of Listing Rule 9.8.6R with TCFD disclosures in line with the 2017 TCFD framework. This year we have applied the same framework, now including the 2021 implementation guidance which requires details of transition plans. For the first time, we have included transition plans for ABF Sugar and Primark as they contribute most significantly to adjusted operating profit and total GHG emissions. Twinings' transition plan will be included next year. These disclosures also meet the Companies Act 2006 requirement to make UK Mandatory Climate Disclosures.

Last year we considered a variety of climate scenarios including <2° C and 4° C scenarios to assess the resilience of the Group to climate change. On the basis of that analysis, we determined that in the period to 2030, the risks to the Group were not material, but are material in the longer term. This year we have identified no significant changes in our businesses or where they operate that would require an update to last year's scenario analyses.

Governance

Our governance processes in relation to overseeing, assessing and managing climate-related issues evolve every year. This year we enhanced our processes to address the evolving requirements of climate change and other ESG matters. The Board continues to have oversight over, and responsibility for, climate-related risks and opportunities.

Oversight by the Board and Audit Committee

The Board receives specific updates each year on climate and other ESG matters from the Group Corporate Responsibility Director, the Director of Legal Services and Company Secretary and the Chief People and Performance Officer. This year, this included:

- an update on TCFD requirements and the additional areas we are required to report against
- our approach to transition plans and why the focus is on ABF Sugar and Primark
- an update on UK Mandatory Climate Disclosures and which entities are in scope
- update on strategic decisions taken by businesses in addressing climate change and wider ESG issues

The Board receives relevant updates, such as updates on transition plans throughout the year outside of this annual presentation. All operating businesses present periodically to the Board, including on significant climate matters.

The Board is proactive and has taken prior assessments of climate risks and opportunities and information from the above meetings and used these to influence strategic decisions. In 2023 this has primarily crystallised through approval and drive of transition plans.

Primark's targets for GHG emission reductions have been validated against the Science Based Targets Initiative (SBTi). By the end of the calendar year, reduction targets for Scope 1, 2 and 3 emissions at ABF Sugar should be validated against the SBTi.

The Board possesses sufficient competencies to lead the Group in responding to climate-related risks and opportunities. Please refer to pages 80 and 81 for details of the Board.

The Audit Committee was briefed on updated TCFD requirements, including transition plans for Primark and ABF Sugar, as well as on UK Mandatory Climate Disclosures, which apply to our largest UK subsidiaries for the first time this year.

Management's role

Assessing and managing the impact of climate change on the Group is the responsibility of the Chief Executive, reporting to the Board. Divisional chief executives are responsible for assessing, managing and mitigating the impact of climate change on their businesses. Every business presents quarterly updates to the Chief Executive and Finance Director, which include discussion of significant climate-related matters.

The Chief Executive and the Board are supported in these activities by the Director of Legal Services and Company Secretary, the Chief People and Performance Officer and the Group Corporate Responsibility Director.

Further details of their activities are set out in the 'Our Group ESG Governance' section on page 47.

15% of short-term incentive targets for the Chief Executive and Finance Director, equivalent to 30% of base salary, is linked to strategic, primarily ESG, measures. See pages 104, 105, 107 and 108 for further details.

Risk management

The Board is accountable for risk management including on climate change issues. The process for identifying, assessing and managing climate-related risks is the same as for other business risks and sits with the business where the risk resides. Risks are collated and reviewed at a business and divisional level and are then reported to the Director of Financial Control, who reviews the key risks with the Board.

More information on our risk management process is available in the 'Our approach to risk management' section on page 68.

We have integrated climate-related considerations into processes affecting our financial statements, including considerations of capital expenditure within the ABF Sugar business as well as for impairment assessments.

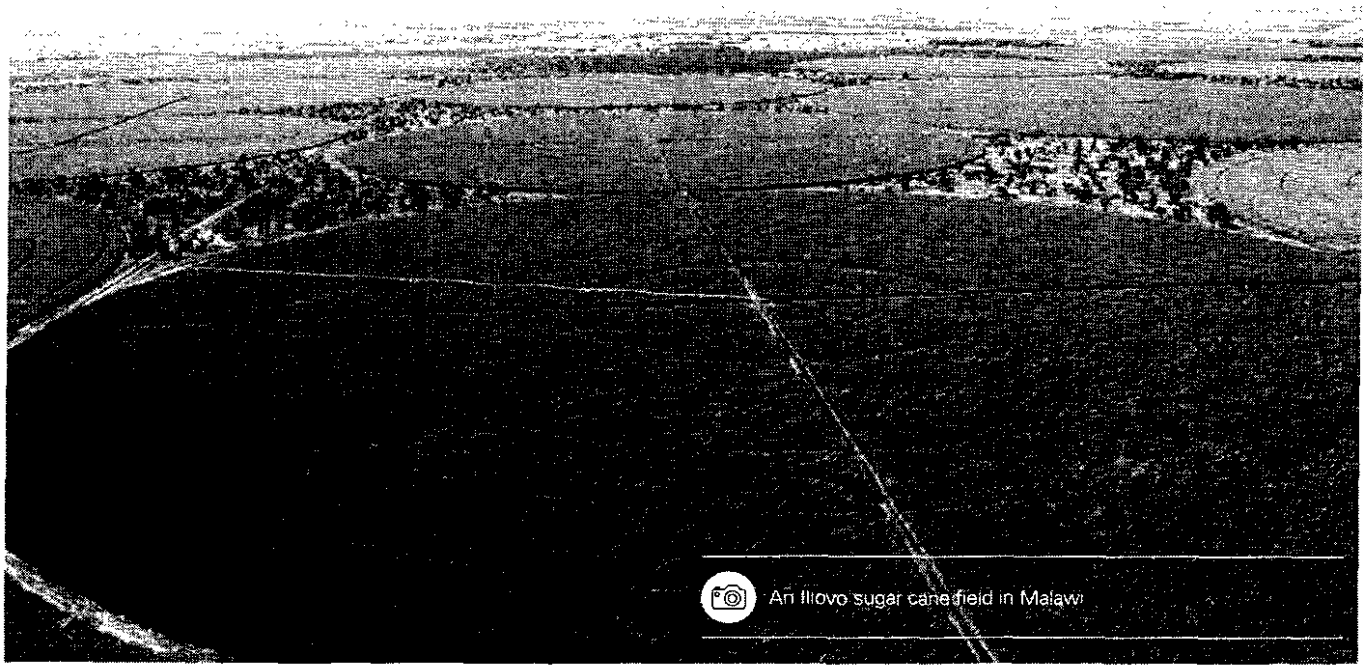
Identifying, assessing and managing climate-related risks and opportunities

Last year, we described our groupwide materiality-based risk assessment, focussed on financially material climate risks and opportunities at a divisional level and our decentralised structure. This assessment identified risks and opportunities in the most material divisions contributing to Group adjusted operating profit and GHG emissions – ABF Sugar, Primark and Twinings.

Our cross-functional divisional teams worked with third-party experts to understand climate-related physical and transition risks and opportunities. These were included in our scenario analysis.

Following this we worked with the third-party experts and performed high-level assessments across the remainder of our businesses to understand whether the risks and opportunities in individual businesses, but also in aggregate, could be material to the Group. The most significant risks were incorporated into relevant risk registers, in line with our existing risk management process. We have considered, in aggregate, other risks and opportunities that might have a material impact. None were identified.

This year, ABF Sugar and Primark formalised their transition plans, which confirmed that the risks and opportunities identified last year were still appropriate. No new risks or opportunities were identified.



An Illovo sugar cane field in Malawi

Strategy and action, metrics and targets

We operate a decentralised business model because we believe in giving our leaders the scope and accountability to create and run the best businesses they can.

Enabling decision-making by the people closest to these issues, with the relationships with affected stakeholders, provides resilience, agility and flexibility in planning, allowing for quick action on impacts and opportunities.

Climate risks and opportunities

Output from the risks and opportunities assessment process		Primark	Sugar	Twinings	Cross-divisional
Climate impact on the Group's key agricultural crops		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 the Group's end-to-end supply chain including operations	Physical risks	Coastal and river flood risks: third-party manufacturers (Bangladesh, China) and Primark stores and warehouses	Mozambique and Malawi		Coastal and river flood risks: Key Group manufacturing sites
Resilience of workers to mitigate or 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	Opportunities		Fuel substitution, energy efficiency, process optimisation and increased contribution from by-products		

* The focus of the cotton yield analysis was on Primark's Sustainable Cotton Programme (PSCP) locations in India and Pakistan.

Scenario analysis

As described in last year's Annual Report, we engaged third party experts to help us perform scenario analysis to assess the potential impact of these risks. This year, we considered whether that analysis should be updated for any new material factors. We concluded that the analysis remains appropriate, except in respect of flooding risk in Bangladesh, where revised information is given on page 62.

Knowledge in this area is growing and we expect models and pathways to evolve with time. Models have limitations, and some *areas are challenging to model, for example the frequency and* severity of extreme weather events. However, our businesses can still 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 used our experience of current risks that may be exacerbated by climate change and then considered how different outcomes would impact our businesses.

We have used the following scenarios.

Warming trajectory by 2100	Transition scenarios	Physical scenarios[2]
< 2° C	Net Zero Emissions by 2050 Scenario ('NZE') (1.5° C)	RCP2.6
	Sustainable Development Scenario ('SDS')	
2-3° C	Stated Policies Scenario ('STEPS')	RCP4.5
~4° C		RCP8.5

1 The International Energy Agency's 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 has a different temperature outcome. We used scenarios covering 1.5° C, <2° C and <3° C.

2 We used the Intergovernmental Panel on Climate Change's Representative Concentration Pathways (RCP) 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 Programmes Coupled Model* Intercomparison Project – Phase 5 (CMIP 5 adjusted for spatial resolution and bias corrected) to do this translation. RCPs feed into climate, crop and flood models. There are four RCP pathways with RCP8.5 representing the worst case scenario.

The impact of compounding means that even small changes in assumptions can lead to a significant range of outcomes from 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, ABF Sugar, Primark and Twinings have set 2030 emission targets, which 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

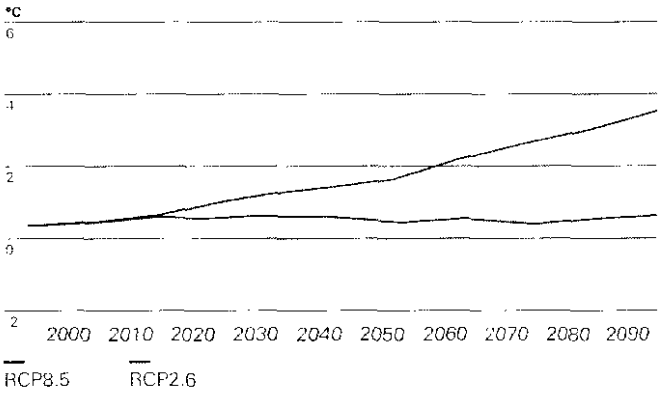
In all physical risk analysis, we have used the RCP8.5 scenario, which is widely considered to represent one of the worst-case climate scenarios with temperatures reaching some 4° C above pre-industrial levels by 2100. This scenario projects an extreme view of physical climate change impacts.

In addition to RCP8.5, the evaluation of physical risks has been supplemented with analysis using either RCP2.6 or RCP4.5 scenarios, depending on which climate scenario is most applicable to the risk. We have focused on the results of *RCP8.5 as it is the most challenging scenario from a physical* risk perspective.

In line with best practice, we used a multi-modal approach to *capture and assess the uncertainty of future climate change* projections. The numbers quoted 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 the 25th and 75th percentiles. Detailed data for the analysis was supplied by our businesses, including individual locations of our own operations, suppliers' factories and the location of the farming communities in Primark's Sustainable Cotton Programme in India, Pakistan and Bangladesh.

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 available crop model was *deemed sufficiently robust for evaluating future climate impacts* on yields, 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.

Global average surface temperature change



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

Use of scenario results to support strategy and financial planning

Scenario analysis has helped our businesses confirm the actions they need to take and strategies they need to adopt on an ongoing basis to mitigate and adapt to risks and take advantage of opportunities. Mitigating actions are managed by the relevant businesses as the actions are specific to them. We consider that the scenario analysis performed in conjunction with the mitigating actions undertaken by our businesses demonstrate that our business models and strategy are resilient to climate change in each of the transition and physical scenarios outlined above.

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 is placed on actions already underway and *where we have seen evidence of the success of those* actions, for example the benefits seen by farmers in Primark's sustainable cotton programme and 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 may worsen but there is time to find innovative solutions to adapt to their impacts.

This year we experienced significant flooding, damaging the sugar crop in our sugar business in Mozambique, which required an asset write-off, but the financial impact on the group was not material.

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

Significance assessed by considering the impact of climate risks and opportunities on the Group's financial performance and position

Results of the climate-related risks and opportunities assessment

Having evaluated, using scenario analysis, all physical and transition risks in the table on page 58, we disclose below the risks we believe have the potential to be the most financially significant and/or of the most interest to stakeholders:

Climate impact on cotton yields

2022 assessment

2030 **Medium** 2050

Scenarios assessed: RCP2.6 and RCP8.5
Assessment: based on RCP8.5
The outcomes to 2030 show that effects of climate risks such as extreme temperatures, heavy rainfall and timing/duration of monsoon season range from virtually no impact to a reduction of approximately 4% under RCP8.5.

The outcomes to 2050 project a negative impact on yield of 14% under RCP8.5 and 4% under RCP2.6 before mitigating actions.

Mitigation
- By 2022, 40% of Primark's cotton clothing sales (units) contain cotton that is organic, recycled or is sourced from Primark's Sustainable Cotton Programme ('PSCP').
- Cotton sourced through PSCP is grown using farming methods with a lower environmental impact, including reducing water, chemical pesticide and fertiliser use and training farmers in these methods. Our 2013-2019 study concluded that switching to these farming methods led to increased yields which help mitigate negative yield impacts caused by climate change.
- By 2022, some 250,000 farmers have received training in our PSCP.

2023 update

Metrics and targets
- Proportion of cotton clothing sales (units) that contain cotton that is organic, recycled or sourced from Primark's Sustainable Cotton Programme: 100% by 2027. 46% of cotton clothing units sold against this metric in 2023. This is up from 27% at the launch of the programme and 40% from 2022.
- Number of farmers trained in Primark's Sustainable Cotton Programme. 275,000 by end of 2023. As of July 2023, 299,388 (assured) farmers had received training through the programme.

Please refer to https://corporate.primark/en-gb/primark-cares/resources/reports for Primark's basis of reporting for each metric.

Projects addressing physical risks

Primark Sustainable Cotton Programme

Cotton sourced through PSCP is grown using farming methods with lower environmental impact, including reducing water, chemical pesticide and fertiliser use. This has led to increased yields, lower input costs and an overall increase in income for the farmers trained in these methods.

Project impact
As at July 2023, 299,388 (assured) farmers had received training through the programme compared to a target of 275,00 farmers. In 2023, the programme was expanded to Turkey.

Impact of climate on sugar yields in Africa (Malawi, Mozambique, South Africa, Tanzania and Zambia)

2022 assessment

2030 **Medium** 2050

Scenarios assessed: RCP2.6 and RCP8.5
Assessment: based on RCP8.5
Climate impact on sugar yields varies country by country. The outcomes to 2030 under the USDA's EPIC crop model indicate a range from no change to a decline of 10%. The outcomes to 2050 indicate a 5% gain to a 29% decline.

Mitigation
- Our African sugar businesses already experience and manage significant climate variability, so their responses to weather events are well developed.
- Improving irrigation efficiency to mitigate the risk of drought, including investing in drip irrigation and river defences to reduce storm damage.

2023 update

Metrics and targets
- Sugar production (tonnes). ABF Sugar has produced 2.8m tonnes of sugar
- Volume of water abstracted (million m^3): ABF Sugar has abstracted 830 million m^3 of water.
- ABF Sugar has a target to reduce its end-to-end supply chain water usage by 30% by 2030. ABF Sugar has reduced water usage by 4% between 2017/18 and 2022/23.

Projects addressing physical risks

Irrigation and drainage investment

ABF Sugar is implementing a variety of irrigation and drainage projects across its African businesses to reduce the impact climate has on sugar yields. These include drip irrigation conversion, a bulk water supply efficiency programme and sub-surface drainage in Malawi.

Project impact
These are a few of the ongoing projects to improve irrigation and drainage and therefore reduce water usage. This is measured primarily through solutions implemented and volume of water saved.

Climate impact on tea yields

2022 assessment

2030 2050

Scenarios assessed: RCP8.5
Assessment: based on RCP8.5
The outcomes through 2030 and 2050 show a positive impact on tea yields. However, the crop model has limited representation of acute weather events such as extreme temperatures, heavy rainfall and droughts. We have a well-grounded experience in understanding volatility in regional tea yields as a result of weather events and by extension the world's tea-growing regions. With this, we can respond to extreme weather events by sourcing tea products to continue to produce tea to our set standards. Where this is not an option for single origin blends, the impact would not be material to the business.

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

2023 update

Metrics and targets
- Since the impact of climate change on tea yields is assessed as low, no metrics are disclosed. We will continue to monitor this risk and will develop a metric at such a time where the risk could be material.

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

2022 assessment

2030 **Medium** 2050

Scenarios assessed: Bangladesh RCP4.5 and RCP8.5; China RCP8.5

Assessment: Bangladesh (based on RCP4.5 and RCP8.5)

Bangladesh is exposed to both coastal and river flooding. The flood risk outcomes through to 2030 are minimal, but by 2050 there is a distinct increase

China (based on RCP8.5)

The flood risk in China only changes minimally through to 2030 and 2050. Coastal flooding is projected at 1% in 2030 and less than 2% in 2050. River flooding is projected at less than 5% for 2030 and 2050. Primark has a large geographical spread of supplier factories which would require a large number of rivers and coastlines to flood simultaneously for there to be a material problem.

Mitigation

- The analysis shows that the majority of Primark's suppliers in Bangladesh 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.
- Ensuring a geographical spread of supplier factories across China.
- Primark's Sourcing Strategy has been in place for two years with a focus on geographical diversification, creating a more balanced global footprint and developing risk mitigation strategies to increase flexibility and agility when unexpected events occur.

2023 update

Metrics and targets

- Number of Primark supplier factories (China and Bangladesh) subject to high flood risk.

China

- 10.9% of factories face high ravine flood risk at baseline (2023)
- 2.9% of factories face high coastal flood risk at baseline (2023)

Bangladesh

- 10.2% of factories face high ravine flood risk at baseline (2023)
- 5.1% of factories face high coastal flood risk at baseline (2023)

Projects addressing physical risks

Structural Integrity Programme – Mott MacDonald flood pilot – Bangladesh

Primark has mobilised an engineering team under its Structural Integrity Programme to pilot an approach in Bangladesh to support supplier factories to mitigate flood risk. Primark has appointed Mott MacDonald to investigate flood risk associated with factories within Primark's supply chain that are deemed high risk. The programme seeks to understand the detailed risk to each site and how those supplier factories have taken appropriate measures to minimise the potential impact of flooding such as damage to property, plant and equipment and finished goods as well as protecting the wellbeing of factory workers.

Project impact

Primark will use the pilot to determine how to deploy wider activity within the existing Structural Integrity Programme Progress in this area will be provided in next year's report However, the overarching goal is to ensure factories have the right flood mitigation measures in place.

Impact of carbon pricing mechanisms on ABF Sugar

2022 assessment

Medium 2030

Scenarios assessed: International Energy Agency's Net Zero Emissions by 2050 Scenario, Sustainable Development Scenario and Stated Policies Scenario Assessment

Incremental impact ranges from £0m to £48m in 2030. ABF Sugar has developed a plan to reduce Scope 1 and 2 emissions by 30% by 2030 (from a 2018 baseline), achieved through a series of fuel substitution and energy-efficiency programmes that generally have a return on investment above 15%. Beyond 2030, while some technologies exist, they are not yet commercially viable.

Mitigation

- ABF Sugar has a detailed plan to achieve its 30% absolute GHG reduction by 2030. Some 12% reduction has already been delivered versus its 2018 baseline.

2023 update

Metrics and targets

- A 30% absolute reduction in Scope 1 and 2 emissions by 2030 (from a 2018 baseline).

See also the transition plan on pages 64 and 65.

Projects addressing physical risks

Technology adoption

ABF Sugar is using SAI platform FSA to support assessing, improving and validating on-farm sustainability. This focuses on soil health, pest management and climate change.

Project impact

ABF Sugar is in the process of defining metrics to monitor the progress of this programme. It will align these metrics to the SAI regenerative agriculture framework.

Impact of carbon pricing mechanisms on Primark

2022 assessment

Medium 2030

Scenarios assessed: International Energy Agency's Net Zero Emissions by 2050 Scenario, Sustainable Development Scenario and Stated Policies Scenario Assessment

Incremental impact ranges from £55m to £155m in 2030, 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's decarbonisation programme is managed as an integral part of the Primark Cares strategy with a road map to reduce absolute emissions by 50% by 2030 and mitigate potential exposure to increased carbon taxation. The plan focuses on Primark's top five sourcing markets and support to suppliers with implementing energy-efficient measures and making a switch to renewable sources. The plan does not assume the purchase of offsets.

Mitigation

- Primark has a 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.

2023 update

Metrics and targets

- A 50% absolute reduction in Scope 1, 2 and 3 emissions by 2030 from a 2018 baseline

See also the transition plan on pages 66 and 67.

Transition plans

In line with the 2021 TCFD implementation guidance, this year we are disclosing transition plans for ABF Sugar and Primark. We have applied a materiality-based methodology as set out in the climate risk and opportunity section. ABF Sugar and Primark are currently our largest contributors to GHG emissions. Twinings will be included next year.

Whilst each business prepares and executes their own transition plans, the Board has overall accountability for the transition plan. Transition plans were reviewed by the Board in June. The Board reviews these plans to ensure they align and further the Group's transition to a low-carbon economy. The Board will receive an update annually on the status and execution of the transition plans with the transition plans being revised every three years, or sooner if a material event occurs.

ABF Sugar

ABF Sugar is committed to reducing absolute Scope 1 and 2 emissions by 30% from a 2018 baseline by 2030. ABF Sugar is undergoing a project to measure Scope 3 emissions. Once this is completed, they will be considered. This transition plan explains the activities ABF Sugar has planned to ensure that it can meet this commitment.

Governance

The ABF Sugar chief executive and local managing directors are responsible for overseeing climate-related risks, opportunities, overall strategy and transition plans. ABF Sugar holds regular meetings with the corporate centre which act as a forum for climate-related content, particularly updates on: climate commitments, transition plans, GHG reduction roadmaps and any additional risks or opportunities identified. The frequency of these meetings has increased in this first year of reporting on transition plans.

Climate related targets are included in the personal performance incentive assessment of senior management.

Risk management

The ABF Sugar chief executive and local managing directors are accountable for effective risk management. The process for identifying, assessing and managing climate-related risks is the same as for other risks and sits with the business where the risk resides. These individuals are also accountable for identifying, assessing and managing risks to delivering the transition plan.

Each business develops action plans to respond to relevant climate-related risks and opportunities. All plans and projects are subject to a well-established governance process within ABF Sugar that examines each performance improvement proposal against internal rate of return criteria and ESG factors. These plans are then approved by the local managing director and the chief executive of ABF Sugar.

Strategy, metrics and targets

ABF Sugar has categorised existing and new plans and projects into three timeframes:

1. Short term (present to 2025): Focus on improving efficiency and reducing operational GHG emissions; investing in energy efficiency with the aim of reducing energy consumption and eliminating coal.
2. Medium term (2026 to 2030): Targeting key sites and pairing them with key technological resources.
3. Long term (beyond 2030): Focusing on employing low-emission technologies, managing climate-related risks across the value-chain, and partnering to innovate at factories across the business.

There are assumptions on low-emission technologies for hydrocarbons and government regulations surrounding biogas that underpin these goals. The above short- and medium-term goals have been identified to achieve ABF Sugar's 2030 commitments.

These goals have been set in line with the Science Based Targets Initiative ('SBTi'). ABF Sugar's emissions reduction target will be validated by the SBTi throughout 2023, with the aim of completion before the end of the calendar year.

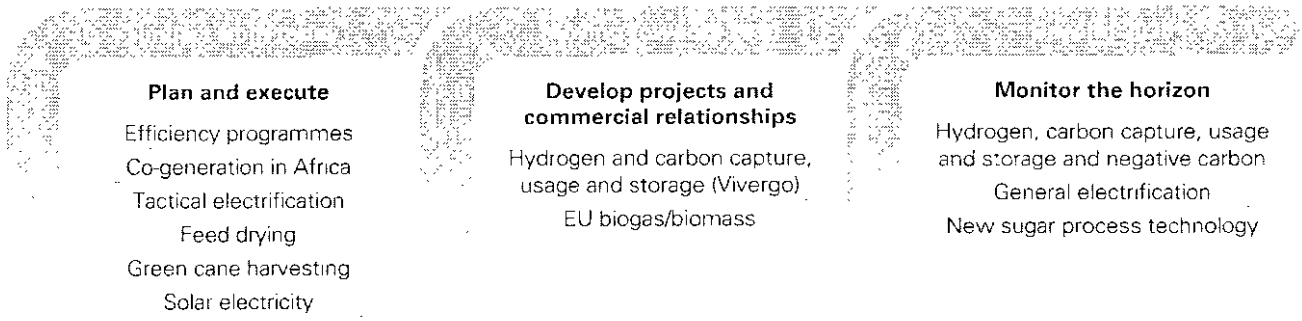
In alignment with the best practice, ABF Sugar will need to develop a strategy to neutralise residual emissions that will not be abated through emissions reductions initiatives in the future

The progress of each project is monitored by a defined governance structure which aligns with the capital and performance improvement programme quarterly review. This is owned by the Head of Advocacy who monitors each project with appropriate metrics. Progress against the transition plan is also monitored as part of this process.

The selection and implementation process for these projects are included in ABF Sugar's financial planning process. Each selected project undergoes a formal capital expenditure process.

Some of the long-term projects are reliant on external factors. For example, development of hydrogen solutions will require significant government policy change and support. If this does not eventuate, ABF Sugar will have to reassess its long-term plans.

GHG improvement road map



Projects supporting carbon reduction to date

Since communicating its 2030 commitments, ABF Sugar has delivered a number of projects to support the transition to a low-carbon economy. These are a sample of the projects ABF Sugar has delivered, there is a larger number and carbon impact.

Project	Impact
Bury St Edmunds hot gas generator dryer (February 2019 – September 2021)*	Modifications made to dryers have allowed them to run on natural gas instead of coal, leading to a 1% decrease in carbon emissions (9,833 tCO_2e)
Newark decalcification (February 2018 – September 2022)*	Calcium was removed from thin juice to prevent evaporator scaling. This enables evaporators to operate more energy efficiently, leading to a 0.3% decrease in carbon emissions (3,302 tCO_2e).
Newark heater (October 2018 – September 2022)*	Several new heaters have facilitated improved heat transfer and improved energy performance, leading to a 0.2% decrease in carbon emissions (1,758 tCO_2e).
Wissington gas turbine performance recovery (July 2017 – September 2019)*	Gas turbine performance has been improved, leading to a 1% decrease in carbon emissions (10,407 tCO_2e).
Cantley process safety – heavy fuel oil elimination (September 2016 – September 2019)*	A switch from heavy fuel oil to natural gas at this site, leading to a 0.1% decrease in carbon emissions (1,422 tCO_2e).
Bury cossette quality improvement (March 2017 – September 2018)*	Slicer machines were replaced with newer models allowing for higher quality cossette and lower water usage leading in turn to less process water for sugar extraction and lower evaporation demand. This has led to a 2% decrease in carbon emissions (20,242 tCO_2e).

* All emissions decreases are against the 2017/18 baseline.

All of the above projects were selected in alignment with ABF Sugar's short-term focus on energy reduction, energy efficiency and smaller fuel switching projects. These have included projects that enable the reduction of steam usage in the factory and fuel reduction in our animal feed dryers. By minimising our factories' energy demand in the near-term, this will enable ABF Sugar to deploy technological and larger fuel-switching projects in the medium- to long-term.

There is a strong pipeline of accretive GHG reduction projects. Each ABF Sugar business has its own environmental plan which has been categorised between short- and long-term.

Short term (present to 2025)

- **UK:** Projects focus on smaller factory energy efficiency/steam reduction, coal elimination and reduction of energy use for pulp drying.
- **Africa:** Projects focus on energy efficiency and coal elimination/reduction in South Africa and green cane harvesting.
- **Spain:** Projects focus on factory energy efficiency and automation as well as a specific project in Guadalete

Medium and long term (2026 to 2050)

- **UK:** Projects focus on technological advancements for factory energy efficiency/steam reduction and alternate pulp drying technologies.
- **Africa:** Projects are aligned to those in the short term, but the technology is yet to be developed.
- **Spain:** Projects focus on alternative fuel projects, but current regulations present a challenge at this point in time.

ABF Sugar has reported an overall 24% reduction in absolute Scope 1 and 2 emissions for 2023 against 2018. Please refer to page 92 of the 2023 Responsibility Report for further detail. ABF Sugar is on track to achieve its carbon reduction goal of 30% absolute reduction by 2030.

Primark

Governance

The overall responsibility for the Primark transition plan lies with Primark's Chief Financial Officer. The Director of Primark Cares and Head of Environmental Sustainability work with the Chief Financial Officer to implement the plan.

Primark has established dedicated forums for the governance of its decarbonisation strategy (transition plan), which fall under the broader Primark Cares governance structure. In particular, these forums engage key stakeholders across the business, including board members, and cover related climate commitments, GHG emissions reduction roadmaps and any relevant risks or opportunities identified. For additional information, please refer to the Primark Sustainability and Ethics report, 'Governance' section.

Additional ad-hoc meetings with the corporate centre have been held in this first year of reporting on transition plans to ensure alignment across the Group.

Climate related targets are included in the personal performance incentive assessment of senior management.

Risk management

The Primark Chief Executive and Chief Financial Officer are accountable for effective management of physical and transition climate-related risks.

Last year the impact of climate risks and opportunities on Primark was assessed by the Group using scenario analysis Primark has incorporated this analysis on transition risks into its own risk management process to ensure that no risks are omitted. Risks are identified and assessed through various means. Workshops with internal stakeholders are held focusing on the identification, assessment and management of climate and nature-related risks.

Strategy, metrics and targets

In 2021, Primark set an overarching objective to halve absolute carbon emissions across its value chain by 2030, from a base year of 2018. In defining a roadmap to realise this ambition, Primark has focussed on key priority areas across all emission scopes for the short term (up to 2025) and medium term (up to 2030).

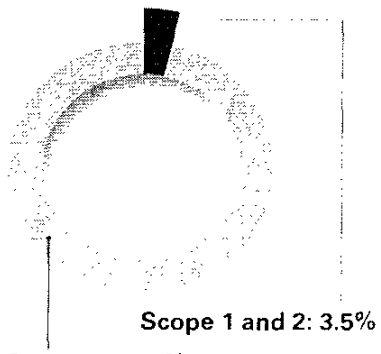
Short-term goals focus on maintaining current certifications, developing strategies for heat decarbonisation and energy efficiency. Medium-term goals focus on product-specific initiatives. Long-term goals are yet to be defined. Development of technology and innovations gaps in the market are constraints in defining long-term goals. We will evolve these goals as these needs are met and as the business evolves.

These goals have been set in line with the Science Based Targets Initiative ('SBTi'). Primark's emissions reduction target has been validated by the SBTi in 2023.

At present, Primark has not included residual emissions neutralisation ("carbon offsetting") in its transition planning. However, in alignment with industry standards, for its long-term ambition Primark will need to develop an approach to neutralising the residual emissions that will not be abated through its emissions reduction strategy.

Key priority areas for action were identified on the basis of the influence and materiality of emissions categories, assessed from the base year of 2018 (see the diagram below). These are Scope 1 and 2 emissions, where the business has stronger influence, and the most significant Scope 3 categories in terms of absolute emissions.

Primark's baseline emissions (2018)



End-of-life treatment of sold products 0.6%

Use of sold products **12.1%**

Business travel 0.2%

Waste generated in operations 0.1%

Upstream transportation **8.1%**

Fuel and energy-related activities 0.6%

Capital goods 2.0%

Purchased goods and services **76.3%**

Scope 1 and 2 emissions

Short term (present – 2025)

- Maintain ISO50001 certification for all stores, offices, and distribution centres.
- Develop appropriate regional pathways for heat decarbonisation in Primark properties.

Medium term (2026 – 2030)

- Reduce absolute Scope 1 and 2 GHG emissions by 50% by 2030, from a 2018/2019 baseline year.

Scope 3 emissions

Short term (present – 2025)

- Launch an energy efficiency programme, engaging and supporting suppliers' manufacturing facilities on energy demand reduction
- Launch a renewable energy programme, engaging and supporting suppliers' manufacturing facilities on sourcing low carbon and renewable energy.
- Optimise inbound transport modes to balance emissions, cost, and time.
- Strengthen the durability of Primark's clothes by 2025.

Medium term (2026 – 2030)

- Develop all clothes to be recyclable by design by 2027.
- Develop all clothes from recycled or sustainably sourced materials by 2030.
- Further regenerative agricultural practices will be used in the Primark Sustainable Cotton Programme.
- Eliminate single-use plastics and all non-clothing waste by 2027.

The selection and implementation process for these projects are included in Primark's financial planning process. Each selected project undergoes a formal capital expenditure process where capital spend is involved.

Projects supporting carbon reduction to date

Since communicating its 2030 commitments in 2021, Primark has started several key projects focussed on the priority areas identified in the road map and using a pilot-learning-scale approach. Once at scale, these projects are expected to drive the bulk of Primark's decarbonisation as they tackle the most material value chain emissions categories.

Project	Impact
Renewable energy procurement (Late 2022 to present)	**Own operations:** Primark has signed renewable power contracts in seven countries, covering the UK and continental Europe. At the time of publishing this report, approximately 70% of stores were covered by a renewable or low-carbon electricity contract. However, as these contracts have come into operation at different times over the course of the year, their full benefit isn't seen in the Scope 2 emissions reporting. Continuing its progress in the renewable power market is a key priority for Primark in the next year, alongside addressing Scope 1 emissions from onsite heating. **Supply chain:** Primark has partnered with Ren Energy to help suppliers source and switch to energy from renewable sources.
Customer education (Late 2021 to present)	Influencing customers on how to use Primark's products is important to support the decarbonisation of its downstream value chain. Key behavioural drivers to emissions reductions include reducing the number of washes, avoiding tumble drying and keeping clothes in active use for longer. Primark's plan is to collaborate with customers and industry partners to advance our understanding and extend our sphere of influence. Over the last year, Primark has scaled its repair workshops further in the UK and Ireland, and introduced them in the Netherlands, Germany and France. To date, Primark has held 120 workshop sessions, offering more than 1,700 free places to customers and colleagues. To further maximise the reach of the repair workshops, Primark has created an online customer hub featuring easy-to-follow repair videos
Energy efficiency improvements (early 2021 to present)	**Own operations:** Primark is scaling the roll-out of an energy bureau to enable remote management of energy and greater visibility of energy use to manage demand more effectively. At year end, this covered more than 179 locations across the UK at year end. It allows the business to maintain sustainable store condition in an energy efficient manner. Primark also launched a significant initiative to fit all stores with energy-efficient light fittings. Approximately 70% of Primark stores across eight markets are now powered by renewable or low-carbon electricity and 141 stores have switched to energy-efficient LED lighting. **Supply chain:** Building on the learning of small-scale energy and water efficiency pilot projects conducted over years in China using the Apparel Impact Institutes (Aii) Clean by Design (CBD), Primark has now scaled its energy efficiency programmes to engage 57 factories in Bangladesh, China and Cambodia. Suppliers involved learn about more energy efficient practices and receive support on data collected and analyse to create their own emissions reduction action plan, while improving manufacturing processes. *These programmes create improvements in factory operations by* delivering training, guidance and workshops.
Packaging Centre of Excellence (2019 to present)	Primark has set a target to remove all single-use plastic by 2027 and estimates it has already removed and/or avoided more than 1 billion units of single-use plastic from its business in 2019.

This year, there has been an overall increase of 11% in carbon emissions across the value chain against Primark's baseline year 2018/19. This is the result of an increased volume of material used to produce the products sold over that period. In the short term, this trend is likely to continue, but there will be a decline as Primark increases the use of more sustainably sourced materials across its product range and once the energy programmes being rolled out across the supply chain begin to deliver at scale.

Managing our risks

Our approach to risk management

The delivery of our strategic objectives and the sustainable growth and 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 the global environment continues to be uncertain in the face of increasingly complex global economic, geopolitical and environmental challenges. As a result of these, together with ongoing inflationary pressures, cost-of-living remains a real issue for consumers across a number of the markets in which we operate.

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 and reputational impact.

The Board is accountable for effective risk management, for agreeing the principal, including emerging risks facing the Group and ensuring these are successfully managed. The Board undertakes a robust annual assessment of the principal 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 at each Board meeting, providing the Board with an opportunity to discuss risk mitigation actions with divisional senior management.

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 each business's compliance with relevant legislation, our business principles and Group policies.

Our businesses perform risk assessments which consider materiality, risk controls and specific local risks that are relevant to the markets in which they operate. The collated risks from each business are shared with the respective divisional chief executives who present their divisional risks to the Group Executive.

Emerging risks are identified and considered at both a Group and business unit level, with key management being close to their markets and geographies. These risks are identified as part of the overall risk management process through a variety of horizon-scanning methods including: geopolitical insights, ongoing assessments 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 together 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 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 business reporting'

The Board is satisfied that internal controls were properly maintained and that principal and emerging risks are being appropriately identified and managed.

Geopolitical uncertainty, Russia's ongoing war in Ukraine and the potential for escalation of the conflict in Gaza

The ongoing Russian war in Ukraine continues to drive economic uncertainty in almost all of the markets in which we operate

Whilst during the year, we have seen a reduction in energy prices and sea freight costs, which are significant costs for ABF, the ongoing situation remains volatile and could result in supply chain disruption

We remain cognisant of the significant impacts that would result from an escalation in the war in Ukraine, particularly if western governments' support for Ukraine were to waver.

Russia's suspension of the Ukraine grain export agreement in July 2023 could result in tensions and further inflation in the medium-term. Our management teams continue to work closely with suppliers to secure raw materials, maintain production and provide a reliable supply to our customers

Escalation of recent events in Gaza could have further inflationary pressures, particularly on energy. In addition, there could potentially be wider implications for global logistics and supply chains.

Cost of living

Recent global financial data shows that several European economies in which we operate tipped into recession in recent months and a prolonged period of stagnation is a real possibility. This would increase consumer debt problems, resulting in increasing costs of living and putting additional strain on household budgets.

Whilst consumer spending has proven to be more resilient than anticipated at the start of the financial year, household budgets continue to face real pressures as a result of high inflation and 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.

We continue to offer safe, nutritious and affordable food and affordable, quality clothes to our customers. Primark's cost leadership position continues to be attractive to the customer. In the food businesses, there is an increasing demand for private label products.

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.

The medium-term impact on our businesses will depend on the extent of government intervention and the duration of any economic downturns.

Regulatory changes

Our businesses continue to face a large number of regulatory changes with ever increasing complexity and variations in requirements across the markets in which we operate. For example, the EU's Corporate Sustainability Reporting Directive (CSRD) requiring EU-incorporated companies and certain other companies with operations in the EU to publicly disclose and report on environmental, social affairs and governance issues, the new German Supply Chain Due Diligence Act (LkSG), and changes to data privacy laws.

The extent of change will have an impact on the capacity of management at a time when they are dealing with the ongoing challenges resulting from economic uncertainty, alongside the day-to-day growth of our businesses.

Environmental, Social and Governance

ABF has an ambition to continue to make food and clothes available and affordable and to achieve net zero by 2050 or sooner.

Environmental factors, including the potential implications of climate change within our businesses and their supply chains, are considered as part of the risk management framework and they also frame opportunities for our businesses. Our culture and values, and particularly our devolved decision-making model, empowers our teams to make the right judgements in assessing and mitigating risks related to climate change.

Where relevant, third-party experts have been engaged to perform scenario analyses and in-depth risk assessments which form the basis of strategies to mitigate the material risks

Our local management teams have demonstrated their ability to respond quickly and make decisions that make sense to their businesses when extreme climate-related events occur. For example, in response to adverse weather conditions which resulted in significantly lower beet yields from the 2022/23 crop, British Sugar moved swiftly to secure alternative sources of supply. Similarly, our Africa sugar business, Illovo, has been significantly impacted by floods in Mozambique and Malawi, and is investing in a variety of irrigation and drainage projects to reduce the impact climate has on sugar yields.

Leaders across ABF are also empowered to implement responsible business practices to further reduce our negative impact on the environment, such as the sustainable use of natural resources, sourcing responsible packaging and our use of plastic, as well as reducing carbon emissions. Each of our businesses has prioritised resources to those environmental factors which are of greatest relevance and will make the greatest long-term difference.

The Board has overall responsibility for overseeing ESG factors across ABF. On a regular basis, the Board conducts a review of each of our business segments, including a review of significant ESG issues.

Divisional chief executives have responsibility and are accountable for their ESG programmes, as well as for risks, opportunities and impacts in their divisions. They can draw on support from the Corporate Responsibility Hub and the Director of Legal Services and Company Secretary, the CPPO as well as specialist legal advice from the team led by the Associate General Counsel for ESG. The leaders of our businesses 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 risks related to a range of issues such as human resources and the attraction, development and retention of people, community relations, the regulatory environment and competition. These are managed as part of the risk process and a number of these are referred to in our 2023 Responsibility Report. Here, we report the principal risks which we believe are likely to have the greatest current or near-term impact on our strategic and operational plans and reputation.

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 2022' describe our experience and activity over the last year.

External risks

Operating in global markets

Context and potential impact

Associated British Foods operates in 55 countries with sales and supply chains in many more. For example, Primark has a complex supply chain, which is dependent on supplies from countries including China, Bangladesh, India and Turkey. We are therefore 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.

The ongoing Russian war in Ukraine continues to drive economic uncertainty in almost all of the markets in which we operate.

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.

In the event of a major geo-political event that disrupts Primark's supply chain, in the short-term the risk would be partially mitigated as we have several weeks of stock in warehouses and relatively long lead times, whilst alternative sourcing strategies are implemented.

We engage with governments, local regulators and community organisations to contribute to, and anticipate, important changes in public policy. We conduct rigorous checks when entering or commencing business activities in new markets.

Our management teams continue to both monitor where products and raw materials are sourced from and work closely with suppliers to secure raw materials, maintain production and provide a reliable supply to our customers.

Changes since 2022

Whilst during the second half of the year, we have seen a reduction in energy prices and sea freight costs, which are significant costs for ABF, the ongoing war in Ukraine means that there is still a level of volatility in energy prices and a risk of further supply chain disruption. Russia's suspension of the Ukraine grain export agreement in July 2023 could result in further inflation in the medium term. An escalation of the recent hostilities in Gaza and the potential wider implications for the global economy are being closely monitored.

Recent global financial data shows that several European economies in which we operate tipped into recession in recent months and a prolonged period of stagnation is a real possibility This would increase consumers' debt problems and put additional strain on household budgets.

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, Primark are working through a responsible exit plan in consultation with partners and stakeholders in Myanmar and globally, in line with the UN Guiding Principles on Business and Human Rights and the ACT (Action, Collaboration and Transformation Responsible Exit Guidelines). Since the announcement to stop sourcing from Myanmar, Primark has doubled the size of its ethical team in its remaining sourcing locations enabling an increased number of supplier factory audits.

High inflation continues to be a challenge for our yeast and bakery ingredients businesses based in Argentina and Turkey.

The impact of the COVID-19 pandemic on our businesses has been negligible in the past year, now that restrictions have largely been removed, particularly in China.

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 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 2022

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 first half of the year in UK and Europe, increased materially as a result of significant market uncertainty and supply concerns. Whilst wholesale energy prices have reduced from the peak, the market continues to experience levels of volatility. 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

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.

Changes since 2022

On average, sterling has weakened against most of our trading currencies this year, resulting in an operating profit gain on translation of £17m.

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 sterling and euro on Primark's largely dollar-denominated purchases for the year.

There has been a high level of volatility in sterling exchange rates against our major trading currencies during the financial year. This has been driven by the impacts and varying global responses to high inflation and increasing interest rates impacting economic growth output.

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. We have provided a detailed breakdown of our UK Grocery product portfolio in the context of nutrition within the ABF 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.

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 2022

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, who have continued to roll out recipes with a reduction in fat, sugar and salt, and Jordans Dorset Ryvita who reduced the salt level in the Ryvita Thins range

In addition to reformulating existing products, our businesses have launched a range of products with nutritional benefits including Dorset Cereals range of high in fibre, non-HFSS (high in fat, salt or sugar) porridges, Jordan's non-HFSS No Added Sugar Granola and Westmill's Elephant Rice Basmati Boost, the UK's first fortified basmati with thiamin and iron.

Operational risks

Workplace health and safety

Context and potential impact
Our operations have the potential for loss of life or workplace injuries to employees and contractors, both on-site and off-site, if the hazards and associated risks are not fully controlled.

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.

Our Health, Safety and Wellbeing Policy makes it very clear that we require the businesses to make improvements to safety year on year, and to make sure that we understand the hazards and risks of our activities and have in place appropriate controls.

We have an external independent safety audit programme to verify implementation of safety management and support a culture of continuous improvement.

Best practice safety guidance is shared across the businesses, coordinated from the corporate centre, to supplement the delivery of their own programmes.

This guidance addresses our critical risks of moving vehicle interactions, falls of people and materials from height, machinery safety, confined spaces, electrical safety and management of contractors, as well as addressing the more common, but less severe, injuries from manual handling and from slips and trips.

Changes since 2022
The safety performance of the Group is reported in the 2023 Responsibility Report at www abf.co.uk/responsibility.

We are deeply saddened to report that in the year there were three work-related fatalities: two to employees, both on-site, and one to a contractor off-site. They occurred in Australia, Spain and Africa. Our businesses have conducted thorough root cause analyses, have implemented safety changes and communicated the findings to the other businesses.

This year just under £42m was invested in reducing the safety and health risks across a wide range of operational hazards.

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 2022
We had no major product recalls during the year.
There have been a very small number of product recalls that have been managed and monitored as part of our normal course of business.

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 employee, 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

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. This ongoing investment includes the control and protection of the IT and manufacturing environments being provided.

To support our employees in our campaign against phishing and social engineering attacks we have invested in cyber security solutions that prevent the majority of attacks from reaching our employees. We continue to educate through user awareness training programmes to help further reduce the likelihood of our employees falling victim to such attacks. We measure and report on these campaigns and training programmes regularly.

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 2022

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 and applications are regularly patched and upgraded to reflect emerging IT security threats.

During the year we have reviewed, tested and refined our cyber security ransomware response plan at the Group level.

We have developed an operational technology security strategy and policy to further protect our manufacturing and supply chain functions.

Due to the fast-paced growth of AI and its potential uses in our organisation, we created an AI policy and guidelines to support the adoption of this technology in a safe and secure manner.

Our supply chain and ethical business practices

Context and potential impact

We have a global diverse business with complex supply chains most of which depend on agriculture and manufacturing.

The most critical risks in our supply chain are:

- transparency of the source of raw materials and manufacturing locations in our supply chains;
- the vulnerability of workers; and
- ensuring we have the leverage and consistency in our approach to due diligence to prevent, avoid or mitigate negative social and environmental impacts that may arise.

Mitigation

ABF's Supplier Code of Conduct, which all businesses are required to implement, is based on the International Labour Organization's (ILO) standards as well as the Ethical Trading Initiative's Base Code. We have developed online training modules to facilitate both internal awareness across the Group and to support knowledge of our approach and expectations amongst our suppliers.

Primark is a member of the Ethical Trading Initiative and is also recognised for its Ethical Trade and Environmental Sustainability programme. Its approach to due diligence is explained in its Supply Chain Human Rights Policy.

Our UK Grocery businesses monitor their supply chains and engage suppliers through the use of the Sedex (Supplier Ethical Data Exchange) online database.

Many of our businesses monitor their risks through social audits carried out by internal teams or third parties. For example, Primark's Ethical Trade auditing and monitoring programme is one of the most important resources for identifying risks.

Our businesses work to understand the issues specific to the workers within their respective supply chains and where appropriate the communities in which they reside. 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.

Some of our businesses – including Primark, Twinings and ABF 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. This helps our understanding of human rights risks and, where necessary, supports collaboration both locally and across our sectors.

Our supply chain and ethical business practices *continued*

In line with our Group Code of Conduct, our businesses prohibit all forms of modern slavery, including forced labour and human trafficking. For more information, see our Group Modern Slavery Statement 2023.

Changes since 2022

Our Modern Slavery Statement 2023, together with the businesses' due diligence activities across our supply chains, are reported on our website and in the 2023 Responsibility Report at www.abf.co uk/responsibility.

In November 2022, the EU formally adopted the Corporate Sustainability Reporting Directive (CSRD) requiring companies operating in the EU to publicly disclose and report on environmental, social affairs and governance issues. Through the established ESG Steering Committee, the Group has a number of activities to prepare for the inception of the CSRD reporting requirements, including the European Sustainability Reporting Standards (ESRSs) and the EU Taxonomy.

As result of the Directive certain EU companies within the Group will be required to publish mandatory sustainability information from 2025/26 onwards. From 2028/29 reporting under the CSRD will also need to cover the rest of the Group. The exact format and scope of reporting will depend upon transposition of EU law into the national laws of EU member states (which is due by July 2024) and on any equivalence arrangements put in place with the UK

Our UK Grocery division has established a central capability for monitoring and reporting upon supplier Self-Assessment Questionnaire (SAQ) completion, as well as the status of non-conformances identified within supplier audit reports. In addition, we have appointed an India-based corporate responsibility specialist to support Westmill Foods and AB World Foods to engage and support third-party businesses in their supply chains.

Our use of natural resources and managing our environmental impact

Context and potential impact

We are reliant on a range of natural resources to deliver our products, and new processes and technologies have enabled us to become highly efficient at maximising the value that we can derive from them. Overall, 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.

In addition to GHG emissions, our operations generate a range of other environmental impacts related to 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.

Across countries where ABF businesses operate, there is increased regulatory scrutiny and ESG reporting requirements that we must meet. Remaining compliant with these requirements and being able to report accurate and robust data on our environmental impact, is a priority for the Group and to our businesses.

Mitigation

We recognise our role in transitioning to a low-carbon economy We are targeting reductions in our GHG emissions through carbon reduction plans, energy efficiency and growing our use of renewable energy

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 We are also increasing our focus on capturing this data and being able to report in line with regulatory requirements.

We support the adoption of integrated farm management techniques and the responsible use of precision science and technology to maximise efficiency, reduce GHG emissions and limit biodiversity losses while maintaining commercially productive agricultural outputs.

Water is an essential input for clothing and food production. We remain aware that it is a valuable resource and our businesses aim to reduce the amount of water they abstract, to reuse process water as much as possible and to return treated wastewater to nature, having ensured it meets or exceeds local and national water standards, and protect aquatic ecosystems.

Changes since 2022

The environmental performance of the Group is reported in the 2023 Responsibility Report and in our CDP submissions which can be found on the ABF website at www abf co.uk/responsibility

↗ Increased
→ Unchanged
↘ Decreased

The impact of climate change and natural disasters on our operations

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. Climate change continues to represent 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 to supply chains and operations

For example, extreme adverse weather conditions in the UK resulted in significantly lower beet yields from the 2022/23 crop; British Sugar therefore moved swiftly to secure alternative sources of supply.

Also, our Mozambique operation was seriously impacted by severe flooding which resulted in the destruction of over 98% of the sugar cane crop.

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 devolved nature of the Group means that mitigation or adaptation strategies are considered and implemented by the individual businesses.

Some of our businesses have continued to work with third-party experts to understand climate-related risks and opportunities. The most significant and material risks are incorporated into the business risk registers.

Mitigation

Determining the potential medium- to long-term impact of climate risks and opportunities is challenging as the impacts of climate change and governments' responses to its threats are uncertain.

Our climate-related scenario analysis has identified business-specific actions which are being overseen by the relevant businesses. Further information on our material climate-related risk mitigation activities is provided in the TCFD report on pages 56 to 67.

Changes since 2022

Last year we met the requirements of Listing Rule 9.8.6R with TCFD disclosures in line with the 2017 TCFD framework. This year this has been expanded to include the 2021 implementation guidance by including the transition plans for ABF Sugar and Primark as they contribute most significantly to adjusted operating profit and total reported GHG emissions.

Over the past year, our businesses have continued to implement specific projects which aim to reduce the impact of climate change and natural disasters on our businesses including.

- Illovo Sugar is implementing a variety of irrigation and drainage projects across its African businesses; and
- Primark is mobilising a specialist engineering team to support the development of a pilot approach in Bangladesh to support supplier factories to assess and mitigate flood risk.

For details on the scenario analysis, transition plans, and our risk management and materiality assessment approach, refer to the 2023 TCFD report and 2023 Responsibility Report.

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 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 68 to 75 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. Building on the analysis performed as part of the going concern review, 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 potentially adverse factors including long-term reputational damage, macroeconomic influences such as fluctuations in commodity markets and climate-related business risks. Specific consideration has been given to the potential ongoing risks associated with the outlook for a potential global recession, reducing demand for goods in both the food businesses and Primark, and continuing inflationary cost pressures. The impact of potential mitigating actions under the Group's control were also considered in this analysis

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 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 1.0x and the Group had total cash of £1.5bn and an undrawn committed Revolving Credit Facility of £1.5bn.

In March 2023, S&P Global Ratings reaffirmed their assignment to the Group of an 'A' grade long-term issuer credit rating. The Group's funding basis is supported by the existing £400m public bond due in 2034 Furthermore the Group's committed Revolving Credit Facility is free of performance covenants and matures in 2028, with one 1-year extension option remaining (after the first was utilised during the year).

The Group is highly diversified operating in 55 countries 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 12 September 2026.

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 1 March 2025 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.

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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 three 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.

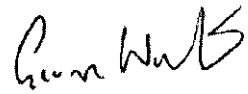
As a downside scenario the directors considered the adverse scenario in which inflationary costs are not fully recovered, there are adverse foreign exchange impacts and there is a global recession, reducing demand for goods further than the base levels forecast. This downside scenario was modelled without taking any mitigating actions within their control. Under this downside scenario the Group forecasts liquidity throughout the period.

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, on top of the downside scenario outlined above, cost inflation would need to exceed £1.9bn without any price increases or other mitigating actions being taken before total liquidity is exhausted. The likelihood of these circumstances is considered remote for two reasons. Firstly, over such a period, management could take substantial mitigating actions, such as reviewing pricing, taking 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.

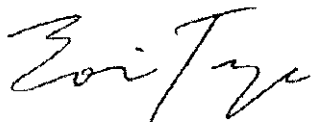
The Strategic Report was approved by the Board and signed on its behalf

Michael McLintock
Chairman

George Weston
Chief Executive



Eoin Tonge
Finance Director



Chairman's introduction

Michael McLintock
Chairman

Our devolved decision-making model is a distinctive characteristic of ABF. This 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 16 September 2023.

Your Company's clear sense of purpose – to provide safe, nutritious and affordable food, and clothing that is great value for money – continues to stand us in good stead. Our conviction 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 invest in the future. We give various examples throughout the Strategic Report of how we have invested in our food businesses and in the Primark retail estate.

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. The senior management of the businesses are supported with resources and expertise from throughout the Group.

The Board continues to be kept informed about, and engages with, the individual businesses through regular updates by the executive directors and through annual updates by senior management of the businesses. This gives the Board the opportunity to provide effective guidance and constructive challenge.

On succession planning at Board level, earlier this year we announced that Ruth Cairnie would be relinquishing her roles as Senior Independent Director and as Chair of the Remuneration Committee and would not be standing for re-election at the next annual general meeting, having served on the Board since May 2014. Dame Heather Rabbatts became Senior Independent Director and Graham Allan became Chair of the Remuneration Committee, both with effect from 1 May 2023. Ruth stepped down from the Board with effect from 31 August 2023. Ruth made a terrific contribution to our Board deliberations and she leaves with our grateful thanks.

In February 2023, the Board was also pleased to welcome Eoin Tonge as a director, taking up the role of Finance Director with effect from 29 April 2023 after John Bason retired from the Board on 28 April 2023. In addition, Annie Murphy was appointed as a Non-Executive Director and as a member of the Audit and Remuneration Committees with effect from 6 September 2023. As announced in August 2023, Kumsal Bayazit will be appointed as a Non-Executive Director and as a member of the same Committees with effect from 1 December 2023. All directors will be standing for election or re-election at the annual general meeting. We look forward to working with our newest Board members and benefiting from the additional skills, insights and experience that they will undoubtedly bring.

We published our Board Diversity Policy in November 2022. I am pleased to report that, by the time of our annual general meeting, we will have met the commitments and aspirations around Board composition as set out in that policy, which reflect the new targets on gender and ethnic diversity in the Listing Rules. Further details are set out in the Nomination Committee Report.

Richard Reid continues in his role as our Non-Executive Director designated for engagement with the workforce and an update is provided in Richard's letter on pages 84 and 85. Richard's activities are a key way that we continue to assess and monitor culture, alongside directors' visits to sites, business divisions' updates to the Board on workforce engagement, input from our Speak Up programme and the annual talent review and update to the Board from the Chief People and Performance Officer.

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 40 to 45 and through the Responsibility section on pages 46 to 55. Further examples can be found in our 2023 Responsibility Report, which is available on the Company's website at: www.abf.co.uk/responsibility.

We will again hold a physical AGM in December 2023. As was the case last year, we will also stream the event online for those shareholders who are not able to attend in person. Please note, however, that you will not be able to vote or ask questions on the day if you do not attend in person, so please vote in advance by proxy and submit any questions in advance if you cannot attend. Details on how to do so are provided in the Notice of Annual General Meeting 2023. We look forward to seeing as many of you as possible on the day.

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 UK Corporate Governance Code ('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 takes its compliance with the 2018 Code seriously. The Board considers that the Company has, throughout the year ended 16 September 2023, 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 page 106 of the Directors' Remuneration Report, which explains our plans to bring the Company into line with the 2018 Code by December 2023.

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 82 to 86

Chairman's introduction
See page 78

Leadership, values, culture and purpose
See pages 9 to 13; 46 to 55; 82 to 86

Strategy
See pages 9 to 13; 82 to 83

Stakeholder and shareholder engagement
See pages 40 to 45; 46 to 55; 82; 84 to 86

Division of responsibilities
See pages 87 to 88

Commitment, development and information flow
See pages 84 to 85 and 87 to 88

Composition, succession and evaluation
See pages 87; 89 to 92

Board evaluation
See page 89

Nomination Committee Report
See pages 90 to 92

Audit, risk and internal control
See pages 93 to 99

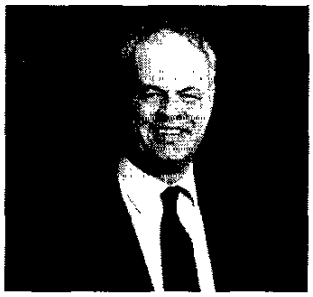
Risks, viability and going concern
See pages 68 to 77; 94 to 99

Audit Committee Report
See pages 93 to 99

Remuneration

Directors' Remuneration Report
See pages 100 to 115

Board of Directors



Michael McLintock
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 finance at Morgan Grenfell and Barings.

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

George Weston
Chief Executive

George was appointed to the Board in 1999 and took up his current appointment as Chief Executive in April 2018. 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

Eoin Tonge
Finance Director

Eoin was appointed a director in February 2023 and as Finance Director in April 2023. He previously held positions as the Chief Financial Officer and Chief Strategy Officer at Marks and Spencer Group Plc, Chief Financial Officer of Greencore Group plc and Managing Director of Greencore's grocery division and Chief Strategy Officer.

Other appointments:

- None

Dame Heather Rabbatts
Independent Non-Executive Director

Ⓝ Ⓐ Ⓡ

Dame Heather Rabbatts was appointed a director on 1 March 2021 and has been Senior Independent Director since 1 May 2023. 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, a Non-Executive Director of Kier Group plc 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:

- Chair of Soho Theatre

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

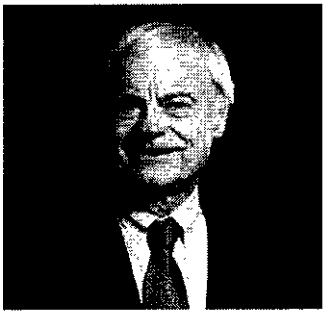
Graham Allan
Independent Non-Executive Director

Ⓝ Ⓐ ●Ⓡ

Graham was appointed a director in September 2018 and became chair of the Remuneration Committee in May 2023. 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 food and beverage companies with operations across the globe and has lived and worked in Australia, Asia, the US and Europe.

Other appointments:

- Senior Independent Director of Intertek Group plc
- Senior Independent Director of InterContinental Hotels Group PLC
- Non-Executive Director of Americana Restaurants International PLC
- Non-Executive Chairman of Bata International
- Director of IKANO Pte Ltd
- Strategic Advisor to Nando's Group Holdings Limited



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, as a Non-Executive Director of RELX plc from 2013 to 2023 and Chair of FirstGroup plc for four years from 2015 to July 2019.

Other appointments:

- Board member in the Trescal Group

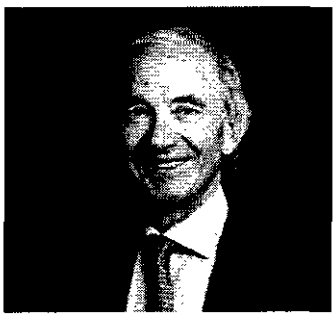
Annie Murphy
Independent Non-Executive Director

ⒶⓇ

Annie was appointed a director in September 2023. Annie has held senior roles at fast moving consumer goods and retail companies including PepsiCo and Procter & Gamble and, most recently, as SVP, Global Chief Commercial Officer – Brands and International at Walgreens Boots Alliance until January 2023.

Other appointments:

- Deputy Chair and Board Member of the British Beauty Council



Richard Reid
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
- Warden and Member of the Court of the Goldsmiths' Company

At the date of this report, Kumsal Bayazit is not yet a director but the Board approved her appointment as a Non-Executive Director with effect from 1 December 2023.

Key to Board Committees

Ⓝ Nomination Committee
Ⓡ Remuneration Committee
Ⓐ Audit Committee
● Committee Chair

Board leadership and company purpose

The Board

The Board is collectively responsible to the Company's shareholders for the 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 effective controls which enable risk to be assessed and managed, and to ensure that sufficient resources are available to meet the objectives set.

There are a number of matters which are specifically reserved for the Board's 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 9 to 13. This section provides 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. Our 'Managing our risks' section starting on page 68 provides details on how opportunities and risks to the future of the business have been considered.

Culture and values

At its simplest, our culture and our values (respecting everyone's dignity, acting with integrity, progressing through collaboration, and delivering with rigour) centre around doing the right thing. Our devolved decision-making model empowers the people closest to the 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, with the support of the Chief People and Performance Officer, is a key approach (and Richard's letter on pages 84 and 85 sets out further detail on how Richard has engaged with the businesses during this financial year and the overarching themes of such engagement). 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 businesses' workforce engagement initiatives, including results and outcomes).

It is essential that the businesses not only engage with and assess culture within their workforce, but that they also respond and take action. Some of the initiatives that our businesses have taken arising from people surveys and other listening and engagement interactions, including examples of how we reward and invest in our workforce, are set out in Richard Reid's letter on pages 84 and 85

In addition, directors have carried out other site visits and other engagement events, further details of which can be found on page 88.

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 and the actions arising from internal audit 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 31 May 2023 are provided on page 52.

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 approximately 133,000 people and with operations in 55 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. As part of daily business activities and through structured processes, our businesses routinely engage with customers, suppliers, regulators and industry bodies.

More detail about our approach to stakeholder engagement and specific activities this year can be found on pages 40 to 45 (which contain our Section 172 Statement on engaging with our stakeholders), pages 46 to 55 (on responsibility) and in the letter on pages 84 and 85 from Richard Reid, our Non-Executive Director for engagement with the workforce

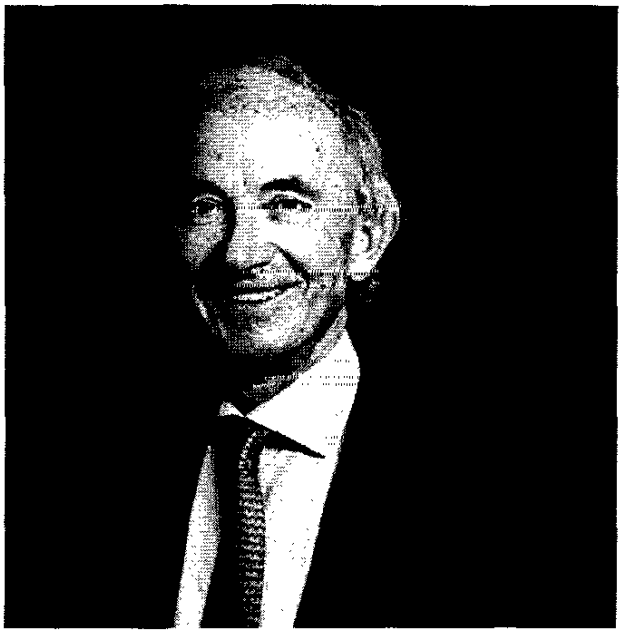
The work of the Board during the year

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: Vital Solutions, active in polyphenol-based botanical ingredients for human dietary supplements, Kite Consulting, active in dairy consulting and performance products, and National Milk Records plc, which provides an integrated service provider working for both farmers and milk buyers as well as an independent source of data from advisers such as vets, farm consultants and breed societies; • considering and approving capital investment including in relation to the opening of new Primark stores and upgrades to existing stores, the expansion of yeast production and introduction of spray drying capability for Ohly in Germany, the establishment of a manufacturing facility for Ovaltine in Nigeria, expansion and upgrades in our African sugar businesses and various ERP projects across the Group; 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 Group business segments; • considering the Group budget for the 2023/24 financial year; • approving the Company's full year and interim results; • deciding to recommend payment of a 2022 final dividend (paid in January 2023) and deciding to pay an interim dividend (paid in July 2023); and • approving banking mandate updates and various other treasury-related matters.
Governance and risk	• reviewing 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 the requirements in relation to 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	• approving the appointment of Annie Murphy and Kumsal Bayazit as Non-Executive Directors of the Company with effect from 6 September 2023 and 1 December 2023 respectively; • 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 84 and 85; • 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.

Board leadership and company purpose continued

Non-Executive Director for engagement with the workforce



Richard Reid
Non-Executive Director

The success of our Group has people at its heart. The culture and processes across all our businesses ensure that employee voices, at all levels of the organisation, are encouraged and welcomed in their local teams through to Board discussions, and that their views and opinions are heard and acted upon.

The breadth and complexity of our Group, with our devolved operating model, requires all our leaders to connect with their people and teams, actively and attentively listening and responding to views or suggestions considering the local culture, workplace and style of operation. The Chief Executive sets the tone and expectations for this ongoing engagement with all our divisional chief executives and business leaders. My role as Non-Executive Director for engagement with the workforce is primarily to ensure processes are in place giving employees the opportunity to raise views, opinions, and concerns, and that the workforce understand how to access these channels and they are listened to when they do. It is also to interact with our leaders and businesses to test culture and engagement and bring back perspectives to the boardroom. While local cultures clearly vary across the world and we need to be sensitive to those, divisional chief executive officers also have responsibility to embed group-wide cultures across our businesses and this is an area of focus for the Board.

Since my last report I have spent face-to-face time with our people in their offices, factories, stores, and out in the field. In these discussions I have been able to understand how they view our Group and their specific business and location. I have spoken with:

- operations, commercial and management teams from Twinings Ovaltine in Andover and New Jersey;
- employees from the Argo factory and the Chicago Head Office in ACH;
- retail assistants, store supervisors, managers, and regional HR business partners at Primark's Chicago store and at two different Primark stores in New Jersey;
- employees across a range of teams and departments at SPI Pharma in Grand Haven, Michigan;
- participants of the Thrive development programme at George Weston Foods businesses in Australia;
- employees from operations and product merchandising from Tip Top in New South Wales, Australia;
- a wide variety of employees from our Don business in regional Victoria, Australia; and
- the team in our Yumi's business based in Port Melbourne, Australia.

My visits also enable me to connect with our people through unions or other local collective arrangements, for example with the union representative for our Don business.

I am also grateful for the input from fellow Board members who have visited our businesses including Acetum, Illovo and Primark during the year.

I am struck by the openness and honesty I experience in all these discussions and the willingness of our people to actively participate in sharing views on what is going well and where there could be improvement. This is a testament to the cultures that our leaders have developed across the Group. Overarching themes from these discussions include that:

- people enjoy their work, feel respected and deeply appreciate the accountability and empowerment that they have, consistent with the ABF devolved operating model;
- people care about the work they do and feel cared for by our businesses;
- people appreciate the culture and values, which are seen as being different from other organisations they have worked with;
- people are appreciative of clear and consistent communications and that there is no such thing as too much communication;
- the leaders of our businesses have increased the breadth and depth of communications in recent years, as our people value being kept informed on business progress and the opportunity for discussion; and
- people value career development and progression, and there is real interest in understanding and pursuing career and development opportunities across the broader Group.

Further areas are beginning to emerge in discussions, for example, our people seeing the opportunity for greater use of technology to increase efficiency and effectiveness in the work environment.

In my visits and discussions, I specifically take the opportunity to understand if our people are aware of Speak Up, our policy to ensure there is a route beyond local management and leadership to raise concerns and issues. Speak Up is an important mechanism to ensure employees will always feel comfortable to raise concerns even in the most sensitive of situations. For more information on Speak Up, see page 52.

The visits are only one part of the ABF approach to workforce engagement. In addition:

- workforce engagement across the Group is discussed in depth at two of the Board meetings, with the Chief People and Performance Officer presenting a groupwide view of progress, including metrics, process enhancements, and highlighting the 'we asked, you said, we listened, we did' feedback loop case studies from across the Group. During these discussions we identify areas of ongoing enhancement which are taken back to the businesses. This year for example, we identified a further focus on colleagues who work in factories and stores, including relationships with unions;
- every Board meeting also includes divisional chief executive presentations covering workforce engagement within their businesses; this ensures all areas of the Group are reviewed in depth during the year. I continue to be in regular discussion with our divisional chief executives and people and performance/HR directors across all segments for the Group. I speak with them after their formal presentations to discuss areas of interest or concern and to share insights for my discussions with their people;
- we have an annual Board session focused on talent, succession and progress on inclusion;
- twice a year the Chief Executive and Chief People and Performance Officer have in-depth discussions on organisation and talent that include workforce engagement with each divisional chief executive and people and performance/HR director; and
- the divisional people and performance/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.

A vast number of our businesses use engagement surveys to gather feedback from their people, through a variety of global partners such as Willis Towers Watson, Workday Peakon and Gallup. Close to 90% of our businesses use engagement surveys regularly, often annually or more frequently. In the businesses that have run their surveys this year, 85% of our people were invited to participate with response rates at almost 70%. The insights and actions that flow from these surveys are part of the data presented to the Board on a regular basis. I was pleased to see that, of the businesses running their engagement surveys this year, almost 90% showed favourable engagement scores at or above 70%.

In line with our focus areas shared in last year's report, we have widened our understanding of workforce engagement, through introducing engagement surveys to new parts of the Group or through expanding the reach of existing surveys to more employees. Local technological, legal and cultural norms do still present challenges for a full rollout of engagement surveys in all countries, but we expect our leaders to find appropriate ways to understand workforce engagement and take action to enhance it further for all our employees in the year ahead.

I am pleased to see the feedback loop in action, with businesses acting on the voice of their employees through their employee engagement surveys, listening groups or through the insights I can share from my visits and discussions. Examples include:

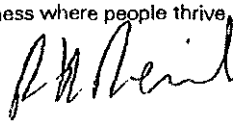
- the ABF Centre leadership held a 'Strength through Difference' workshop to explore ways to ensure even greater inclusion among the corporate centre teams;
- the Managing Director of our ABF Sugar business in Eswatini invited colleagues from operations teams to day visits in the head office to learn more about the wider business. This followed on from discussions I had with them when I visited them at the end of the last financial year;
- in response to employee feedback, that was shared in discussion sessions with me, Twinings Ovaltine held global town hall sessions, to provide its employees with greater understanding and clarity of areas of the business beyond their own;
- our grocery business Acetum has enhanced its benefits for shift workers and provided a communal lunchroom and subsidised meals for all their employees based on feedback and requests from their employees and union discussions;
- to promote an open workplace, AB Mauri's Global Baking Ingredients business has introduced a number of mechanisms to support communication and connections across their teams, including suggestion boxes, town halls, team-building games, appreciation workshops, family days, newsletters and lunch with leaders;
- AB Agri has further developed its wellbeing offering including using Nudge to support financial education and wellbeing, creating spaces for social wellbeing, plus raising awareness through recognising World WellBeing Week; and
- Primark has developed a new approach to ensure it is responding promptly to employee feedback. Themes from its regular engagement surveys are fed into the centres of excellence or its global teams, where local managers and people and culture business partners develop and implement local action plans at a store or team level.

In summary, from my work over the last 12 months, I have seen significant evidence that the necessary policies and practices within the businesses are in place and that our people are of aware how to raise views, ideas and concerns. This perspective comes from my direct interactions with the Chief Executive, Chief People and Performance Officer, division chief executives, business leaders and managers, the observations and insights shared with me by our people on my visits, information shared in Board presentations and papers, and the results of the engagement surveys across the Group.

Culture and tone are set from the top of an organisation, echoed through leaders and managers to every level of a business; across ABF I see an open culture that enables issues and ideas to be raised and acted on constructively. It is clear that our chief executives and business leaders take seriously the voices of all our people.

I and the Board remain steadfast to holding divisional chief executives and business leaders to account, and in turn ensuring that all our employees have the opportunity for their voice to be heard in every part of ABF, so they can be part of creating a successful business where people thrive.

Richard Reid
Non-Executive Director



Board leadership and company purpose continued

Engagement with shareholders

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 Limited (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 our paper usage further. We also encourage the direct payment of dividends into bank or building society accounts.

We also engage with shareholders, both institutional investors and individual shareholders, in a number of other ways:

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 corporate governance, ESG and remuneration-related matters. The Remuneration Committee Chair also meets with investors and analysts to answer queries and respond to feedback around remuneration issues.

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 then reported back to the Board as a whole at the following Board meeting to ensure that it is aware of any issues that the Company's largest shareholders are concerned with.

During the year, the Board has maintained an active programme of engagement with institutional investors, including engagement by the Chief Executive and/or Finance Director, 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. 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

All shareholders are invited to attend the AGM in person, have access to our website and the choice to receive electronic communications.

The AGM provides an opportunity for the directors to engage with shareholders, answer their questions and to meet them informally. The AGM will be held on Friday 8 December 2023 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. Shareholders will also have the opportunity to put their questions to the Board either at the meeting (if attending in person) or in advance of the meeting. Further details are included in the Notice of AGM and documentation accompanying the proxy form. All votes are taken by a poll. In 2022, voting levels at the AGM were over 85% 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 on the issues most material to the businesses within our Group. The Director of Legal Services and 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, sustainable agriculture, human rights, employee welfare, gender balance and human capital development. The Director of Legal Services and Company Secretary and the Group Corporate Responsibility Director regularly meet with investors, potential investors and other stakeholders to discuss corporate responsibility matters.

Website (www.abf.co.uk)

Our website is regularly updated and contains a comprehensive range of information on our Company. There is a section dedicated to investors which includes our investor calendar, financial results, presentations, press releases and contact details. The area dedicated to individual shareholders is an essential communication method. It includes information on shareholder news, administrative services and contact information.

Division of responsibilities

Board composition

At the date of this Annual Report, the Board comprises the following directors:

Chairman
Michael McLintock

Executive Directors
George Weston (Chief Executive)
Eoin Tonge (Finance Director) – appointed 6 February 2023

Non-Executive Directors
Dame Heather Rabbatts (Senior Independent Director)
Emma Adamo
Graham Allan
Wolfhart Hauser
Annie Murphy – appointed 6 September 2023
Richard Reid

The Board has approved the appointment of Kumsal Bayazit as a Non-Executive Director with effect from 1 December 2023. John Bason retired from the Board with effect from 28 April 2023 and Ruth Cairnie retired from the Board with effect from 31 August 2023.

Biographical and related information about the directors as at the date of this Annual Report is set out on pages 80 and 81.

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 evaluations carried out in 2022 and 2023, further details of which are set out on page 89.

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 behind seeking to keep the size of the Board relatively small, and facilitates constructive Board relations and contributions 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.

Senior Independent Director

The purpose of this role is to act as a sounding board for the Chairman and to serve as an intermediary for other directors where necessary. The Senior Independent Director is also available to shareholders should a need arise to 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 89), 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 are 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 the Chairman, are independent non-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.

Division of responsibilities continued

Dame Heather Rabbatts stepped down from the board of Kier Group plc with effect from 30 March 2023. Wolfhart Hauser stepped down from the board of RELX plc in April 2023 and subsequently took up a position as a board member in the (non-listed) Trescal group. Graham Allan was already a director on an Americana Restaurants entity which subsequently listed its shares for trading on the Abu Dhabi Securities Exchange and the Saudi Stock Exchange in December 2022 as Americana Restaurants International PLC. The Board considered that these appointments did not impact the relevant directors' ability to discharge their responsibilities to the Company.

Board meetings

The Board held eight 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 below. 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.

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 the meetings.

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.

Eoin Tonge, the newest executive director appointed to the Board, has visited many businesses since his appointment in February 2023. These visits have included: Illovo in South Africa, Zambia and Malawi; AB World Foods and Twinings Ovaltine in Poland; Primark in Ireland, the USA and Germany; Azucarera and AB Agri in Spain; George Weston Foods in Australia and New Zealand; and various grocery businesses in the UK.

Annie Murphy joined the Board with effect from 6 September 2023. Since the end of the financial year to which this Annual Report relates, in addition to meeting with executives at the corporate centre in late September 2023, Annie has also visited India with Dame Heather Rabbatts and the Group Corporate Responsibility Director as part of Annie's induction. This has enabled them to understand more about Primark's activities in India following meetings with Primark's Ethical Trade and Environmental Sustainability team and visits to a community centre, farmer village and a supplier factory.

Kumsal Bayazit will join the Board with effect from 1 December 2023 and an induction will be arranged, including visits to businesses.

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.

The Chief Executive encourages other Board members to visit operations either with him, with other directors, or on their own. The Board meeting in May 2023 was held at Primark's headquarters at Arthur Ryan House in Dublin and also included a visit to the Mary Street store.

Dame Heather Rabbatts had also separately visited Primark's head office and its first store in Mary Street in Dublin in January 2023 and met with Paul Marchant, Primark CEO, together with members of the Primark leadership team.

In addition to the visits by Eoin as part of his induction, as mentioned above, the senior executives of several businesses also met with Eoin to provide 'deep dives' into their businesses.

For details of visits by Richard Reid to a variety of businesses across the Group, please see pages 84 and 85.

Attendance of directors at Board and Committee meetings

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Michael McLintock	8/8		4/4	4/4
George Weston	8/8			
Eoin Tonge	5/5			
Dame Heather Rabbatts	8/8	4/4	3/3	4/4
Emma Adamo	8/8			
Graham Allan	8/8	4/4	4/4	4/4
Wolfhart Hauser	8/8	4/4	4/4	4/4
Annie Murphy	1/1			1/1
Richard Reid	8/8	4/4	4/4	4/4
John Bason	5/5			
Ruth Cairnie	7/7	4/4	4/4	3/3

Composition, succession and evaluation

Board composition and succession

Details of the composition of the Board are on page 87. 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 90 to 92 which also provides details of the Committee's activities, including the approval of the appointment of Annie Murphy and Kumsal Bayazit as Independent Non-Executive Directors as well as details of Board and senior management succession plans and diversity.

Election and re-election of directors

In accordance with the provisions of the 2018 Code, at the 2023 AGM to be held in December, all directors currently in office will be proposed for election/re-election. Kumsal Bayazit is to be appointed with effect from 1 December 2023 and will also be proposed for election at the AGM.

Board evaluation

2022 internal Board evaluation

As reported in our last Annual Report, an internal Board evaluation was carried out in May to August 2022. A summary of the actions arising from the 2022 Board evaluation and their outcomes are set out below.

Actions from 2022 internal evaluation	Outcome
Chief Executive to discuss with the Director of Business Performance and the Chief People and Performance Officer and agree approach with regard to increasing 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.	Businesses have improved in giving further specific insight into their business during Board presentations. Feedback provided to executives following their presentations to the Board has increased.
Chairman, Chief Executive and Finance Director to consider the most appropriate model to meet requirements, including looking beyond usual corporate governance structures in order to consider the interface between the Primark Strategic Advisory Board and the main Board.	The Chair of the Primark Strategic Advisory Board ('PSAB') meets regularly with the Chairman and Chief Executive to update them on the PSAB's work. This input then informs main Board discussions.
Chairman to consider in conjunction with the Chief People and Performance Officer how the Nomination Committee/Board can most effectively carry out their roles in respect of the diversity pipeline and succession planning.	During the financial year, two new non-executive directors were approved to join the Board, strengthening the Board's expertise, particularly in respect of retail/brand and technology/analytics experience.

2023 internal Board evaluation

An internal Board evaluation was carried out in July and August 2023. The objective of the review was to assess all aspects of the effectiveness of the Board, its Committees, the Chairman and the individual directors, also measuring progress against recommendations from the previous Board evaluation.

The Board evaluation was carried out at the request of the Chairman by the Director of Corporate Governance.

How the Board evaluation was conducted

The main strands of work were as follows:

- each Board member, the Company Secretary and the Group Statutory Auditor was requested to complete a questionnaire and provide comments in response to a range of questions and observations relating to the Board. Each respondent was also given the opportunity to have a follow-up meeting with the Chairman to discuss any particular issues; and
- a report was prepared including overall observations and highlighting key recommendations for consideration.

The report was then included in the Board pack for the Board meeting in September 2023 and discussed by the Board at that meeting. The headline outcomes of the review were that the Board felt that it had the right mix of skills and expertise in the context of developing and delivering the strategy and assessing the challenges and opportunities facing the Group (particularly in light of the skillset that the newest directors will bring) and that the Board and its Committees continue to be well-functioning and effective in providing oversight of the Company and its governance.

Key recommendations and actions from the 2023 internal Board evaluation are to:

- increase the businesses' discussion with the Board on the competitive environment and growth areas so as to improve the Board's understanding of their strategies and ability to continue to provide valued input;
- consider how to facilitate more business visits by non-executive directors, in recognition of the importance of such visits in monitoring culture;
- continue to consider how ESG risks and opportunities are addressed most effectively; and
- consider aligning the Board's 'deep dives' on businesses with the Audit Committee's 'deep dives' on the audit.

The outcome of the evaluation will not have any impact on Board composition, taking into account that the composition of the Board has only recently changed with the appointment of Annie Murphy as a director in September 2023 and with Kumsal Bayazit joining the Board in December 2023.

The Board (apart from the Chairman) also reviewed the performance of the Chairman during the year. This concluded that the Chairman is highly effective, ensuring that the Board considers the individual strategies of the businesses within the Group, whilst also maintaining a focus on priorities. It was further noted that the Chairman successfully enables open and purposeful discussions and is very inclusive, working well with all the non-executive directors and ensuring that the Board retains appropriate independence whilst forging strong relationships with the key executives.

Nomination Committee Report

Michael McLintock
Nomination Committee Chair

Members

At the date of this report, the following are members of the Nomination Committee:

- Michael McLintock (Chair)
- Graham Allan
- 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. Ruth Cairnie served on the Committee until she stepped down from the Board on 31 August 2023.

Meetings

The Committee met four times 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 (both executive and non-executive) 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;
- ensuring effective succession plans are in place for the Board and senior management and overseeing the development of a diverse pipeline for orderly succession based on merit and objective criteria, with due regard to diversity of age, gender, ethnicity, sexual orientation, disability, educational, professional and socio-economic background, cognitive and personal strengths; and
- making recommendations to the Board on the Board's policy on boardroom diversity and inclusion, its objectives and linkage to strategy, how it has been implemented and progress on achieving its objectives.

Governance

Members of the Nomination Committee are appointed by the Board from amongst the directors of the Company, in consultation with the Committee Chair. 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, Finance Director, 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 outside legal or other professional advice on any matters covered by its terms of reference at the Company's expense but within any budgetary constraints imposed by the Board.

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.

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 2023. This included a focus on: overall principles for succession (including an aim to have an increasingly diverse potential internal successor pool for all our leadership roles); potential succession candidates for the corporate centre roles; potential succession candidates for divisional CEO and CFO roles, diverse succession talent planning, including specifically identifying, developing and sponsoring emerging talent; group-wide learning and development initiatives to support diverse talent (e.g. the Executive Leadership Programme; the Senior Executive Induction Programme; the Finance Excellence Programme; and the Business Acumen Programme); and inclusion and diversity networks throughout the Group (e.g. Women in ABF; Early Careers Network; and the DEI Network).

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.

During the year, the Chairman led the process for conducting a search for new non-executive directors. Lygon Group, an external executive search consulting firm, was engaged to help identify potential candidates. In line with our Board Diversity Policy, the firm is a signatory to the Voluntary Code of Conduct for Executive Search Firms for best practice on gender and ethnic diversity. The firm is also a signatory to the Change the Race Ratio. Lygon has no other connection to the Company or the directors.

Potential candidates were considered on the basis of their skills and experience as well as their fit with the Group's strategy. Following a rigorous process including interviews with members of the Nomination Committee and the Chief Executive and following recommendations of the Nomination Committee, in May 2023 the Board approved the appointment of Annie Murphy as a Non-Executive Director with effect from 6 September 2023. Following a similar process, in August 2023 the Board approved the appointment of Kumsal Bayazit as a Non-Executive Director with effect from 1 December 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 election/re-election of directors prior to their recommended approval by shareholders at the AGM.

Performance evaluation
The performance of the Nomination Committee was considered as part of the internal Board evaluation. The overall view was that it appeared to be working well and it was noted that the work of the Nomination Committee had led to securing good new non-executive director appointments.

Diversity and inclusion
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.

In November 2022, the Board approved a Board Diversity Policy which is available online at: www.abf.co.uk. This was taken into account in the appointments approved during the course of the financial year.

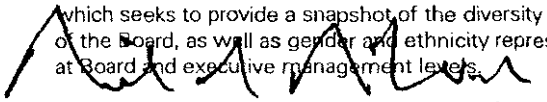
The objectives under our Board Diversity Policy include:

- 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 maintain 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 includes continuing to receive detailed annual updates on succession planning and talent management from the Chief People and Performance Officer in recognition of its importance in supporting the Group's strategy.

By way of update, with the appointment of Annie Murphy on 6 September 2023 and with the forthcoming appointment of Kumsal Bayazit on 1 December 2023 (including the appointment of both to the Audit and Remuneration Committees), the Board will have met its aspiration as set out in the Board Diversity Policy to increase female representation to at least 40%, as recommended by the FTSE Women Leaders Review. We continue to meet our commitment to have at least one person from an ethnic minority background as a director, in line with the recommendations of the Parker Review. The Board has also maintained at least one woman in the Chair, Chief Executive, Finance Director or Senior Independent Director role, with Dame Heather Rabbatts taking up the position of Senior Independent Director from Ruth Cairnie in May 2023.

The Board also reviews progress on diversity and inclusion 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 planning reviews. Details of other initiatives across the Group to promote diversity are provided on page 51, as is information on the gender balance of senior managers and direct reports.

On the next page we also publish a director skill sets matrix which seeks to provide a snapshot of the diversity of skills of the Board, as well as gender and ethnicity representation at Board and executive management levels.



Michael McLintock
Nomination Committee Chair

Director skill sets

Director	Food/ Retail	Financial/ Audit/ Risk	Legal/ Public Policy	Senior Executive	Cybersecurity/ IT	Comms/ Marketing/ Customer Service	Environmental/ Social	International Markets	Technical/ Engineering	Health and Safety	Manufacturing/ Supply Chain
Michael McLintock		●	●	●		●					
George Weston	●			●			●	●	●	●	●
Eoin Tonge	●	●		●	●	●	●	●		●	●
Dame Heather Rabbatts		●	●	●		●	●	●		●	
Emma Adamo	●						●	●			
Graham Allan	●	●	●	●	●	●	●	●		●	●
Wolfhart Hauser			●	●	●		●	●	●	●	
Annie Murphy	●			●		●	●	●			●
Richard Reid	●	●		●		●	●	●			

Board and executive management gender and ethnicity metrics

New Listing Rules targets for gender and ethnic diversity apply to the Company for the first time this financial year. As at 16 September 2023, the Company had met the new Listing Rules targets for gender and ethnic Board diversity with the exception of the target for 40% female representation on the Board. This remains the case as at the date of this Annual Report. However, following the appointment of Kumsal Bayazit as a director with effect from 1 December 2023 (subject to Kumsal's election by shareholders at the upcoming AGM), the Company will then meet all of the Listing Rules Board diversity targets as it will increase female representation on the Board to 40%.

The following metrics set out the range of gender and ethnicity as they relate to our Board and executive management as at 16 September 2023. In the absence of an Executive Committee, by 'executive management' we refer to the most senior level of managers reporting to the Chief Executive, including the Company Secretary but excluding administrative and support staff, in accordance with the definition in the Listing Rules. The process by which diversity data was collected was, where permitted by relevant laws, to contact relevant individuals and ask them how they identified using the categorisations set out in the Listing Rules. Where we already held gender or ethnicity data for executives, with consents in place to use it for reporting on an anonymous basis, we used that data.

Gender representation at Board and executive management level

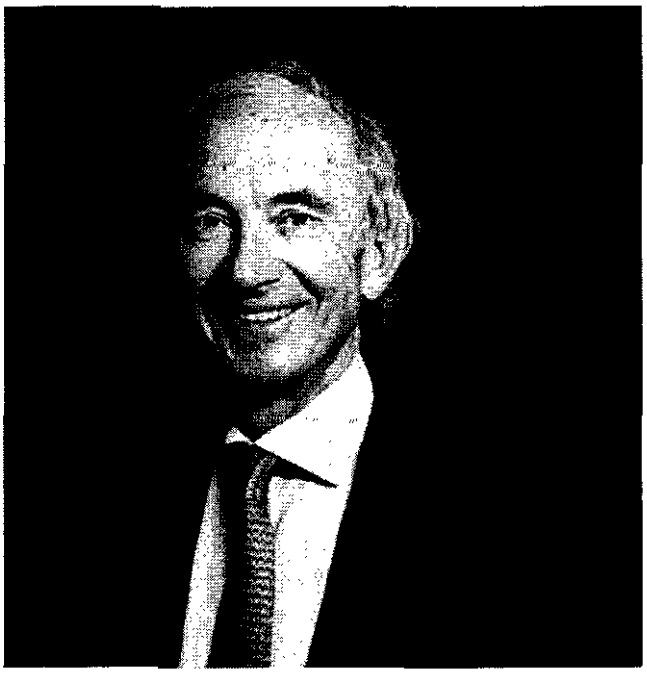
	Number of Board members	% of the Board	Number of senior Board positions (CEO, CFO, SID, Chair)	Number in executive management	% of executive management
Men	6	66.7%	3	10	71.4%
Women	3	33.3%	1	3	21.4%
Not specified/prefer not to say	–	–	–	1	7.2%

Ethnicity representation at Board and executive management level

	Number of Board members	% of the Board	Number of senior Board positions (CEO, CFO, SID, Chair)	Number in executive management	% of executive management
White British or other White (incl. minority white groups)	8	88.9%	3	10	71.4%
Mixed/Multiple Ethnic Groups	1	11.1%	1	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	1	7.2%
Not specified/prefer not to say*	–	–	–	3	21.4%

* This includes, as permitted by Listing Rule 9.8.6G, those people in respect of whom data protection laws in the relevant jurisdiction (e.g. France) prevent the collection or publication of some or all of the personal data required to be disclosed.

Audit Committee Report



Richard Reid
Audit Committee Chair

Members

At the date of this report, the members and Chair of the Audit Committee are as follows:

Richard Reid (Chair)
Graham Allan
Wolfhart Hauser
Annie Murphy (appointed 6 September 2023)
Dame Heather Rabbatts

All members served on the Committee throughout the year with the exception of Annie Murphy, who was appointed on 6 September 2023. Ruth Cairnie served on the Committee throughout the year until stepping down from the Board on 31 August 2023.

Meetings

The Committee met four times in the year under review. The Committee's agenda is linked to events in the Group's financial calendar.

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; 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 and the 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 and detecting fraud, preventing bribery, identifying money laundering, and ensuring compliance with legal and regulatory requirements;

Internal audit

- monitoring, reviewing and assessing 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 considering when the external audit contract should be put out to tender (adhering to any legal requirements for tendering or rotation), reviewing and monitoring the external auditor's independence and objectivity, 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.

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 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 (to the extent that any Board members were not in attendance at the relevant meeting).

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 both the 2022 and 2023 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.

The Committee advises the Board to enable it to meet its responsibilities under audit, risk and internal control

Board responsibilities on audit, risk and internal control

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.

The directors confirm that they 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 an assessment of the Annual Report and financial statements, including a summary by division of performance issues in the year and one-off items which benefited performance. This paper was presented to the Audit Committee.

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. The directors recognise that they are 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 and taking corrective action. The board of each business is required to confirm twice yearly that it has complied with these policies and procedures.

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 are 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 accounting provisions.

Internal audit

The Group's internal audit activities are co-ordinated centrally by the Director of Financial Control, who is accountable to the Audit Committee.

Our internal audit team adopts a risk-based approach to develop and deliver a balanced internal audit plan that provides assurance that our businesses are effectively managing their key control risks and agreed action plans with business leaders where controls require improvement.

All Group businesses are required to comply with the Group's Financial Control Framework which sets out minimum control standards. Our internal audit plans are designed to include coverage of financial controls to provide assurance over how our businesses meet the requirements of the Financial Control Framework.

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 those principal and emerging risks and how they are being managed and mitigated is set out on pages 68 to 75.

Annual review of the effectiveness of the systems of risk management and internal control

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 16 September 2023 and the period to the date of approval of this Annual Report. The review included:

- the annual risk management review, a comprehensive process identifying 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 the control environment and processes in place around the Group, 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 with the outcome of the review of the effectiveness of the systems and processes and that they complied with the requirements of the 2018 Code.

Going concern and viability

The 2018 Code requires the directors to assess and report on the prospects of the Group over a longer period. This longer-term viability statement and statement of going concern is set out on pages 76 and 77.

Audit Committee 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;
- ongoing consideration of the potential implications of the Government White Paper 'Restoring Trust in Audit and Corporate Governance', including the preparatory work for additional control reviews, the Group's Assessment of Controls Effectiveness (ACE) programme;
- reporting in line with the recommendations and recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD) and the new Companies Act 2006 climate-related disclosure requirements; and
- treasury policies.

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 accounting judgement and estimation material to the Group financial statements	Audit Committee assurance
Impairment of goodwill, intangibles, 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 information. The Committee focused on China Sugar, Don, Illovo Mozambique, Jordans Dorset Ryvita and Vivergo. 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 made in deriving these projections: discount rates, growth rates, and 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, it is considered that the charge of £109m, comprising £41m in the Don business, £15m in north China Sugar, £35m in Illovo Mozambique and £18m in Primark was appropriately recognised and included within exceptional items as detailed in notes 8, 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 on the viability statement and going concern The Group has continued to experience inflationary pressures in raw material, supply chains and energy. These inflationary pressures have been exacerbated by the war in Ukraine. The Board considered future performance and cash flows in its going concern assessment, through to February 2025, 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 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.

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 (or the Board as a whole) 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, including the preparatory work for additional control reviews under the Group's ACE programme;
- 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
- inflationary pressure challenges and response assurance plan.

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 the Director of Financial Control, who is accountable to the Audit Committee.

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.

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.

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 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.

Whistleblowing and fraud

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 receives, 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 52. The Committee reviewed reports from internal audit and the actions arising therefrom and reported this to the Board (to the extent any Board member was not in attendance at the relevant meeting).

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, 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 16 September 2023 were £11.2m, of which £1.0m 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 (including changes in perceived audit risks and the work undertaken by the external auditors to address those risks);
- reports highlighting the major issues that arose during the course of the audit;
- feedback from the businesses via questionnaires evaluating the conduct and performance of each assigned audit team (including in respect of their 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') and the discussions with EY on the contents of such report.

There is regular open communication between EY and the Audit Committee as well as between EY and the businesses' senior management. 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 and to satisfy itself that the audit is of a sufficiently high standard.

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
- the content of, and any 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 2023/24. The Board accepted such recommendation. 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 2024. 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.

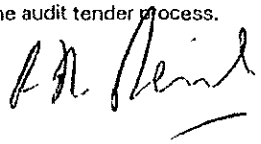
Compliance with the Competition and Markets Authority Order

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.

Minimum Standard

The FRC's 'Audit Committees and the External Audit: Minimum Standard' (the 'Minimum Standard') was published in May 2023, eight months into the financial year. Between its publication and the end of the financial year on 16 September 2023, one Audit Committee meeting has taken place, at which the Minimum Standard was considered. The Audit Committee's initial assessment is that there is nothing of note in the Minimum Standard that differs from how the ABF Audit Committee currently operates. However, this is being reviewed further, including to the extent that there may be useful points to consider in relation to the assessment of the effectiveness of the audit process and to the audit tender process.

Richard Reid
Audit Committee Chair



Annual statement by the Remuneration Committee Chair

Graham Allan
Remuneration Committee Chair

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The Annual Remuneration Report is subject to an advisory vote at the 2023 AGM.

Dear shareholders

In this first letter as the new Remuneration Committee Chair, I am pleased to present the Directors' Remuneration Report for the year to 16 September 2023. I would like to acknowledge Ruth Cairnie's extensive work as the previous Committee Chair and to thank her for her support with the transition.

Work of the Committee in 2022/23

The role of the Committee includes incentivising strong business performance and appropriately rewarding contributions to the Company's long-term success. We are pleased that the 2022 Remuneration Policy, which was based on these principles, received support from more than 92% of shareholders at the 2022 AGM.

The Committee has, as part of its regular work, reviewed the policy based outcomes under the annual short-term incentive plan (STIP) and the long-term incentive plan (LTIP), as well as consulting with shareholders on the proposed restricted share plan (RSP) award level for the Chief Executive for 2023-26 onwards.

Incentive Plan Outcomes for 2022/23

At the beginning of the year, the Company was facing extreme market volatility, as well as significant cost inflation at Primark and in most of the food businesses. Given the challenging trading environment, adjusted operating profit and adjusted earnings per share were, at that time, expected to be lower than in 2021/22. During the course of the year, however, the Company successfully navigated these headwinds and outperformed against both expectations and the prior year. At Primark, well-received ranges, good results from new stores, and selective price increases generated a solid sales and profit outcome. Several other businesses had impressive sales growth, particularly in Grocery and Ingredients, and international brands performed well. In Sugar, performance was slightly better than expected and adjusted operating profit was moderately above last year. For the Group overall, this strong all-round performance resulted in adjusted operating profit finishing ahead of last year. The remuneration outcomes for 2022/23 reflect these results.

Short-Term Incentive Plan (STIP) 2022/23

Underpinned by year-on-year sales growth, operating profit exceeded the maximum target established under the STIP. However, working capital levels were impacted by supply chain challenges and inflationary pressures and the threshold for the working capital modifier was not met. Accordingly, the overall outcome under the financial performance measures for this year is 66.67% of maximum.

Last year, as part of our review, the personal element of the STIP was replaced with strategic KPIs, with a weighting of 15%. This year our strategic KPIs were all related to ESG. The diversified nature of ABF means that ESG targets are developed by division, with the centre having a key role in governance, overseeing progress and ensuring accountability for performance. Our scorecard of measures for the year incorporated both the key ESG priorities within the divisions and the evolution of our governance model. For the 2022/23 STIP, against a broad scorecard of measures, the Committee assessed the overall score at 21/30.

Combining these measures, the overall formulaic outcome for the 2022/23 STIP was 67.17% of maximum.

Long-Term Incentive Plan 2020-23

Reflecting the Group's strong post-COVID recovery, EPS performance for the 2020-23 LTIP was broadly in line with the target set back in 2020. The Group three-year average ROACE without Sugar exceeded the maximum level. The four-year average Sugar ROACE outcome was just below the maximum level. Note that the Group ROACE without Sugar modifier and the Sugar ROACE modifier act only as downward modifiers to the calculated incentive outcomes.

Based on these results, the overall formulaic outcome for the 2020-23 LTIP was 58.46% of maximum.

The Committee believes that the STIP and LTIP outcomes are appropriate, taking into account the performance of the Company in the year and the strong recovery of the business over the three-year LTIP performance period.

Appointment of Eoin Tonge

In the year, the Committee finalised the terms of buy-out awards in place of awards forfeited by Eoin Tonge at his previous employer, Marks and Spencer ('M&S'), upon his appointment as Finance Director of ABF. These awards, along with their terms, were disclosed in last year's Directors' Remuneration Report. Three of these awards vested in July 2023. Details of these can be found on page 111.

Remuneration decisions for 2023/24

Salary and fees

In ABF's decentralised model, each business is given flexibility to determine its own salary increases and there is no single budgeted increase rate for UK employees. We assess that our average UK salary increases will be 9.2% including hourly-paid Primark staff, and 4.7% if hourly-paid Primark staff are excluded. In this context, the Committee has determined that for 2023/24, the executive directors will receive salary increases of 4.5%, below the average increase for the wider employee population.

STIP 2023/24

For 2023/24, the financial measures under the STIP remain *the same as those used in 2022/23, with a modest rebalancing* towards EBIT performance versus working capital. Strategic measures, focused on ESG, will continue to represent 15% of the total measures.

Restricted Share Plan (RSP) 2023-26

The shareholder-approved 2022 Remuneration Policy included a move from LTIP awards to RSP awards for those in Group roles. In line with shareholder expectations, the RSP awards represent a 50% reduction in award opportunity compared to the previous LTIP awards.

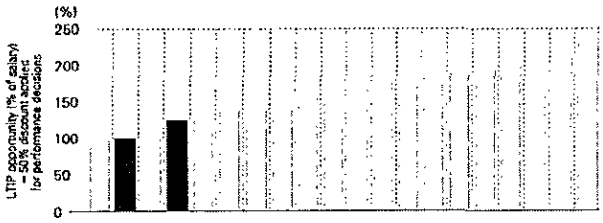
ABF has operated a conservative overall incentive quantum for many years, with the maximum LTIP award level having been set at 200% of salary since 2010. Recognising the modest level of our incentive packages, the 2016 and 2019 remuneration policies included headroom for LTIP awards to be increased up to 300% of salary for new hires.

As disclosed last year, the recruitment of Eoin Tonge as Finance Director afforded an opportunity to test the competitiveness of senior level remuneration at ABF. As anticipated, use of the policy headroom was required and an LTIP opportunity of 250% of salary was needed to secure Eoin in the role. Under the 2022 Remuneration Policy, this translated to an RSP award of 125% of salary.

Reliance on this policy headroom to successfully recruit a new Finance Director caused the Committee last year to consider an increase in the maximum opportunity for the Chief Executive to an LTIP of 250% or an RSP award of 125% of salary. At that time, the Chief Executive requested that this increase be deferred. As a result, his RSP opportunity for 2022-25 was 100% of salary.

This year, the Committee again reviewed market data and internal relativities, and concluded that it would be inappropriate to continue awarding RSP awards to the Chief Executive at a lower level than those awarded to the Finance Director. Recent market data reveals that an RSP award of 100% of salary is not competitive, with ABF having the joint lowest opportunity within a comparator group of similar sized UK listed companies.

The chart below shows the LTIP opportunities in the FTSE 15 – 45 (excluding Financial Services) with awards subject to performance conditions discounted by 50% to allow for ready comparison to the RSP, alongside the current and proposed opportunities at ABF:



From 2023/24 onwards, we plan to make RSP awards at 125% of salary to both executive directors. This remains modest compared to other companies of our scale.

As part of the normal consultation process we engaged with 22 of our largest shareholders on this proposal. No significant concerns have been raised with the Committee in the course of these consultations.

Consideration of wider workforce views and remuneration approaches

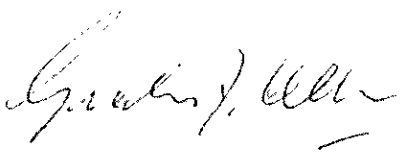
The Group is geographically dispersed and subject to quite different employment market conditions, both of which complicate meaningful comparisons against wider workforce compensation. However, the Committee is mindful of reward practices across the Group when setting and implementing its approach to executive remuneration. The Committee receives data on the remuneration structure for two tiers of management below the executive directors and uses this information to ensure as much consistency of approach as is practicable.

Divisional HR directors provided input to the most recent remuneration policy review and they also share, on an ongoing basis, feedback they receive from employees on remuneration. Richard Reid, a member of the Committee, engages with employees through his work as the Non-Executive Director for workforce engagement and specifically affords them an opportunity to share their views on pay and conditions. This feedback is shared fully with the Committee. We have also created an email inbox (remcochair@abfoods.com) to enable employees and other stakeholders to share directly their views on the Company's executive remuneration approach should they so wish.

2023 AGM

This year the Committee has maintained its approach of aligning compensation with business performance and the shareholder experience. I hope that you will feel able to support our Directors' Remuneration Report at the 2023 AGM.

Graham Allan
Remuneration Committee Chair



Remuneration summary/at a glance

Remuneration principles

Our remuneration approach needs to support efforts to attract and retain top executive talent and to promote the strategic and financial performance of the business. Our principles, which are consistent with the requirements of Provision 40 of the UK Corporate Governance Code, are considered in the Committee's decision making. We believe that pay should be:

Fair
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

Aligned
The portfolio we operate is diverse and complex. We aim to align remuneration and business objectives and to use performance measures which provide clear line of sight for executives

Clear & simple
We believe that executive remuneration should be clear and simple for participants to understand. The best way to achieve this is through close alignment with business performance

Remuneration approach

The Remuneration Policy for the executive directors, approved by shareholders last year, includes the following elements:

Base salary	Pension and benefits	Short-Term Incentive Plan (STIP)	Restricted Share Plan (RSP)	Shareholding requirement
Base salary set at an appropriate level for ABF's size and scale	The Chief Executive will opt out of his current EFRBS and will not receive a cash allowance thereafter The Finance Director receives a cash allowance of 10% of salary aligned with other employees	Maximum of 200% of salary (Up to 150% of salary cash, and 50% of salary STIP shares)	Normal annual RSP award of 125% of salary	Set at 250% of salary, retained for 2 years after leaving employment

The policy worked as intended this year and outcomes are in line with performance. The full Remuneration Policy wording is set out in the 2022 Annual Report and Accounts which is available on the Company's website https://www.abf.co.uk

Time horizons for STIP and RSP awards

	2022/23	2023/24	2024/25	2025/26	2026/27
STIP cash	One year performance				
STIP shares	One year performance				
	Deferral period Vest at end of year three				
RSP	Three year performance period – underpins apply Vest at end of year three			Two year holding period	

STIP and RSP payments are subject to malus and clawback provisions.

Performance alignment

Reward in Group and business roles – Group roles, including the executive directors, are granted RSP awards. This structure is consistent with their responsibility for managing the portfolio to achieve sustainable growth in shareholder value. Performance-based LTIPs are used at division and business level where tangible and directly relevant targets are set.

STIP performance measures – STIP performance is based on financial measures (adjusted operating profit and working capital) and a portion based on strategic measures including ESG.

RSP underpins – The RSP underpins are intended to avoid rewards for failure. The underpins ensure a disciplined approach to investment (ROACE), alignment with shareholders (dividends), strategic focus for future sustainable growth, good governance and meaningful progress on the ESG agenda.

Discretion and judgement – In line with the principle of fairness, the Committee has a long history of applying discretion both to increase and reduce incentive outcomes to ensure that they 'feel fair' given the circumstances and achievements across our portfolio, consistent with our established remuneration principles.

Shareholder voting and engagement

We were pleased last year that 92.37% of those voting supported our new remuneration policy and that 99.11% supported the Directors' Remuneration Report, as shown below.

Resolution	Dates of AGM	Votes for	Votes against	Votes withheld
Directors' Remuneration Policy 2022	December 2022	92.37%	7.63%	2,539,398
Directors' Remuneration Report 2022	December 2022	99.11%	0.89%	928,042

During the year, the Committee engaged with its major shareholders on the proposed increase to the Chief Executive's RSP award level. See page 101 for more information on this consultation.

Annual remuneration report

Single total figure of remuneration for the executive directors (audited)

		George Weston		Eoin Tonge		John Bason	
		2023 £000	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Fixed pay	Salary	**1,118**	1,084	**446**	–	**478**	748
	Benefits	**18**	17	**17**	–	**11**	17
	Pension	**0**	101	**45**	–	**81**	187
	Total fixed remuneration	**1,136**	1,202	**508**	–	**570**	952
Variable pay	STIP cash	**1,167**	1,084	**449**	–	**484**	745
	STIP deferred shares	**469**		**253**		**194**	
	LTIP	**1,328**	0	**-**	–	**756**	0
	Other	**–**	–	**2,372**	–	**–**	–
	Total variable remuneration	**2,964**	1,084	**3,074**	–	**1,434**	745
Single total figure		**4,100**	2,286	**3,582**	–	**2,004**	1,697

Notes to single total figure of remuneration for the executive directors

Salary

For George Weston, the salary paid is reduced for pension-related salary sacrifices. The benefit of these salary sacrifices is captured in the increase in pension entitlements for which a remuneration value is shown in the pensions row.

Benefits

The value of benefits for George Weston comprised £15,656 taken in cash and £2,114 taxed as benefits-in-kind; for Eoin Tonge comprised £15,197 taken in cash and £1,363 taxed as benefits-in-kind; and for John Bason benefits comprised £9,725 taken in cash and £1,001 taxed as benefits-in-kind.

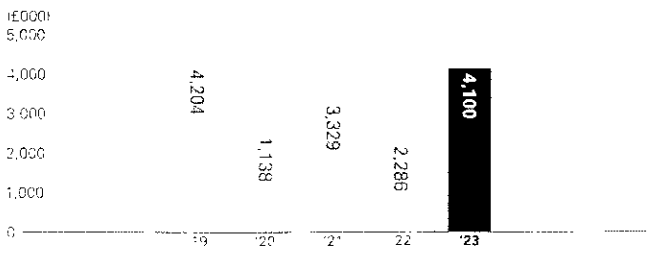
Pension

In 2022/23 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 16 September 2023 was £754,991 per annum. George Weston will opt out of the EFRBS on 31 December 2023.

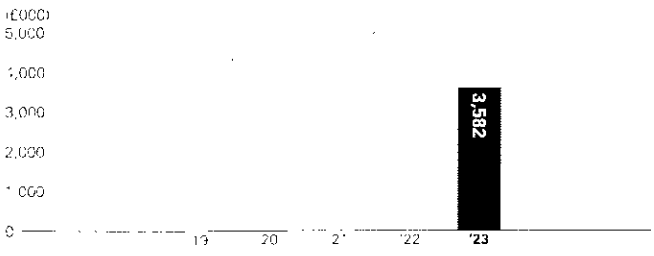
While the nature of George Weston's pension benefits has not changed during the year, the pensions number for remuneration purposes is £0 as inflation exceeded salary increases in the year.

Eoin Tonge received a cash allowance of 10% of salary in lieu of pension, which is reported under the pensions section in the single figure table for clarity. Between 24 April 2019 and 31 December 2022, John Bason received a cash supplement of 25% of salary in lieu of pension contributions. This reduced to 10% of salary from 1 January 2023.

George Weston total remuneration



Eoin Tonge total remuneration



Annual Remuneration Report

STIP 2022/23

Achievement against financial targets

This table details the financial performance ranges for STIP 2022/23 and the calculated outcome for the cash element of the STIP

	Cash element			
	Cut In	Target	Maximum	2022/23 STIP outcome
Adjusted operating profit £m	1,130	1,255	1,380	1,513 19
STIP based on profit (as % of salary)	15.94%	63.75%	106.25%	106.25%
Working capital as % of 3rd party sales	15.40%	14.39%	13 38%	15.88%
% modifier to Profit element	80%	100%	120%	80%
Total STIP cash financial element (as % of salary)	12.75%	63.75%	127.5%	85%

At the start of the year, the Company was facing extreme market volatility and significant cost inflation. Given the challenging trading environment, adjusted operating profit was expected to be lower than in 2021/22. As explained on page 100, the Company successfully navigated these headwinds. For the Group overall, this strong all-round performance resulted in adjusted operating profit finishing ahead of last year and ahead of the maximum of the STIP performance range. However, working capital levels were impacted by supply chain challenges and inflationary pressures and the threshold for the working capital modifier was not met. Accordingly, the overall outcome under the financial performance measures for this year is 66.67% of maximum.

Achievement against ESG strategic KPIs

This year our STIP strategic KPIs were all related to ESG. In our diversified Group, ESG-related targets are set by the businesses based on their material risks and what is relevant and achievable for them. As detailed in our TCFD report, our most material businesses each have their own emissions reduction targets.

We are committed to a range of sustainability goals, including reaching net zero by 2050, and believe that the best way to incentivise management to deliver this is by setting targets in their short-term incentive plans linked to the delivery of key projects. In our TCFD report we have included transition plans for ABF Sugar and Primark as they contribute most significantly to adjusted operating profit and total GHG emissions

In line with our governance model, we have assessed the STIP outcome taking into account progress in four key areas, as set out in the table below. The targets set were demanding and tightly-aligned with our approach to ESG. Against a scorecard of measures, the overall score achieved was 21/30, 70% of the maximum for this element.

The Committee also considered our progress on ESG in the round, ensuring that our ESG governance approach is robust, that each operating division has its own ESG framework and increasing understanding of future legislation and implications for reporting. The Committee concluded that progress had been good and was therefore satisfied that 21/30 (70%) was a fair outcome.

	Score	Commentary and performance outcome
Primark sustainability	5/6	• 55% of clothing made from recycled/more sustainably sourced material, up from 45% in 2022. • 46% of cotton clothing units sold contained organic, recycled or Sustainable Cotton Programme (PSCP) cotton, up from 40% in 2022. • Over 299,000 farmers trained or currently in PSCP
People and community	6/9	• Primark Phase 2 pilot completed using Fair Labour Association (FLA) tool to assess wage data in 30 factories compared with the Global Living Wage Coalition benchmark. • Social and supply chain risks documented to same level as environmental risks – significant progress made. • Further review of the human rights risks across 15 key commodities is underway • Board Diversity Policy introduced with principles applied across the Group. • Health, Safety and Wellbeing Policy updated to reflect focus on mental health and wellbeing.

Carbon	6/8	• Progress on key Sugar projects in the UK designed to reduce carbon emissions including:
		  • modifications to driers to enable them to run on natural gas rather than coal; and
		  • removing calcium from juice to enable evaporators to operate more efficiently.
		• For further information please refer to page 65.

Water	4/7	• Around half of Illovo abstraction sites have >95% instrumentation accuracy and capital plans are in place to ensure remaining sites are at this level by the end of 2024. • Carried out annual water risk assessments for our operations using internationally recognised methodologies to identify sites in water-stressed areas. • 25% of water abstracted was reused before being returned to watercourses

Overall achievement

The overall outcome for the STIP cash element was 100.75% of salary (67.17% of maximum) as shown in the table below

	Cut in	Target	Maximum	Actual
STIP financial element	12.75%	63.75%	127.5%	85%
STIP ESG/KPI element	2.25%	15%	22.5%	15.75%
STIP cash total				100.75%

The 2022-25 STIP shares element was subject to the same performance conditions as the cash element. 67.17% of the shares that were allocated at the beginning of the performance period will vest in 2025, subject to a service condition. The remaining allocated shares have now lapsed. *The number of shares vesting is shown on page 111.*

STIP amounts included in the single total figure table

For 2022/23, the figures shown in the single total figure table comprise 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 2022/23 financial year, calculated based on the average mid-market closing price over the last quarter of the financial year of 2,008.02p. These shares are subject to a two-year deferral period. 20.6% of the value of the deferred awards is attributable to share price appreciation as the share price has increased from 1,665.3p at allocation in December 2022. No value is included in respect of the STIP deferred shares based on performance in 2020/21 and vesting in November 2023 as these values were required to be reported in the 2020/21 annual report. The directors are also paid dividend equivalents in respect of vested shares. These are not included in the single total figure as the amounts do not relate to the periods being reported on.

For 2021/22, this figure comprises the annual cash bonus, which was paid in December 2022 in respect of the preceding financial year, and the value of deferred share awards, earned for performance in the 2021/22 financial year, calculated based on the average mid-market closing price over the last quarter of the 2021/22 financial year of 1,580.52p. These shares are subject to a two-year deferral period. These values are not updated to reflect vesting share price as the awards have not yet vested. None of this value is attributable to share price appreciation as the share price decreased in the 2021/22 financial year. The directors are also paid dividend equivalents in respect of vested shares. These are not included in the single total figure as the amounts do not relate to the periods being reported on.

LTIP 2020–23

Boosted by a strong post-COVID recovery, the EPS performance for the 2020-23 LTIP was just ahead of target. The Group three-year average ROACE without Sugar exceeded the maximum level. The four-year average Sugar ROACE outcome was just below the maximum level. Note that the Group ROACE without Sugar modifier and the Sugar ROACE modifier act only as downward modifiers to the calculated incentive outcomes. The overall formulaic outcome for the 2020-23 LTIP was 58.46% of maximum, as shown in the table below.

		Threshold	Target	Maximum	Performance	Calculated outcome
100% of award	Group adjusted earnings per share *in the non-Sugar businesses*	125p	132p	142p	133.7p	58.5%
	3-yr ROACE in the non-Sugar businesses downward modifier	10%		12%	13.07%	100%
	4-yr Sugar ROACE downward modifier	5%		8%	7.99%	99.93%
	Vesting as % of maximum					58.46%

LTIP amounts included in the single total figure table

The numbers in the single total figure table reflect the number of shares vesting. George Weston will receive 63,063 shares and John Bason will receive 35,870 shares. As required by UK regulations, the vesting value for 2020–23 has been estimated using the *mid-market closing price over the last quarter of 2022/23 of 2,008.02p. Vesting will be on 20 November 2023 and a figure recalculated* for the share price on that date will be presented in the 2023/24 annual report. The values shown in the table also include an amount in respect of cash dividend equivalent payments that will be made in respect of the shares vesting. The amount included for George Weston is £62,054 and for John Bason is £35,296. None of the amount shown is in respect of an increase in share price as the price used in the calculation is below the allocation price.

None of the shares under the LTIP for 2019–22 vested in November 2022.

Other

The values shown for other remuneration in the single total figure table for Eoin Tonge are:

- the buyout awards made to replace awards that he held in M&S of 96,210 shares, which vested on 3 July 2023 at a price of 2,006.7p, and
- £440,605 in cash made as a buyout award in respect of the M&S STIP he forfeited on joining ABF.

Implementation of policy in 2023/24

Base salary

Salaries for the executive directors will increase as shown below in December 2023. Estimated average UK salary increases are expected to be 9.23% including hourly-paid Primark staff, and 4.68% excluding them.

	Increase	Salary from 1 December 2023
George Weston	4.5%	£1,210,000
Eoin Tonge	4.5%	£757,500

Pension

The Group has a wide variety of pension arrangements in place and a history of honouring the commitments we make to individuals at appointment. Our UK defined benefit pension scheme remains open to future accrual for members who joined the Group before it closed to new members.

George Weston participates in an EFRBS designed to replicate benefits under the UK defined benefit scheme. Whilst this is consistent with others who joined the Group at a similar time, it is different from the wider workforce of more recent recruits who participate in a defined contribution scheme.

In 2021/22 George Weston agreed that his EFRBS participation would end on 31 December 2023. He will then opt out of the EFRBS and become a deferred member of the Scheme. Thereafter he will receive no further EFRBS accruals from the Group, nor will he receive a cash allowance in lieu of pension contributions.

Eoin Tonge will receive a cash supplement of 10% of salary in lieu of pension contributions, in line with the approach for the wider ABF UK workforce.

STIP 2023/24
150% of salary in cash
50% of salary in shares

	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	147.83%	x1.15	170%	30%	200%
On-target	85%	X1	85%	20%	105%
Threshold	20%	x0.85	17%	3%	20%
Below threshold	0%	x0.85	0%	0%	0%

The financial measures remain the same as in 2022/23, with a modest rebalancing in weighting towards EBIT performance.

STIP share awards will be granted in November 2023 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.

RSP 2023-26
125% of salary in shares

Restricted share awards will be granted in November 2023. At the Committee's discretion, vesting may be reduced if the following underpins are not met:

- ROACE above the weighted average cost of capital;
- dividend payments maintained;
- consideration of whether the right actions have been taken to strengthen ABF's competitive 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).

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 250% of salary

George Weston's shareholding very significantly exceeds the 250% of salary requirement.

Eoin Tonge's shareholding does not yet meet the requirement and at least 50% of net shares vested under the STIP and RSP awards as well as 50% of net shares vested under certain new joiner awards must be held by him until it is met.

NED Fees

Non-executive directors' fees will increase from £78,250 to £81,750 in December 2023.

The fee for the Senior Independent Director will increase from £24,500 to £25,000 in December 2023.

The fee for responsibility for workforce engagement will increase from £23,500 to £25,000 in December 2023.

The Chairman's fee will increase from £440,000 to £459,800 in December 2023.

Wider Workforce Remuneration

Fair pay

Associated British Foods is a diversified business that currently operates in 55 countries and employs 133,000 people working across 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 are keen 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	Free from discrimination	Intuitive	Explainable	Market competitive
For the employee's role, experience and skills Fixed pay will meet/exceed legal minimum and appropriate industry standards (e.g. collective bargaining agreements)	Pay should not be impacted by an individual's age, gender, sexual orientation, ethnicity or other characteristics	Employees should always receive compensation regularly, in full and on time	The business should be able to explain how pay has been calculated so that it is easy to understand	Local market conditions (industry/location/cost of living) should be considered when setting pay levels

Workforce engagement on remuneration

Please see the Remuneration Committee Chair's letter on pages 100 and 101 for more information on how the Committee communicates with the wider workforce.

Inflation and wider workforce remuneration

This year has seen exceptionally high inflation in the UK, with the lowest paid workers 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 have also paid temporary allowances or made specific additional payments to lower paid colleagues to assist them with the additional costs they are facing.

This year we have updated our Health, Safety and Wellbeing Policy to include a greater focus on mental health and wellbeing. In addition, many of our businesses have reviewed their financial wellness activities to help protect employees from financial shocks. 96% of our people have access to an EAP to support their wellbeing. More information on the actions our businesses take to support employees' wellbeing can be found in 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 ensured 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 to ensure that we are able to recruit and retain talented people. We review the ratio of the Chief Executive's pay to that of our UK employees on page 109	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 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 design is appropriate for the strategy of each business and market. 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 opportunities increase.	The STIP for executive directors is primarily based on the financial performance of the Company. 15% of the STIP is based on ESG performance. 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 200 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 to ensure long-term incentivisation for a wider population of senior managers and to reward performance in businesses, 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 subject to achievement of EPS and ROACE performance conditions. From 2022 the LTIP was replaced with an RSP, granted by reference to a percentage of salary that is half the amount of an equivalent LTIP 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 the African sugar businesses, outside South Africa, we have on site clinics/hospitals (dependent on country) available to employees and their families to ensure that they have access to healthcare. In other locations such provision may be through the state 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 head office workforce.

CEO Pay Ratio

Year	Methodology used	Lower quartile	Median	Upper quartile
2022/23	Option B	196:1	166:1	131:1
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	238:1	160:1

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 2023 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 and Allied Bakeries employees, at median they are from Primark, Speedibake and Vivergo and at upper quartile they are from Speedibake, Primark, Allied Bakeries, Westmill and SilverSpoon.

The increase in the pay ratio reflects the increase in incentive outcomes this year for the Chief Executive. We are pleased that the remuneration levels for our GB-based employees have increased year-on-year by 11.7% at the 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 affects the data, with those in the food businesses typically later in their careers and with remuneration at higher levels in line with their skills and experience.

	Lower quartile	*Median*	*Upper quartile*
Salary for GB-based employees	£19,898	£23,031	£29,406
Single figure of total remuneration for GB-based employees	£20,957	£24,655	£31,390

Annual percentage change in remuneration of directors and employees

	% change in salary/fees				% change in benefits[5]				% change in cash STIP[6]			
	2023	2022	2021	2020	**2023**	2022	2021	2020	**2023**	2022	2021	2020
George Weston	**3.14%**	0.15%	33.09%	(23.52)%	**5.88%**	5.45%	0%	0%	**33.8%**	0.04%	100%	(100)%
Eoin Tonge	–				–				–			
John Bason[1]	**(36.10)%**	0.60%	34.30%	(21.19)%	**(35.29)%**	4.91%	0%	(23.81)%	**(19.7)%**	1.35%	100%	(100)%
Michael McLintock[2]	**3.56%**	0.96%	15.19%	(11.49)%	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
Ruth Cairnie[2,4]	**(11.67)%**	0%	17.65%	(8.11)%	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
Richard Reid[2,4]	**3.52%**	(2.07)%	42.16%	(8.11)%	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
Graham Allan[2]	**15.79%**	1.33%	15.38%	(12.16)%	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
Heather Rabbatts[2]	**14.47%**	1.33%	-	–	**n/a**	n/a	n/a	–	**n/a**	n/a	n/a	–
Emma Adamo[2]	**2.63%**	1.33%	15.38%	(12.16)%	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
Wolfhart Hauser[2]	**2.63%**	1.33%	15.38%	(12.16)%	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
Annie Murphy	**–**	–	–	–	**–**	–	–	–	**–**	–	–	–
Average ABF plc UK employee[7]	**2.1%**	9.5%	4.70%	(0.70)%	**(1.5)%**	15.1%	3.90%	2.90%	**9.3%**	13.5%	167%	(63)%

1 George Weston and John Bason's salary rates increased by 3.5%, a lower increase rate than for other head office employees, whose standard increase was 6%. The lower increase shown in the table reflects an increase in the number of more junior roles in the head office

2 The NED fee increased from £76,000 to £78,250 in December 2022

3 Michael McLintock's fee increased to £440,000 in December 2022

4 The Committee Chair fee increased from £23,500 to £27,000 in December 2022 and the Senior Independent Director fee increased from £21,000 to £24,500 in December 2022. There was no change to other additional responsibility fees in the period, but the change in base NED fee detailed in note 2 applies to these roles

5 Benefits data is calculated on the same basis as the benefits data in the single total figure table on page 103 and includes benefits in kind and benefits taken in cash but excludes any pension allowances. The reduction in benefits for the average employee reflects a reduction of the number of employees eligible for a company car.

6 Includes cash STIP payments only

7 The numbers for 2022 have been restated to correct an error in the 2022 disclosure, which led to the salary and benefits increases being understated and the STIP increase overstated for the average employee.

2023 Gender pay gap reporting

Women comprise 55% of our total global workforce. We have chosen to report on the gender pay gap that relates to our employee population in Great Britain (GB) as of 5 April 2023. However, more than half of our workforce is employed outside Great Britain and is not included in this analysis. Consistent with last year we have presented data for the whole Group and for the Group without Primark.

ABF Group businesses in GB	2023	2022	ABF Group businesses in GB (excluding Primark)	2023	2022
Women's mean hourly pay rate is **below** that of men by	**28.2%**	31.6%	Women's mean hourly pay rate is **above** that of men by	**3.6%**	4.0%
Women's median hourly pay rate is **below** that of men by	**18.9%**	22.6%	Women's median hourly pay rate is **above** that of men by	**10.2%**	9.0%
Women's mean bonus pay rate is **below** that of men by	**27.0%**	34.1%	Women's mean bonus pay rate is **below** that of men by	**24.1%**	34.0%
Women's median bonus pay rate is **above** that of men by	**21.8%**	25.9%	Women's median bonus pay rate is **above** that of men by	**29.8%**	30.0%
Percentage of men who received a bonus	**26.6%**	26.5%	Percentage of men who received a bonus	**50.8%**	48.0%
Percentage of women who received a bonus	**7.9%**	7.2%	Percentage of women who received a bonus	**66.5%**	61.3%

Gender pay and bonus gaps are calculated by comparing the mean (average) and median (central value in the data list) measures for women to that of men and identifying the percentage difference between the two. 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

Group

The Group pay gap has improved, though it remains in favour of men. A significant number of female employees work as retail assistants, with 77.2% of roles in the lower pay quartile taken by women. Whilst men take up more of the highest paid roles, we are pleased that the proportion of women in the upper quartile is increasing, reducing the pay gap.

One of the Company's strengths is that business leaders have detailed knowledge of every aspect of their organisation. That knowledge often comes from many years in role. Institutional memory is critical in our decentralised operating model.

Whilst the gender balance at the top of the Group is changing, it is slow due to long tenure. Balancing long tenure, fresh external insights and the need for diverse thinking is a focus across our businesses. We support new colleagues to build strong internal networks so that they can more quickly understand the organisation

The greater presence of senior men in the bonus pool has a distorting effect on the mean bonus gap. The median bonus gap, which includes recognition awards, is in favour of women. Recognition awards are smaller in quantum and often given to men with long service in the manufacturing environment. They are compared to bonuses for women in middle management.

Non-retail businesses

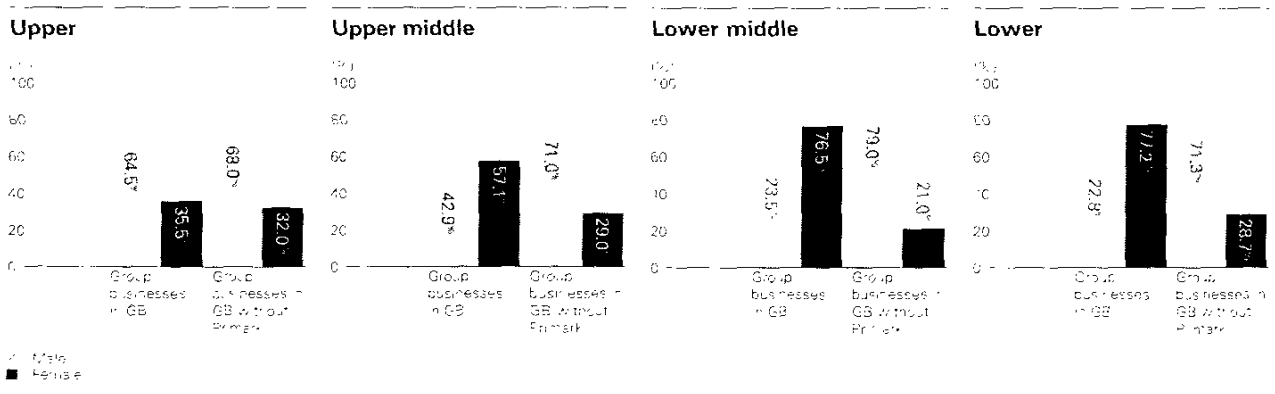
In the non-retail businesses the pay gap remains in favour of women as we have a significant majority of male employees in the food businesses who work in a manufacturing environment. These employees are being compared to women who, on average, work in middle management

Primark

The Primark gender pay data can be found on their website. At median we have only a 1.4% pay gap in Primark.

For more information on our approach to DEI, please refer to our Responsibility Report

Proportion of men and women in each pay quartile



Executive directors' shareholding and scheme interests

Scheme interests (audited information)

The table below details the conditional share interests held by the executive directors as at 16 September 2023. The awards made before December 2022 were made in line with the 2019 Remuneration Policy.

LTIP, RSP and Buyout Awards

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. The RSP is expected to vest in full, subject to meeting performance underpins.

			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									
		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
	RSP	09/12/22	100%	1,158	1,665.3p	13/09/25	69,537	N/A	N/A	17/11/25
John Bason	LTIP									
		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
	RSP	09/12/22	100%	152	1,665.3p	13/09/25	9,113	N/A	N/A	17/11/25
Eoin Tonge	RSP	03/03/23	125%	906	1,665.3p	13/09/25	54,420	N/A	N/A	17/11/25
	Vested M&S buyout awards[2]									
	STIP 22/23 buyout[3]	03/07/23	–	441	1,604.6p	N/A	27,459	N/A	N/A	03/07/23
	RSP buy out[4]	03/03/23	–	364	1,604.6p	N/A	22,656	N/A	N/A	03/07/23
	PSP 20-23 buy out[5]	03/03/23	–	1,450	1,604.6p	16/09/23	90,383	–	18,077	03/07/23
	Unvested M&S buyout awards									
	DSBP buy out[2]	03/03/23	–	570	1,604.6p	N/A	35,511	N/A	N/A	01/07/25
	PSP 21-24 buy out[6]	03/03/23	–	1,358	1,604.6p	14/09/24	84,611	42,306	8,461	01/11/24
	PSP 22-25 buy out[7]	03/03/23	–	113	1,604.6p	13/09/25	7,068	N/A	N/A	01/11/25

1. The price used to determine the number of shares allocated under the LTIP and RSP is the average closing price on the five trading days immediately preceding the main allocation in November/December each year. The details of the buyout awards for Eoin Tonge, including the price used to determine the number of shares allocated was agreed as part of his joining arrangements as set out on page 146 of our 2022 Annual Report. None of the buyout awards is pensionable.
2. These awards were allocated and vested this financial year. The beneficial ownership shown on page 112 is the amount of shares retained from those that vested in July 2023 after selling sufficient to cover tax and National Insurance due.
3. All of these shares vested in July 2023 and are to be retained until 01/07/26.
4. All of these shares vested in July 2023 and are to be retained until 06/07/25.
5. 46,095 of these shares vested in July 2023 after applying the performance conditions that applied to the M&S 20-23 PSP award. Net vested shares to be retained until 01/07/25.
6. Performance will be assessed 30% against ABF 21-24 EPS targets, 30% against ABF strategic KPIs and 40% against ABF average STIP as a percentage of maximum for 2022/23 and 2023/24.
7. Net vested shares to be retained until 01/07/27, underpins apply in line with those on the 22-25 RSP 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 lapsed for performance	Shares subject to service condition	Release date
George Weston	Deferred awards	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
		09/12/22	50%	579	1,665.3p	16/09/23	34,769	11,415	23,354	17/11/25
Eoin Tonge	Deferred awards	03/03/23	50%	312	1,665.3p	16/09/23	18,745	6,154	12,591	17/11/25
John Bason	Deferred awards	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
		09/12/22	50%	240	1,665.3p	16/09/23	14,421	4,734	9,687	17/11/25

1. The share price used for determining the number of shares in an allocation is the average closing price on the five trading days immediately preceding the main annual award date. The awards to Eoin Tonge were made at the same share price as those for the main award.

Executive Directors' shareholding requirements (audited information)

The interests below as at 16 September 2023 remained the same at 7 November 2023. George Weston has met our shareholding requirement. Since joining the business this year, Eoin Tonge has begun to build a holding of ABF shares.

	Holding requirement	Beneficial	Beneficial as % of salary	LTIP/RSP/buyout awards subject to performance condition/ underpins	Unvested deferred STIP/ buyout awards	**Total 16 September 2023**	Total 17 September 2022[1]
George Weston[2]							
Wittington Investments Limited, ordinary shares of 50p	n/a	15,060.5	n/a	n/a	n/a	**15,060.5**	6,328
Associated British Foods plc, ordinary shares of 5 $^{15}/_{22}$p	250% of salary	3,795,585	6,821%	287,807	50,204	**4,133,596**	4,127,648
Eoin Tonge							
Associated British Foods plc, ordinary shares of 5 $^{15}/_{22}$p	250% of salary	50,855	146%	146,099	48,102	**245,056**	–
John Bason							
Associated British Foods plc, ordinary shares of 5 $^{15}/_{22}$p	250% of salary	229,369[3]	612%	154,749	27,600	**411,718**	446,758

1. Calculated using share price as at close of business on 15 September 2023 of 2,081p and rate of base salary as at 16 September 2023.
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 16 September 2023.
3. Beneficially owned shares are shown as at retirement date.
4. Prior year restated to reflect revised approach of including only the element of STIP shares that is subject to a holding condition. Adjustment for George Weston is 4,177,101 shares minus 76,303 (the full amount of STIP shares shown on page 143 of the 2022 Annual Report) plus 26,850 (the number of STIP shares subject to a service condition). Adjustment for John Bason is 479,612 shares minus 50,767 plus 17,913. This methodology is then consistent with the numbers shown for unvested deferred awards and total shares for 2023.

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
Eoin Tonge	06/02/23	20/07/22	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
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
Annie Murphy	06/09/23	31/05/23	6 months	6 months	Letter of appointment

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

Executive Director departures and appointments

Appointment of Eoin Tonge as Finance Director

Our approach to remuneration for Eoin Tonge was set out in detail on page 146 of the 2022 annual report. The details of RSP and buyout awards made to him can be found in the share allocation tables on page 111.

Retirement of John Bason as Finance Director

John Bason retired on 28 April 2023 and was determined to be a good leaver. He remains subject to the following shareholding requirements:

- any shares vesting under the LTIP need to be retained, net of tax, 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 until 28 April 2025. Shares that are subject to a holding period post-vesting count towards this 250% shareholding requirement.

Details of the approach applied for incentive awards can be found on page 147 of our 2022 Annual Report.

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

The only payments made to John Bason in relation to his role as Finance Director since his retirement are those noted above in respect of his participation in incentive schemes up to his leaving date.

No payments for loss of office were made in the year.

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. Neither individual currently holds such other roles.

Non-Executive Directors' remuneration (audited information)

	Fees		Fixed pay		Variable pay		Single total figure of remuneration	
	2023 £000	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Michael McLintock	**436**	421	**436**	421	–	–	**436**	421
Ruth Cairnie	**106**	120	**106**	120	–	–	**106**	120
Richard Reid	**147**	142	**147**	142	–	–	**147**	142
Emma Adamo	**78**	76	**78**	76	–	–	**78**	76
Wolfhart Hauser	**78**	76	**78**	76	–	–	**78**	76
Graham Allan[2]	**88**	76	**88**	76	–	–	**88**	76
Heather Rabbatts[3]	**87**	76	**87**	76	–	–	**87**	76
Annie Murphy[4]	**6**	0	**6**	0	–	–	**6**	0

1 Ruth Cairnie stepped down as Senior Independent Director and Remuneration Committee Chair on 1 May 2023 and left the Board on 31 August 2023

2 Graham Allan was appointed as Remuneration Committee Chair on 1 May 2023.

3 Heather Rabbatts was appointed as Senior Independent Director on 1 May 2023

4 *Annie Murphy joined the Board on 6 September 2023*

Non-executive directors' remuneration

Non-executive directors' fees were reviewed during 2023 and it was determined that increases should be made as shown below.

	Fees effective 1 Dec 2023	Fees effective 1 Dec 2022
Chairman	**£460,000**	£440,000
Additional fee for Senior Independent Director responsibilities	**£25,000**	£24,500
Additional fee for Committee Chair (Audit/Remuneration only)	**£27,000**	£27,000
Additional fee for responsibility for workforce engagement	**£25,000**	£23,500
Additional fee for chairing Primark Finance and Risk Committee	**£19,000**	£19,000
Director	**£81,750**	£78,250

NED 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 7 November 2023.

	Total 16 September 2023	Total 17 September 2022	2023 total holding as % of annual fee[3]
Michael McLintock	**24,000**	24,000	114%
Ruth Cairnie[1]	**5,223**	5,223	84%
Richard Reid	**3,347**	3,347	47%
Emma Adamo[2]			
Wittington Investments Limited, ordinary shares of 50p	**1,011**	1,322	–
Associated British Foods plc, ordinary shares of 5 11/22p	**511,234**	511,234	13,596%
Wolfhart Hauser	**7,161**	7,161	190%
Graham Allan	**10,000**	10,000	198%
Heather Rabbatts	**–**	–	0%
Annie Murphy	**–**	–	0%

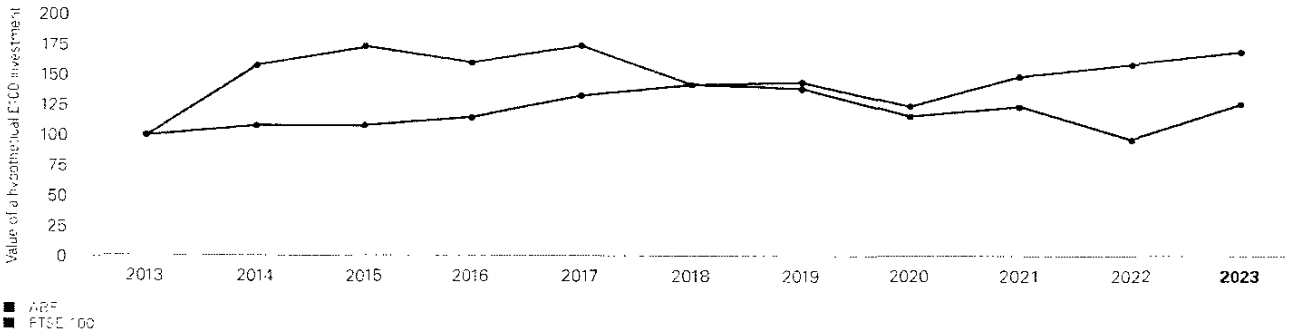
1. Shareholding at 31 August 2023 when Ruth Cairnie's appointment ended
2. Emma Adamo is a director of Wittington Investments Limited which, together with its subsidiary, Howard Investments Limited, held 431,515,108 ordinary shares in Associated British Foods plc as at 16 September 2023
3. Calculated using share price as at close of business on 15 September 2023 of 2,081p and fee rate as at 16 September 2023.

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 2013 to September 2023 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 and Associated British Foods is a part of the index.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2023**
Single total figure remuneration (£'000)	7,470	3,056	3,133	4,849	3,843	4,204	1,138	3,329	2,286	**4,100**
Annual variable element – STIP (% of maximum before share price impacts)	59.49%	44.46%	86.75%	97.47%	50.34%	73.37%	0%	52.50%	51.09%	**67.17%**
Long-term variable element – LTIP (% of maximum)	100%	18.54%	0%	51.02%	100%	57.13%	0%	40.00%	0%	**58.46%**

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.

	2023 £m	2022 £m	Change %
Pay spend for Group	**3,156**	2,812	12%
Dividends relating to period	**459**	345	33%
Taxes paid	**341**	304	12%

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 (until May 2023) then member	Senior (until May 2023) Independent Director	2014	3/3
Wolfhart Hauser	Member	Independent Director	2015	4/4
Richard Reid	Member	Independent Director	2016	4/4
Michael McLintock	Member	Chairman	2017	4/4
Graham Allan	Member then Chair (from May 2023)	Independent Director	2018	4/4
Heather Rabbatts	Member	Senior Independent Director (from May 2023)	2021	4/4
Annie Murphy	Member	Independent Director	2023	1/1

The Chairman was considered independent on appointment and, as such, is a member of the Committee. 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.

Role of the Committee

The Committee is responsible to the Board for determining:

- *the remuneration policy for the executive directors and Chairman, considering internal and external trends on remuneration;*
- 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
- the specific terms and conditions of employment of each executive director, ensuring that contractual terms and payments made on termination are fair to the individual and Company, 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 from the corporate governance section of our website at www.abf.co.uk.

Remuneration Committee advisers and fees

Following a competitive tender the Committee appointed Deloitte LLP (Deloitte) in March 2020 to provide independent advice to the Committee. Deloitte are members of the Remuneration Consultants Group and adhere to its Code of Conduct 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, 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 £76,500.

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.

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

7 November 2023

Directors' Report

The directors of Associated British Foods plc present their report for the 52 weeks ended 16 September 2023, 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 119 and the following cross-referenced material, which would otherwise be required to be disclosed in this Directors' Report, is incorporated into this Directors' Report:

- likely future developments in the Group's business (pages 1 to 39);
- greenhouse gas emissions and energy consumption (page 52 to 54);
- the Board of Directors (pages 80 and 81);
- information on our employees including disabled persons (pages 50 and 51; 110);
- information on how the directors keep employees informed on and involved with the Company's performance (pages 40; 84 to 85);
- 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 40 to 45; 50 and 51; 84 to 85);
- 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 40 to 55); and
- the Corporate Governance Statement (pages 78 to 115).

Results and dividends

The consolidated income statement is on page 128. Profit for the financial year attributable to equity shareholders amounted to £1,044m.

The directors recommend a final dividend of 33.1p per ordinary share to be paid, subject to shareholder approval, on 12 January 2024. Together with the interim dividend of 14.2p per share paid on 7 July 2023, this amounts to 47.3p for the year. See page 147 for the note on dividends. In addition, a special dividend of 12.7p is proposed by the directors as an interim dividend which will also be paid on 12 January 2024 to holders of ordinary shares on the register at the close of business on 15 December 2023. Shareholder approval for this special dividend is not required.

Directors

The names of the persons who were directors of the Company during the financial year and as at 7 November 2023 appear on page 87.

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. The Articles, for example, contain specific 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 benefited from a qualifying pension scheme indemnity provision during the financial year and at the date of this report.

The Company has in place appropriate directors' and officers' liability insurance 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 Restricted Share Plan, LTIP and any deferred awards, are set out in the Directors' Remuneration Report on pages 112 to 114.

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 at the references set out below.

Information required	Location in Annual Report
(4) Long term incentive scheme	See page 111
(12) Shareholder waiver of dividends	Note 24 on page 164
(13) Shareholder waiver of future dividends	Note 24 on page 164
(14) Board statement on relationship agreement with controlling shareholder	Directors' Report on page 116 (below)

Paragraphs (1), (2), (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 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, as at 16 September 2023, had a combined interest in approximately 59.8% of the Company's voting rights.

The Board confirms that, in accordance 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 Shareholders'). The Board confirms that, 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.

Major interests in shares

During the period under review, and up until 3 November 2023, the Company received the following formal notifications under the Disclosure Guidance and Transparency Rules of material interests in its shares:

Shareholder	Number of ordinary shares	% of issued share capital	Date of notification of interest
Wittington Investments Limited	431,515,108	56.1	4 September 2023

Further details of the Company's controlling shareholders for the purpose of the Listing Rules who, as at 16 September 2023, had a combined interest in approximately 59.8% of the voting rights 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 162. The Company has one class of share capital: ordinary shares of 5 $^{5}/_{11}$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 9 December 2022, authority was given to the directors to allot shares in the Company up to an aggregate nominal 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 8 December 2023. No such shares have been issued. The directors propose to renew this authority at the 2023 AGM for the forthcoming year.

A further special resolution passed at the 2022 AGM granted authority to the directors to allot equity securities in the Company for cash, without regard to the pre-emption provisions of the Companies Act 2006 in certain circumstances. This authority also expires on the date of the 2023 AGM and the directors will seek to renew this authority for the forthcoming year.

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 2023 AGM for the forthcoming year.

On 9 November 2022, the Company commenced a share buyback programme in order to reduce the capital of the Company. That buyback programme completed on 27 October 2023, the Company having purchased 26,478,215 of its ordinary shares of 5 $^{5}/_{11}$p (being 3.3% of called-up share capital) for a total consideration of £499,999,929. All such shares were subsequently cancelled. Further details of the Company's share capital are set out on page 162.

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 2028, 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 ('the Notes'). 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;
- £81m (approximate sterling equivalent) of private placement notes are 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 totalling $100m are in place to swap all of the private placement debt denominated in US dollars to euros. In the event of a change of control of the Company, the agreement contains a typical 'Credit Event Upon Merger' termination event which permits the counterparty to terminate the agreement and all transactions under it.

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 paid costs totalling approximately £3,150 during the year for attendance of employees at the Conservative and Labour Party Conferences which could potentially fall within that wider definition. 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 management 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 166.

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. R&D facilities also exist across the Group, including at: ACH Food Companies in the USA; AB Mauri in Australia and the Netherlands (including the Global Technology Centre); AB Enzymes in Germany; and our Roal joint venture pilot plant in Rajamäki, Finland. 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. The Company also acquired National Milk Records plc (see further details on page 25) which invests in an innovative range of milk quality, herd health and genomic testing services, generating data and building robust insights that empower farmers to make informed decisions on cow productivity.

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 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 120 to 127.

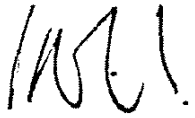
Auditor

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 8 December 2023 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

7 November 2023

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

Eoin Tonge
Finance Director

7 November 2023

Independent Auditor's Report to the members of Associated British Foods plc

Opinion

In our opinion:

- Associated British Foods plc's consolidated 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 16 September 2023 and of the Group's profit for the 52 weeks then ended;
- the consolidated 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 16 September 2023 which comprise:

Group	Parent company
Consolidated balance sheet as at 16 September 2023	Balance sheet as at 16 September 2023
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.

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 1 March 2025;
- Analysing the historical accuracy of forecasting by comparing management's forecasts to actual results, both for 2023 and 2022 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 opening 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 page 77, 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; and
- 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 2023. 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 1 March 2025.

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 the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of 101 components and audit procedures on specific balances for a further 19 components • The components where we performed full or specific audit procedures accounted for 88% of adjusted profit before taxation, 87% of revenue and 86% of total assets
Key audit matters	• Assessment of the carrying value of goodwill, other intangible assets, property, plant and equipment and right-of-use assets • Taxation provisions • Revenue recognition, including the risk of management override
Materiality	• We used a Group materiality of £66m which represents 4.5% 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 each entity.

In assessing the risk of material misstatement to the consolidated financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 517 reporting components of the Group, we selected 120 components, which represent the principal business units within the Group.

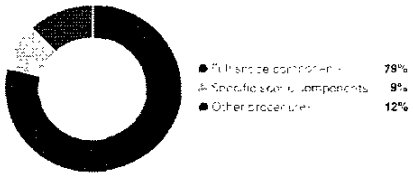
Of the 120 components selected, we performed an audit of the complete financial information of 101 components ('full scope components') which were selected based on their size or risk characteristics. For the remaining 19 components ('specific scope components'), we performed audit procedures on specific 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 88% (2022 – 90%) of the Group's adjusted profit before taxation, 87% (2022 – 88%) of the Group's revenue and 86% (2022 – 87%) of the Group's total assets. For the current period, the full scope components contributed 79% (2022 – 80%) of the Group's adjusted profit before taxation, 84% (2022 – 84%) of the Group's revenue and 83% (2022 – 83%) of the Group's total assets. The specific scope components contributed 9% (2022 – 10%) of the Group's adjusted profit before taxation, 3% (2022 – 4%) of the Group's revenue and 3% (2022 – 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.

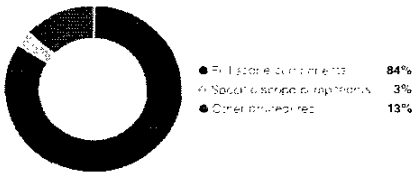
Of the remaining 397 components that together represent 12% of the Group's adjusted profit before taxation, none are individually greater than 1% of the Group's adjusted profit before taxation. For these components, we performed other procedures, including analytical review, testing of consolidation 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

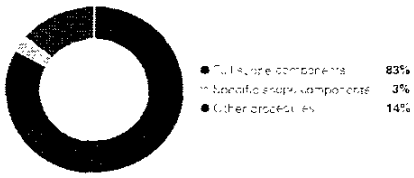
Adjusted profit before taxation



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 101 full scope components, audit procedures were performed on 32 of these directly by the Group audit team and 69 by component audit teams. For the 19 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 Australia and other senior members of the Group audit team visiting South Africa, India, Italy and Poland. For the alternative oversight procedures, we used video technology to meet with our component team to discuss and direct their audit approach, reviewed key working papers using our global audit software and understood 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 consolidated 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 the 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 56 to 57 in the Task Force for Climate related Financial Disclosures and on pages 74 to 75 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 assessed by Associated British Foods plc 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 74 to 75 have been appropriately reflected in asset values and associated disclosures where values are determined through or assessed by 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 has stated its commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050, the Group is currently unable to determine the full future economic impact on its business model, operational plans and customers to achieve this and therefore, 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	Our response to the risk	Key observations communicated to the Audit Committee
Assessment of the carrying value of goodwill, other intangible assets, property, plant and equipment, right-of-use assets and assets held for sale (2023 – £9,986m; 2022 – £9,968m) The Group has significant carrying amounts of goodwill, other intangible assets, property, plant and equipment and right-of-use assets. The impairment tests covered the Don business (carrying value £154m), Jordans Dorset Ryvita ('JDR') (£137m) and AB Mauri (£937m). During the year, impairments have been recognised against the Don business (£41m) Don and JDR continue to operate in environments where there is significant retailer pressure on price and competitor activity, which is further exacerbated by high inflationary costs and operational challenges. 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 a disposal group may not support its carrying value. This could lead to an impairment charge or loss on disposal that has not been recognised by management. The significant improvement in performance in AB Mauri in 2023 has resulted in the risk of impairment of the carrying value of that CGU reducing. 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.	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 three CGUs or groups of CGUs 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 Don, we challenged management's key assumptions within the impairment model for optimism, benchmarking against historical trends and external market data. We tested management's methodology over the remaining impairment allocation basis and concur that the allocation is in line with IAS 36; • For JDR, we critically challenged and evaluated, the key assumptions adopted in management's forecasts. Where assumptions in our opinion could not be supported or appeared, in our view, optimistic, these were risk adjusted and/or removed. We calculated the breakeven level of operating profit required in the perpetuity cash flows and assessed this in the context of the historical performance of JDR; • For AB Mauri, we challenged the assumptions in the model, focusing on the cash flow forecasts for the largest regions. Analysing the non-key and the negative business units, along with reviewing the contingencies included in the model. We have assessed the overall adjusted operating profit growth in the key business units and compared to third party market rates. We have assessed the overall division growth against the global growth rates; • 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.	We concluded that it was appropriate to record an impairment for Don, that the impairment recorded was not materially misstated and that the impairment was appropriately disclosed as an exceptional item. For JDR and AB Mauri, we agreed with management's conclusion that no impairments were required. Assets relating to Don and JDR remain sensitive to reasonably possible changes in key assumptions. Management discloses 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
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 93 to 99); accounting policies (pages 133 to 138); accounting estimates and judgements (page 139); and notes 8, 9 and 10 to the consolidated financial statements (pages 148 to 153).	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, 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 AB Mauri, the audit procedures performed to address this risk were performed by the Group audit team. The JDR and Don CGUs were subject to full scope audit procedures by the respective component teams and reviewed by the Group team.	
Tax provisions for uncertain tax positions £55m (2022 – £102m) included within the income tax liability of £109m (2022 – £160m) 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 93 to 99); accounting policies (pages 133 to 138); accounting estimates and judgements (page 139); and note 5 to the consolidated financial statements (pages 146 and 147).	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 provisions 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 (2023 – £19,750m; 2022 – £16,997m) 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% (2022 – 3%) of the Group's gross revenue is subject to such arrangements There is a risk that management may override controls intentionally to misstate revenue transactions, either through the judgements made in estimating rebates in the 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 134) and note 1 to the consolidated financial statements (pages 140 to 143).	We understood the revenue recognition policies and how they are applied, including the relevant controls, but 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. This provided us with assurance over £17.1bn (87%) (2022 – £14.8bn (87%)) 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 manual journals. We performed full and specific scope audit procedures over this risk area in 82 locations, which covered 87% 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.

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 £66m (2022 – £65m), which is 4.5% (2022 – 5%) of adjusted profit before taxation. We believe that adjusted profit before taxation provides us with the 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 £49m (2022 – £46m), which is 2% (2022 – 2%) of equity.

Performance materiality

The application of materiality is 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% (2022 – 75%) of our planning materiality, namely £50m (2022 – £49m).

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 performance materiality allocated to components was £1m to £20m (2022 – £1m to £20m).

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 £1m (2022 – £1m) 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 119, 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 and, except to the extent otherwise 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 76 and 77;
- Directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 76 and 77;
- Directors' statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 76 and 77;
- Directors' statement on fair, balanced and understandable set out on page 94,
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 95;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 95; and
- The section describing the work of the Audit Committee set out on pages 93 to 99.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 100 to 115, 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 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 eight years, covering the 52 weeks ending 17 September 2016 until the 52 weeks ending 16 September 2023. 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.

Simon O'Neill (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor

Ernst & Young LLP

Birmingham

7 November 2023

Consolidated income statement

for the 52 weeks ended 16 September 2023

Continuing operations	Note	2023 £m	2022 £m
Revenue	1	**19,750**	16,997
Operating costs before exceptional items	2	**(18,410)**	(15,729)
Exceptional items	2	**(109)**	(206)
		1,231	1,062
Share of profit after tax from joint ventures and associates	11	**124**	109
Profits less losses on disposal of non-current assets		**28**	7
Operating profit		**1,383**	1,178
Adjusted operating profit	1	**1,513**	1,435
Profits less losses on disposal of non-current assets		**28**	7
Amortisation of non-operating intangibles	8	**(41)**	(47)
Acquired inventory fair value adjustments	2	**(3)**	(5)
Transaction costs	2	**(5)**	(6)
Exceptional items	2	**(109)**	(206)
Profits less losses on sale and closure of businesses	23	**(3)**	(23)
Profit before interest		**1,380**	1,155
Finance income	4	**48**	19
Finance expense	4	**(128)**	(111)
Other financial income	4	**40**	13
Profit before taxation		**1,340**	1,076
Adjusted profit before taxation		**1,473**	1,356
Profits less losses on disposal of non-current assets		**28**	7
Amortisation of non-operating intangibles	8	**(41)**	(47)
Acquired inventory fair value adjustments	2	**(3)**	(5)
Transaction costs	2	**(5)**	(6)
Exceptional items	2	**(109)**	(206)
Profits less losses on sale and closure of businesses	23	**(3)**	(23)
Taxation – UK (excluding tax on exceptional items)		**(40)**	(50)
– UK (on exceptional items)		**–**	3
– Overseas (excluding tax on exceptional items)		**(300)**	(243)
– Overseas (on exceptional items)		**68**	(66)
	5	**(272)**	(356)
Profit for the period		**1,068**	720
Attributable to			
Equity shareholders		**1,044**	700
Non-controlling interests		**24**	20
Profit for the period		**1,068**	720
Basic and diluted earnings per ordinary share (pence)	7	**134.2**	88.6
Dividends per share paid and proposed for the period (pence)	6	**47.3**	43.7
Special dividend per share proposed for the period (pence)	6	**12.7**	nil

Consolidated statement of comprehensive income

for the 52 weeks ended 16 September 2023

	Note	2023 £m	2022 £m
Profit for the period recognised in the income statement		**1,068**	720
Other comprehensive income			
Remeasurements of defined benefit schemes	12	**(7)**	821
Deferred tax associated with defined benefit schemes		**4**	(198)
Items that will not be reclassified to profit or loss		**(3)**	623
Effect of movements in foreign exchange		**(470)**	440
Net gain/(loss) on hedge of net investment in foreign subsidiaries		**1**	(1)
Net gain on other investments held at fair value through other comprehensive income		–	4
Deferred tax associated with movements in foreign exchange		**(5)**	–
Current tax associated with movements in foreign exchange		**6**	–
Movement in cash flow hedging position		**(260)**	419
Deferred tax associated with movement in cash flow hedging position		**40**	(28)
Deferred tax associated with movement in other investments		–	(1)
Share of other comprehensive (loss)/income of joint ventures and associates		**(18)**	28
Effect of hyperinflationary economies		**40**	46
Items that are or may be subsequently reclassified to profit or loss		**(666)**	907
Other comprehensive (loss)/income for the period		**(669)**	1,530
Total comprehensive income for the period		**399**	2,250
Attributable to			
Equity shareholders		**397**	2,219
Non-controlling interests		**2**	31
Total comprehensive income for the period		**399**	2,250

Consolidated balance sheet

at 16 September 2023

	Note	2023 £m	2022 £m
Non-current assets			
Intangible assets	8	**1,870**	1,868
Property, plant and equipment	9	**5,766**	5,599
Right-of-use assets	10	**2,350**	2,456
Investments in joint ventures	11	**303**	301
Investments in associates	11	**91**	85
Employee benefits assets	12	**1,446**	1,393
Income tax	5	**23**	23
Deferred tax assets	13	**193**	158
Other receivables	14	**63**	58
Total non-current assets		**12,105**	11,941
Current assets			
Assets classified as held for sale	15	**–**	45
Inventories	16	**3,207**	3,259
Biological assets	17	**99**	105
Trade and other receivables	14	**1,778**	1,758
Derivative assets	26	**96**	475
Current asset investments	25	**–**	4
Income tax		**102**	67
Cash and cash equivalents	18	**1,457**	2,121
Total current assets		**6,739**	7,834
Total assets		**18,844**	19,775
Current liabilities			
Liabilities classified as held for sale	15	**–**	(14)
Lease liabilities	10	**(335)**	(316)
Loans and overdrafts	19	**(168)**	(157)
Trade and other payables	20	**(2,953)**	(3,114)
Derivative liabilities	26	**(69)**	(205)
Income tax		**(109)**	(160)
Provisions	21	**(55)**	(87)
Total current liabilities		**(3,689)**	(4,053)
Non-current liabilities			
Lease liabilities	10	**(2,825)**	(2,936)
Loans	19	**(394)**	(480)
Provisions	21	**(48)**	(26)
Deferred tax liabilities	13	**(626)**	(647)
Employee benefits liabilities	12	**(69)**	(79)
Total non-current liabilities		**(3,962)**	(4,168)
Total liabilities		**(7,651)**	(8,221)
Net assets		**11,193**	11,554
Equity			
Issued capital	22	**44**	45
Other reserves	22	**179**	178
Translation reserve	22	**(42)**	422
Hedging reserve	22	**2**	154
Retained earnings		**10,910**	10,649
Total equity attributable to equity shareholders		**11,093**	11,448
Non-controlling interests		**100**	106
Total equity		**11,193**	11,554

The financial statements on pages 128 to 193 were approved by the Board of Directors on 7 November 2023 and were signed on its behalf by:

Michael McLintock
Chairman

Eoin Tonge
Finance Director

Consolidated cash flow statement

for the 52 weeks ended 16 September 2023

	Note	2023 £m	2022 £m
Cash flow from operating activities			
Profit before taxation		**1,340**	1,076
Profits less losses on disposal of non-current assets		**(28)**	(7)
Profits less losses on sale and closure of businesses		**3**	23
Transaction costs	2	**5**	6
Finance income	4	**(48)**	(19)
Finance expense	4	**128**	111
Other financial income	4	**(40)**	(13)
Share of profit after tax from joint ventures and associates	11	**(124)**	(109)
Amortisation		**82**	68
Depreciation (including of right-of-use assets)		**804**	802
Exceptional items	2	**109**	206
Acquired inventory fair value adjustments		**3**	5
Effect of hyperinflationary economies		**14**	16
Net change in the fair value of current biological assets		**(11)**	(8)
Share-based payment expense	24	**18**	19
Pension costs less contributions		**(8)**	7
Increase in inventories		**(94)**	(953)
Increase in receivables		**(107)**	(288)
(Decrease)/increase in payables		**(15)**	512
Purchases less sales of current biological assets		**(9)**	(4)
(Decrease)/increase in provisions		**(27)**	7
Cash generated from operations		**1,995**	1,457
Income taxes paid		**(341)**	(304)
Net cash generated from operating activities		**1,654**	1,153
Cash flow from investing activities			
Dividends received from joint ventures and associates	11	**107**	93
Purchase of property, plant and equipment		**(997)**	(680)
Purchase of intangibles		**(76)**	(89)
Lease incentives received		**62**	46
Sale of property, plant and equipment		**48**	30
Purchase of subsidiaries, joint ventures and associates	23	**(94)**	(154)
Sale of subsidiaries, joint ventures and associates		**4**	–
Purchase of other investments		**(4)**	(7)
Interest received		**44**	17
Net cash used in investing activities		**(906)**	(744)
Cash flow from financing activities			
Dividends paid to non-controlling interests		**(7)**	(8)
Dividends paid to equity shareholders	6	**(345)**	(380)
Interest paid		**(118)**	(114)
Repayment of lease liabilities	25	**(308)**	(321)
Decrease in short-term loans	25	**(13)**	(12)
Increase in long-term loans	25	**–**	178
Decrease in current asset investments	25	**3**	30
Share buyback		**(448)**	–
Movement from changes in own shares held		**(46)**	(50)
Net cash used in financing activities		**(1,282)**	(677)
Net decrease in cash and cash equivalents	25	**(534)**	(268)
Cash and cash equivalents at the beginning of the period		**1,995**	2,189
Effect of movements in foreign exchange		**(73)**	74
Cash and cash equivalents at the end of the period	25	**1,388**	1,995

Consolidated statement of changes in equity

for the 52 weeks ended 16 September 2023

	Note	Attributable to equity shareholders: 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 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									
Amounts 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
Total comprehensive income									
Profit for the period recognised in the income statement		–	–	–	–	1,044	1,044	24	1,068
Remeasurements of defined benefit schemes	12	–	–	–	–	(7)	(7)	–	(7)
Deferred tax associated with defined benefit schemes		–	–	–	–	4	4	–	4
Items that will not be reclassified to profit or loss		–	–	–	–	(3)	(3)	–	(3)
Effect of movements in foreign exchange		–	–	(448)	–	–	(448)	(22)	(470)
Net gain on hedge of net investment in foreign subsidiaries		–	–	1	–	–	1	–	1
Deferred tax associated with movements in foreign exchange		–	–	(5)	–	–	(5)	–	(5)
Current tax associated with movements in foreign exchange		–	–	6	–	–	6	–	6
Movement in cash flow hedging position		–	–	–	(260)	–	(260)	–	(260)
Deferred tax associated with movement in cash flow hedging position		–	–	–	40	–	40	–	40
Share of other comprehensive income of joint ventures and associates		–	–	(18)	–	–	(18)	–	(18)
Effect of hyperinflationary economies		–	–	–	–	40	40	–	40
Items that are or may be subsequently reclassified to profit or loss		–	–	(464)	(220)	40	(644)	(22)	(666)
Other comprehensive income		–	–	(464)	(220)	37	(647)	(22)	(669)
Total comprehensive income		–	–	(464)	(220)	1,081	397	2	399
Inventory cash flow hedge movements									
Amounts transferred to cost of inventory		–	–	–	68	–	68	–	68
Total inventory cash flow hedge movements		–	–	–	68	–	68	–	68
Transactions with owners									
Dividends paid to equity shareholders		–	–	–	–	(345)	(345)	–	(345)
Net movement in own shares held		–	–	–	–	(28)	(28)	–	(28)
Share buyback		(1)	1	–	–	(448)	(448)	–	(448)
Deferred tax associated with share-based payments		–	–	–	–	1	1	–	1
Dividends paid to non-controlling interests		–	–	–	–	–	–	(8)	(8)
Total transactions with owners		(1)	1	–	–	(820)	(820)	(8)	(828)
Balance as at 16 September 2023		44	179	(42)	2	10,910	11,093	100	11,193

Significant accounting policies

for the 52 weeks ended 16 September 2023

Associated British Foods plc is domiciled in the United Kingdom. The Company's consolidated financial statements for the 52 weeks ended 16 September 2023 comprise those of the Company, its subsidiaries and its interest in joint ventures and associates.

The directors authorised the consolidated financial statements for issue on 7 November 2023. The directors prepared and approved the consolidated financial statements in accordance with UK-adopted IAS ('Adopted IFRS').

The Company has elected to prepare the parent company financial statements under FRS 101. These are presented on pages 194 to 200.

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 139

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 16 September 2023 (2022 – 52 weeks ended 17 September 2022).

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 16 September.

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 77. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial review on pages 36 to 39.

In addition, the Principal risks and uncertainties on pages 68 to 77 and note 26 on pages 166 to 177 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 56 to 67 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 1 March 2025 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 non-current assets. The assessment with respect to the impact 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 1 March 2025 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 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 1.0x and the Group had total cash of £1.5bn and an undrawn committed Revolving Credit Facility of £1 5bn.

In March 2023, S&P Global Ratings reaffirmed their assignment to the Group of an 'A' grade long-term issuer credit rating. The Group's funding basis is supported by the existing £400m public bond due in 2034 furthermore the Group's committed Revolving Credit Facility is free of performance covenants and matures in 2028, with one 1-year extension option remaining (after the first was utilised during the year) The $100m of outstanding private placement notes are due in March 2024 after which point Group funding will not be subject to financial performance covenants.

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 three 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 16 September 2023

As a downside scenario the directors considered the adverse scenario in which inflationary costs are not fully recovered, there are adverse foreign exchange impacts and there is 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.

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, on top of the downside scenario outlined above, cost inflation would need to exceed £1.9bn without any price increases or other 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 assessed by reference to equity shareholdings and voting rights.

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 acquisition occurred.

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 and 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 prior periods.

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.

As required by IAS 12, we have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group recognises income tax arising from dividend distributions at the same time as the liability to pay the related dividend.

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 16 September 2023

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 hedging 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 income statement.

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 cumulative associated gain or loss recognised in the hedging reserve until the forecast transaction occurs. Gains or losses on hedging instruments relating to an underlying exposure that no longer exists are taken to the income statement.

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 generally 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

Operating intangibles – up to 10 years

Goodwill

Goodwill is defined under 'Business acquisitions' on page 134. 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 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.

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.

Significant accounting policies

for the 52 weeks ended 16 September 2023

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 food 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.

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. 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.

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 Federación Argentina de Consejos Profesionales de Ciencias Económicas ('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 16 September 2023 (ARS 433.88:£1; TRL 33.45:£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 911.1316 at 31 August 2022 and 2044.2632 at 31 August 2023. The inflation index for the year is therefore 2.244.

In Turkey, the TUIK index was 80.21 at 31 August 2022 and 58.94 at 31 August 2023. The inflation index for the year is therefore 0.735.

The Venezuelan economy has been designated hyperinflationary for a number of years, but the impact on the Group's results remains immaterial.

New accounting standards

The Group adopted the following accounting standards and amendments during the year with no significant impact:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS 2018–2020

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:

- IFRS 17 *Insurance Contracts*, Amendments to IFRS 17, Initial Application of IFRS 17 and IFRS 9 – Comparative Information, effective 2024 financial year
- Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2), effective 2024 financial year
- Definition of Accounting Estimates (Amendments to IAS 8), effective 2024 financial year
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), effective 2024 financial year
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16), effective 2024 financial year
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), effective 2024 financial year
- Amendments to IAS 1 Presentation of Financial Statements, effective 2024 financial year
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7), effective 2025 financial year (not yet endorsed by the UKEB)
- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*: Lack of Exchangeability, effective 2026 financial year (not yet endorsed by the UKEB)

Accounting estimates and judgements

for the 52 weeks ended 16 September 2023

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 16 September 2023, 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 2023 – £55m (2022 – £102m). The reduction in the provision is due to the conclusion of UK tax audits covering several businesses and years. The majority of the remaining 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 applies 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 16 September 2023

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, 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 be used for more than one year, comprising property, plant and equipment, right-of-use assets, operating intangibles and biological assets.

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.

Ingredients

The manufacture of bakers' yeast, bakery ingredients, enzymes, lipids, yeast extracts and cereal specialities.

Agriculture

The manufacture of animal feeds and the provision of other products and services for the agriculture sector.

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.

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	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Operating segments				
Grocery	**4,198**	3,735	**448**	399
Ingredients	**2,157**	1,827	**214**	159
Agriculture	**1,840**	1,722	**41**	47
Sugar	**2,547**	2,016	**169**	162
Retail	**9,008**	7,697	**735**	756
Central	–	–	**(94)**	(88)
	19,750	16,997	**1,513**	1,435
Geographical information				
United Kingdom	**7,271**	6,378	**488**	533
Europe & Africa	**7,552**	6,291	**559**	482
The Americas	**2,420**	2,028	**353**	279
Asia Pacific	**2,507**	2,300	**113**	141
	19,750	16,997	**1,513**	1,435

2023

	Grocery £m	Ingredients £m	Agriculture £m	Sugar £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	4,222	2,366	1,849	2,680	9,008	(375)	19,750
Internal revenue	(24)	(209)	(9)	(133)	–	375	–
Revenue from external customers	4,198	2,157	1,840	2,547	9,008	–	19,750
Operating profit	402	201	32	119	717	(88)	1,383
Adjusted operating profit before joint ventures and associates	368	190	25	162	735	(94)	1,386
Share of adjusted profit after tax from joint ventures and associates	80	24	16	7	–	–	127
Adjusted operating profit	448	214	41	169	735	(94)	1,513
Finance income						48	48
Finance expense	(1)	(1)	–	(3)	(86)	(37)	(128)
Other financial income						40	40
Adjusted profit before taxation	447	213	41	166	649	(43)	1,473
Profits less losses on disposal of non-current assets	19	–	–	–	–	9	28
Amortisation of non-operating intangibles	(23)	(13)	(5)	–	–	–	(41)
Acquired inventory fair value adjustments	(1)	–	(2)	–	–	–	(3)
Transaction costs	–	–	(2)	–	–	(3)	(5)
Exceptional items	(41)	–	–	(50)	(18)	–	(109)
Profits less losses on sale and closure of businesses	–	3	–	(6)	–	–	(3)
Profit before taxation	401	203	32	110	631	(37)	1,340
Taxation						(272)	(272)
Profit for the period	401	203	32	110	631	(309)	1,068
Segment assets (excluding joint ventures and associates)	2,759	2,011	640	2,179	7,530	110	15,229
Investments in joint ventures and associates	58	133	155	48	–	–	394
Segment assets	2,817	2,144	795	2,227	7,530	110	15,623
Cash and cash equivalents						1,457	1,457
Income tax						125	125
Deferred tax assets						193	193
Employee benefits assets						1,446	1,446
Segment liabilities	(689)	(407)	(196)	(501)	(4,326)	(166)	(6,285)
Loans and overdrafts						(562)	(562)
Income tax						(109)	(109)
Deferred tax liabilities						(626)	(626)
Employee benefits liabilities						(69)	(69)
Net assets	2,128	1,737	599	1,726	3,204	1,799	11,193
Non-current asset additions	154	174	20	289	711	4	1,352
Depreciation (including of right-of-use assets)	(114)	(62)	(19)	(75)	(526)	(8)	(804)
Amortisation	(26)	(15)	(7)	(3)	(31)	–	(82)

Notes forming part of the financial statements

for the 52 weeks ended 16 September 2023

1. Operating segments *continued*

2022

	Grocery £m	Ingredients £m	Agriculture £m	Sugar £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	3,736	1,996	1,728	2,097	7,697	(257)	16,997
Internal revenue	(1)	(169)	(6)	(81)	–	257	–
Revenue from external customers	3,735	1,827	1,722	2,016	7,697	–	16,997
Operating profit	369	141	41	164	550	(87)	1,178
Adjusted operating profit before joint ventures and associates	328	142	31	154	756	(88)	1,323
Share of adjusted profit after tax from joint ventures and associates	71	17	16	8	–	–	112
Adjusted operating profit	399	159	47	162	756	(88)	1,435
Finance income						19	19
Finance expense	(1)	(1)	–	(2)	(76)	(31)	(111)
Other financial income						13	13
Adjusted profit before taxation	398	158	47	160	680	(87)	1,356
Profits less losses on disposal of non-current assets	4	–	–	2	–	1	7
Amortisation of non operating intangibles	(32)	(13)	(2)	–	–	–	(47)
Acquired inventory fair value adjustments	(1)	(2)	(2)	–	–	–	(5)
Transaction costs	(1)	(3)	(2)	–	–	–	(6)
Exceptional items	–	–	–	–	(206)	–	(206)
Profits less losses on sale and closure of businesses	–	(7)	–	(16)	–	–	(23)
Profit before taxation	368	133	41	146	474	(86)	1,076
Taxation						(356)	(356)
Profit for the period	368	133	41	146	474	(442)	720
Segment assets (excluding joint ventures and associates)	2,876	2,017	597	2,422	7,570	136	15,618
Investments in joint ventures and associates	62	136	143	45	–	–	386
Segment assets	2,938	2,153	740	2,467	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)	(450)	(196)	(616)	(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	1,703	544	1,851	3,025	2,196	11,554
Non-current asset additions	128	183	26	223	489	3	1,052
Depreciation (including of right-of-use assets)	(109)	(57)	(17)	(75)	(532)	(12)	(802)
Amortisation	(37)	(14)	(3)	(3)	(11)	–	(68)
Impairment of property, plant and equipment on sale and closure of business	–	(11)	–	(19)	–	–	(30)

2023

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	7,271	7,552	2,420	2,507	19,750
Segment assets	5,690	6,651	1,792	1,490	15,623
Non-current asset additions	305	732	217	98	1,352
Depreciation (including of right-of-use assets)	(279)	(374)	(84)	(67)	(804)
Amortisation	(17)	(56)	(4)	(5)	(82)
Acquired inventory fair value adjustments	(2)	(1)	–	–	(3)
Transaction costs	(4)	(1)	–	–	(5)
Exceptional items	–	(53)	–	(56)	(109)

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	(2)	(3)	–	(1)	(6)
Exceptional items	–	(206)	–	–	(206)

The Group's operations in the following countries met the criteria for separate disclosure:

	Revenue		Non-current assets	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Australia	**1,407**	1,232	**541**	623
Spain	**1,836**	1,645	**651**	650
United States	**1,580**	1,315	**887**	866

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 16 September 2023

2. Operating costs

	Note	2023 £m	2022 £m
Operating costs			
Cost of sales (including amortisation of intangibles)		**15,587**	13,219
Distribution costs		**1,603**	1,465
Administration expenses		**1,220**	1,045
Exceptional items		**109**	206
		18,519	15,935
Operating costs are stated after charging/(crediting):			
Employee benefits expense	3	**3,158**	2,812
Amortisation of non-operating intangibles	8	**38**	44
Amortisation of operating intangibles	8	**44**	24
Acquired inventory fair value adjustments		**3**	5
Depreciation of property, plant and equipment	9	**531**	521
Depreciation of right-of-use assets and non-cash lease adjustments	10	**273**	281
Transaction costs		**5**	6
Effect of hyperinflationary economies		**14**	16
Other operating income		**(35)**	(25)
Research and development expenditure		**42**	37
Fair value gains on financial assets and liabilities held for trading		**(19)**	(23)
Fair value losses on financial assets and liabilities held for trading		**22**	17
Foreign exchange gains on operating activities		**(48)**	(36)
Foreign exchange losses on operating activities		**62**	37

Amortisation of non-operating intangibles of £41m (2022 – £47m) shown as adjusting item in the income statement, include £3m (2022 – £3m) incurred by joint ventures, in addition to the amounts shown above.

Exceptional items

2023

The income statement this year included a non-cash exceptional impairment charge of £109m. In Grocery, the Don business has been adversely affected by inflationary pressures, a surplus supply of fresh pork in the market, labour constraints and equipment reliability causing production shortfalls and additional transportation costs following the unforeseen liquidation of its distribution partner. As a result, the Group has recognised impairment write downs of £39m against property, plant and equipment, £1m against right-of-use assets and £1m against intangible assets.

In the Sugar segment, north China recognised a £15m impairment write down against property, plant and equipment. This business was classified as held for sale in the previous year, but the potential buyer withdrew their offer in the second half of the year. Due to the severe flooding in Mozambique, the related damage to the sugar crop fields and the inability to plant for the foreseeable future, Illovo Mozambique recognised a £25m impairment write-down against property, plant and equipment, £7m against current biological assets, provided £2m for personnel costs and wrote down inventory by £1m.

In the Retail segment, the Group recognised £13m of exceptional impairment charges relating to the German store portfolio. This primarily related to stores impaired in the previous year after additional right-of-use assets were recognised due to rent indexation adjustments. The Group also recognised a £4m charge including a £3m exceptional impairment for the write-down of property, plant and equipment for the right-sizing of four further German stores and £1m to write down a freehold store.

2022

The income statement included an exceptional impairment charge of £206m comprising non-cash writedowns of £72m against property, plant and equipment and a write-down of £134m of right-of-use assets relating to the capitalisation of store leases for Primark. 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.

Auditor's remuneration	2023 £m	2022 £m
Fees payable to the Company's auditor and its associates in respect of the audit		
Group audit of these financial statements	**1.7**	1.6
Audit of the Company's subsidiaries' financial statements	**8.5**	7.6
Total audit remuneration	**10.2**	9.2
Fees payable to the Company's auditor and its associates in respect of non-audit services		
Audit-related assurance services	**0.4**	0.4
All other services	**0.6**	0.5
Total non-audit remuneration	**1.0**	0.9

3. Employees

	2023	2022
Average number of employees		
United Kingdom	**42,071**	41,526
Europe & Africa	**73,411**	73,155
The Americas	**6,769**	6,102
Asia Pacific	**11,236**	11,490
	133,487	132,273

	Note	2023 £m	2022 £m
Employee benefits expense			
Wages and salaries		**2,657**	2,350
Social security contributions		**355**	311
Contributions to defined contribution schemes	12	**95**	87
Charge for defined benefit schemes	12	**33**	45
Equity-settled share-based payment schemes	24	**18**	19
		3,158	2,812

Details of directors' remuneration, share incentives and pension entitlements are shown in the Remuneration Report on pages 100 to 115.

4. Interest and other financial income and expense

	Note	2023 £m	2022 £m
Finance income			
Cash and cash equivalents and current asset investments		**48**	19
		48	19
Finance expense			
Bank loans and overdrafts		**(23)**	(20)
All other borrowings		**(11)**	(8)
Lease liabilities	10	**(91)**	(81)
Other payables		**(3)**	(2)
		(128)	(111)
Other financial income			
Interest income on employee benefit scheme assets	12	**185**	84
Interest charge on employee benefit scheme liabilities	12	**(123)**	(74)
Interest charge on irrecoverable surplus	12	**(2)**	(1)
Net financial income from employee benefit schemes		**60**	9
Net foreign exchange (losses)/gains on financing activities		**(20)**	4
Total other financial income		**40**	13

Notes forming part of the financial statements

for the 52 weeks ended 16 September 2023

5. Income tax expense

	2023 £m	2022 £m
Current tax expense		
UK – corporation tax at 21.8% (2022 – 19%)	**26**	44
Overseas – corporation tax	**249**	244
UK – over provided in prior periods	**(14)**	(12)
Overseas – under provided in prior periods	**18**	1
	279	277
Deferred tax expense		
UK deferred tax	**54**	18
Overseas deferred tax	**28**	72
UK – over provided in prior periods	**(26)**	(3)
Overseas – over provided in prior periods	**(63)**	(8)
	(7)	79
Total income tax expense in the income statement	**272**	356
Reconciliation of effective tax rate		
Profit before taxation	**1,340**	1,076
Less share of profit after tax from joint ventures and associates	**(124)**	(109)
Profit before taxation excluding share of profit after tax from joint ventures and associates	**1,216**	967
Nominal tax charge at UK corporation tax rate of 21.8% (2022 – 19%)	**265**	184
Effect of higher and lower tax rates on overseas earnings	**(16)**	4
Effect of changes in tax rates on the income statement	**5**	2
Expenses not deductible for tax purposes	**66**	63
Disposal of assets covered by tax exemptions or unrecognised capital losses	**(2)**	6
Deferred tax not recognised	**39**	120
Adjustments in respect of prior periods	**(85)**	(23)
	272	356
Income tax recognised in equity		
Deferred tax associated with defined benefit schemes	**(4)**	198
Deferred tax associated with share-based payments	**(1)**	1
Deferred tax associated with movement in cash flow hedging position	**(40)**	28
Deferred tax associated with movements in foreign exchange	**5**	–
Current tax associated with movements in foreign exchange	**(6)**	–
Deferred tax associated with movement in other investments	**–**	1
	(46)	228

The UK corporation tax rate of 19% increased 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 (2022 – £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 2021. 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.

In the second half of last year a deferred tax asset arose mainly in relation to the charge taken for the impairment of property, plant and equipment and store leases in Primark Germany. A significant proportion of this asset was deemed not to be recoverable and was written off as an exceptional tax charge. Since then, further work has been undertaken to assess the amount of the deferred tax asset that is expected to be recoverable. This work determined that the deferred tax asset at last year end was understated in error.

The directors believe that this understatement of the deferred tax asset was not material to the prior period financial statements. Accordingly, an exceptional tax credit of £58m has been recognised in this year.

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 in the Policies section of the Group's website.

Deferred taxation balances are analysed in note 13.

6. Dividends

	2023 pence per share	2022 pence per share	2023 £m	2022 £m
2021 final and special	–	34.3	–	271
2022 interim	–	13.8	–	109
2022 final	**29.9**	–	**235**	–
2023 interim	**14.2**	–	**110**	–
	44.1	48.1	**345**	380

The 2023 interim dividend was declared on 25 April 2023 and paid on 7 July 2023. Given the outlook for the Group, the strength of the balance sheet and the underlying cash generation of the business, we have declared the payment of a special dividend, to be paid as a second interim dividend at 12.7p per share at an estimated cost of £97m.

The Board has proposed a final dividend of 33.1p per share at an estimated cost of £252m. The combined 2023 final and special dividend of 45.8p, with an estimated value of £349m, will be paid on 12 January 2024 to shareholders on the register on 15 December 2023.

Dividends relating to the period including the special dividend were 60.0p per share totalling £459m (2022 – 43.7p per share totalling £345m).

7. Earnings per share

The calculation of basic earnings per share at 16 September 2023 was based on the net profit attributable to equity shareholders of £1,044m (2022 – £700m), and a weighted average number of shares outstanding during the year of 778 million (2022 – 789 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. The weighted average number of shares has reduced as a result of our first share buyback programme. In the year, we repurchased 23.7 million shares which were cancelled.

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.

Amortisation of non-operating intangibles of £41m (2022 – £47m) shown as adjusting item below include £3m (2022 – £3m) 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 778 million (2022 – 789 million). There is no difference between basic and diluted earnings.

	2023 £m	2022 £m
Adjusted profit for the period	**1,103**	1,034
Disposal of non current assets	**28**	7
Sale and closure of businesses	**(3)**	(23)
Acquired inventory fair value adjustments	**(3)**	(5)
Transaction costs	**(5)**	(6)
Exceptional items	**(109)**	(206)
Tax effect on above adjustments	**64**	(63)
Amortisation of non-operating intangibles	**(41)**	(47)
Tax credit on non-operating intangibles amortisation and goodwill	**10**	9
Profit for the period attributable to equity shareholders	**1,044**	700

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7. Earnings per share *continued*

	2023 pence	2022 pence
Adjusted earnings per share	**141.8**	131.1
Disposal of non-current assets	**3.6**	0.9
Sale and closure of businesses	**(0.4)**	(2.9)
Acquired inventory fair value adjustments	**(0.4)**	(0.6)
Transaction costs	**(0.6)**	(0.8)
Exceptional items	**(14.0)**	(26.1)
Tax effect on above adjustments	**8.2**	(8.0)
Amortisation of non-operating intangibles	**(5.3)**	(6.0)
Tax credit on non-operating intangibles amortisation and goodwill	**1.3**	1.0
Earnings per ordinary share	**134.2**	88.6

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 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
Acquisitions – externally purchased	–	–	4	–	–	–	143	147
Acquired through business combinations	39	2	9	21	–	–	3	74
Other disposals	–	–	–	(15)	–	(5)	(69)	(89)
Transfer from assets classified as held for sale	–	–	–	–	–	–	15	15
Effect of hyperinflationary economies	2	–	–	–	–	–	–	2
Effect of movements in foreign exchange	(79)	(15)	(15)	(11)	(16)	–	(25)	(161)
At 16 September 2023	**1,376**	**272**	**486**	**285**	**94**	**–**	**764**	**3,277**
Amortisation and impairment								
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
Amortisation for the year	–	9	15	14	–	–	44	82
Other disposals	–	–	–	(15)	–	(5)	–	(20)
Transfer from assets classified as held for sale	–	–	–	–	–	–	4	4
Impairment	–	–	–	–	–	–	1	1
Effect of movements in foreign exchange	(12)	(13)	(11)	(8)	(16)	–	(21)	(81)
At 16 September 2023	**110**	**217**	**419**	**217**	**94**	**–**	**350**	**1,407**
Net book value								
At 18 September 2021	1,124	19	57	71	–	–	310	1,581
At 17 September 2022	1,292	64	73	64	–	–	375	1,868
At 16 September 2023	**1,266**	**55**	**67**	**68**	**–**	**–**	**414**	**1,870**

In addition to the amounts disclosed above, there are £nil (2022 – £12m) intangible assets classified as assets held for sale (see note 15).

Amortisation of non-operating intangibles of £41m (2022 – £47m) shown as an adjusting item in the income statement includes £3m (2022 – £3m) incurred by joint ventures in addition to the amounts shown above.

Impairment

As at 16 September 2023, the consolidated balance sheet included goodwill of £1,266m (2022 – £1,292m). 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	2023 £m	2022 £m
Acetum	Grocery	13.5%	**91**	93
ACH	Grocery	13.4%	**193**	208
AB Mauri	Ingredients	12.8%	**267**	289
Twinings Ovaltine	Grocery	13.6%	**119**	119
Illovo	Sugar	23.7%	**89**	105
AB World Foods	Grocery	12.5%	**78**	79
Other (not individually significant)	Various	Various	**429**	399
			1,266	1,292

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, taking into consideration 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 10.2% and 23.7% (2022 – between 9.8% and 23.4%).

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 6.0%, consistent with the inflation factors included in the discount rates applied (2022 – between 0% and 6.7%).

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.

In light of the supply side inflationary pressures combined with the cost of living pressures faced by our UK Grocery business, management performed a detailed impairment review of Jordans Dorset Ryvita, and concluded that no impairment was required. Key drivers of the forecast improvement in performance include annualisation of price increases, completion of a number of margin improvement initiatives, implementation of planned strategic initiatives and the completion of ongoing new product development. Headroom was £50m on a CGU carrying value of £137m (2022 – headroom of £26m on a CGU carrying value at £147m).
The discount rate used was 12.2% and would have to increase to more than 15.7% before value in use fell below the CGU carrying value. The long-term growth rate applied into perpetuity was 2.8%, based on forecast industry growth of 2.5% for breakfast cereals and 3.3% for biscuits.

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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 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 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
Acquisitions – externally purchased	20	86	431	452	16	1,005
Acquired through business combinations	–	4	–	–	–	4
Other disposals	(34)	(57)	(3)	–	(1)	(95)
Transfers from assets under construction	35	191	87	(313)	–	–
Transfer from assets classified as held for sale	37	75	2	–	–	114
Effect of movements in hyperinflation	–	78	19	–	–	97
Effect of movements in foreign exchange	(99)	(257)	(84)	(34)	(19)	(493)
At 16 September 2023	**2,784**	**4,539**	**4,871**	**710**	**101**	**13,005**
Depreciation and impairment						
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 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
Depreciation for the year	52	183	287	–	9	531
Impairment	22	56	3	–	2	83
Other disposals	(22)	(46)	(3)	–	(1)	(72)
Transfer from assets classified as held for sale	20	75	2	–	–	97
Effect of movements in hyperinflation	–	64	17	–	–	81
Effect of movements in foreign exchange	(37)	(158)	(50)	–	(10)	(255)
At 16 September 2023	**869**	**3,294**	**3,016**	–	**60**	**7,239**
Net book value						
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
At 16 September 2023	**1,915**	**1,245**	**1,855**	**710**	**41**	**5,766**

	2023 £m	2022 £m
Capital expenditure commitments – contracted but not provided for	**493**	364

In addition to the amounts disclosed above, there are £nil (2022 – £18m) of property, plant and equipment classified as assets held for sale (see note 15). Of this, £nil (2022 - £18m) 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.

In Grocery, the Australian Don business has been adversely affected by inflationary pressures, a surplus supply of fresh pork in the market, labour constraints and equipment reliability causing production shortfalls and additional transportation costs following the unforeseen liquidation of its distribution partner. Management therefore performed a detailed impairment review and concluded that an impairment of A$72m (£39m) should be recognised, A$62m (£34m) against plant and equipment and A$10m (£5m) against buildings. The impairment model assumed long-term growth rates beyond the forecast period of 2.0% (2022 – 2.0%) and a discount rate of 12.6% (2022 – 11.9%).

The sugar business in north China recognised a £15m write down against property, plant and equipment. This business was classified as held for sale in the previous year, but the potential buyer withdrew their offer in the second half of the year.

Due to severe flooding in Mozambique, the related damage to the sugar crop fields and the inability to plant for the foreseeable future, Illovo Mozambique recognised a £25m write-down against property, plant and equipment. Primark recognised a £3m write down against fixtures and fittings for the right-sizing of four German stores and £1m to write down a freehold store.

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 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
Additions	183	17	–	200
Lease incentives	(53)	–	–	(53)
Acquired through business combinations	1	–	–	1
Other disposals	(2)	(4)	–	(6)
Other movements	80	5	–	85
Effect of movements in foreign exchange	(72)	(6)	–	(78)
At 16 September 2023	**3,639**	**88**	**1**	**3,728**

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10. Leases *continued*

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Depreciation and impairment				
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
Depreciation for the year	257	16	–	273
Impairment	13	1	–	14
Other disposals	(1)	(4)	–	(5)
Effect of movements in foreign exchange	(23)	(4)	–	(27)
At 16 September 2023	**1,319**	**59**	–	**1,378**
Net book value				
At 18 September 2021	2,617	31	1	2,649
At 17 September 2022	2,429	26	1	2,456
At 16 September 2023	**2,320**	**29**	**1**	**2,350**

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 £14m (2022 – £134m) impairment of right-of-use assets related to Primark and the Don business (included within exceptional items).

Lease liabilities

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
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
Additions	180	18	–	198
Interest expense relating to lease liabilities	89	2	–	91
Repayment of lease liabilities	(373)	(18)	–	(391)
Other movements	80	5	–	85
Other disposals	(5)	–	–	(5)
Effect of movements in foreign exchange	(60)	(3)	–	(63)
At 16 September 2023	**3,148**	**33**	–	**3,181**

	2023 £m	2022 £m
Current	**356**	330
Non-current	**2,825**	2,936
	3,181	3,266

Lease liabilities comprise £3,160m (2022 – £3,252m) capital payable and £21m (2022 – £14m) interest payable. The interest payable is all current and disclosed within trade and other payables. Repayments comprise £308m (2022 – £321m) capital and £83m (2022 – £82m) interest.

Other information relating to leases

The Group had the following expense relating to short-term leases and low-value leases:

	2023 £m	2022 £m
Land and buildings	**2**	–
Plant and machinery	**1**	2
Fixtures and fittings	**–**	1
	3	3

The Group expensed £1m (2022 – £1m) of variable lease payments that do not form part of the lease liability. Cash outflows of £2m (2022 – £4m) that do not form part of the lease liability are expected to be made in the next 12 months.

Rental receipts of £3m (2022 – £4m) were recognised relating to operating leases. The total of future minimum rental receipts expected to be received is £43m (2022 – £36m). £10m (2022 – £11m) is due to be received in respect of sub-leasing right-of-use assets.

11. Investments in joint ventures and associates

	Joint ventures £m	Associates £m
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
Acquisitions	9	–
Profit for the period	106	18
Dividends received	(102)	(5)
Effect of movements in foreign exchange	(11)	(7)
At 16 September 2023	**303**	**91**

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	
	2023 £m	2022 £m	2023 £m	2022 £m
Non-current assets	**222**	202	**47**	46
Current assets	**541**	641	**500**	427
Current liabilities	**(414)**	(475)	**(454)**	(386)
Non-current liabilities	**(67)**	(87)	**(3)**	(3)
Goodwill	**25**	20	**1**	1
Non-controlling interest	**(4)**	–	**–**	–
Net assets	**303**	301	**91**	85
Revenue	**2,539**	2,165	**1,605**	1,313
Profit for the period	**106**	90	**18**	19

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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% (2022 – 90%) of the Group's defined benefit scheme assets and 85% (2022 – 86%) 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 2023, using the current unit method, and revealed a surplus of £1,013m. The market value of the Scheme assets was £3,648m, representing 138% 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 75% of inflation sensitivity and 76% 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 £47m in the UK and £48m overseas, totalling £95m (2022 – UK £42m, overseas £45m, totalling £87m).

Actuarial assumptions

The principal actuarial assumptions for the Group's defined benefit schemes at the year end were:

	2023 UK %	**2023 Overseas %**	2022 UK %	2022 Overseas %
Discount rate	**5.5**	**1-15.8**	4.6	0 9-13.5
Inflation	**2.7-3.4**	**0-17.4**	2 6-3.4	0-55.0
Rate of increase in salaries	**3.7-4.3**	**0-150.0**	3.7-4.3	0-40.0
Rate of increase for pensions in payment	**1.9-3.1**	**0-49.0**	1.9-3.2	0-40.0
Rate of increase for pensions in deferment (where provided)	**2.5-2.8**	**0-3.9**	2.5-2.8	0-2.3

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 2023 are derived from the S3 mortality tables with improvements in line with the 2022 projection model prepared by the Continuous Mortality Investigation of the UK actuarial profession (2022 – S3 mortality tables with improvements in line with the 2020 projection model), with a 0-year rating movement for males and females (2022 – 0-year rating movement for males and females), both with a long-term trend of 1.75% (2022 – 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:

	2023		2022	
Life expectancy from age 65 (in years)	**Male**	**Female**	Male	Female
Member aged 65 in 2023 (2022)	**21.8**	**24.2**	22.1	24.3
Member aged 65 in 2043 (2042)	**23.7**	**26.2**	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 16 September 2023 is:

	Change in assumption	Impact on scheme liabilities
Discount rate	decrease/increase by 0.1%	increase/decrease by 1.2%
Inflation	increase/decrease by 0.1%	increase by 0.6%/decrease by 0.9%
Rate of real increase in salaries	increase/decrease by 0.1%	increase/decrease by 0.9%
Rate of mortality	members assumed to be one year younger/older	increase/decrease by 2.9%

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

	2023			2022		
	UK £m	**Overseas £m**	**Total £m**	UK £m	Overseas £m	Total £m
Equities	**1,020**	**172**	**1,192**	1,135	188	1,323
Government bonds	**455**	**89**	**544**	308	92	400
Corporate and other bonds	**619**	**55**	**674**	767	47	814
Property	**314**	**36**	**350**	398	37	435
Cash and other assets	**1,145**	**57**	**1,202**	1,126	53	1,179
Scheme assets	**3,553**	**409**	**3,962**	3,734	417	4,151
Scheme liabilities	**(2,176)**	**(373)**	**(2,549)**	(2,390)	(405)	(2,795)
Aggregate net surplus	**1,377**	**36**	**1,413**	1,344	12	1,356
Irrecoverable surplus*	**–**	**(36)**	**(36)**	–	(42)	(42)
Net pension asset/(liability)	**1,377**	**–**	**1,377**	1,344	(30)	1,314
Analysed as						
Schemes in surplus	**1,397**	**49**	**1,446**	1,366	27	1,393
Schemes in deficit	**(20)**	**(49)**	**(69)**	(22)	(57)	(79)
	1,377	**–**	**1,377**	1,344	(30)	1,314
Unfunded liability included in the present value of scheme liabilities above	**(20)**	**(32)**	**(52)**	(22)	(52)	(74)

* The surpluses in the plans are only recoverable to the extent that the Group can benefit from either refunds formally agreed or from future contribution reductions

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for the 52 weeks ended 16 September 2023

12. Employee entitlements *continued*

UK Scheme

Scheme assets include £64m (2022 – £50m) of derivative instruments, £409m (2022 – £441m) of corporate debt instruments and £1,119m (2022 – £861m) of government debt

Corporate and other bonds assets of £619m (2022 – £767m) include £235m (2022 – £248m) 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 £888m (2022 – £820m) of assets whose valuation is not derived from quoted market prices.

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 18% (2022 – 24%) in respect of active participants, 21% (2022 – 20%) for deferred participants and 61% (2022 – 56%) for pensioners.

The weighted average duration of the defined benefit scheme liabilities at the end of the year is 12 years for both UK and overseas schemes (2022 – 15 years for both UK and overseas schemes).

The Group recognises the accounting surplus as it has the ability to use the surplus to meet employer contributions to the UK Scheme, covering both the defined benefit and defined contribution sections. This has been agreed with the independent Trustee Board for the new financial year. See the Cash flow section below for further details

Income statement

The charge to the income statement for employee benefit schemes comprises:

	Note	2023 £m	2022 £m
Charged to operating profit:			
Defined benefit schemes			
Current service cost	3	**(31)**	(45)
Past service cost	3	**(2)**	–
Defined contribution schemes	3	**(95)**	(87)
Total operating cost		**(128)**	(132)
Reported in other financial income:			
Net interest income on the net pension asset		**62**	10
Interest charge on irrecoverable surplus		**(2)**	(1)
Net impact on profit before tax		**(68)**	(123)

Cash flow

Group cash flow in respect of employee benefits schemes comprises contributions paid to funded schemes of £36m (2022 – £36m) and benefits paid in respect of unfunded schemes of £5m (2022 – £2m). Contributions to funded defined benefit schemes are subject to periodic review. Contributions to defined contribution schemes amounted to £95m (2022 – £87m).

Total contributions to funded schemes and benefit payments by the Group in respect of unfunded schemes in 2024 are currently expected to be approximately £3m in the UK and £10m overseas, totalling £13m (2022 – UK £29m, overseas £10m, totalling £39m).

As part of the triennial funding valuation of the UK Scheme as at 5 April 2023, which was finalised with the independent trustee board in September 2023, the Company has agreed an abatement of all UK employer contributions to the UK Scheme, covering both the defined benefit and defined contribution sections from the start of the new financial year. The employer contributions will instead be met from the surplus in the UK Scheme. This is subject to a solvency check, assessed annually by the Scheme Actuary. This is expected to result in approximately £70m cash flow benefit for the Group in the new financial year

Other comprehensive income

Remeasurements of the net pension asset recognised in other comprehensive income are as follows:

	2023 £m	2022 £m
Return on scheme assets excluding amounts included in net interest in the income statement	**(238)**	(582)
Actuarial gains arising from changes in financial assumptions	**264**	1,440
Actuarial gains arising from changes in demographic assumptions	**18**	11
Experience losses on scheme liabilities	**(57)**	(38)
Change in unrecognised surplus	**6**	(10)
Remeasurements of the net pension (liability)/asset	**(7)**	821

Reconciliation of change in assets and liabilities

	2023 assets £m	2022 assets £m	2023 liabilities £m	2022 liabilities £m	2023 net £m	2022 net £m
At beginning of year	**4,151**	4,728	**(2,795)**	(4,209)	**1,356**	519
Current service cost	**–**	–	**(31)**	(45)	**(31)**	(45)
Employee contributions	**7**	8	**(7)**	(8)	**–**	–
Employer contributions	**36**	36	**–**	–	**36**	36
Benefit payments	**(161)**	(154)	**166**	156	**5**	2
Past service cost	**–**	–	**(2)**	–	**(2)**	–
Interest income/(expense)	**185**	84	**(123)**	(74)	**62**	10
Loss on scheme assets less interest income	**(238)**	(582)	**–**	–	**(238)**	(582)
Actuarial gains arising from changes in financial assumptions	**–**	–	**264**	1,440	**264**	1,440
Actuarial gains arising from changes in demographic assumptions	**–**	–	**18**	11	**18**	11
Experience losses on scheme liabilities	**–**	–	**(57)**	(38)	**(57)**	(38)
Effect of movements in foreign exchange	**(18)**	31	**18**	(28)	**–**	3
At end of year	**3,962**	4,151	**(2,549)**	(2,795)	**1,413**	1,356

Reconciliation of change in irrecoverable surplus

	Note	2023 £m	2022 £m
At beginning of year		**(42)**	(26)
Change recognised in other comprehensive income		**6**	(10)
Interest charge on irrecoverable surplus	4	**(2)**	(1)
Effect of movements in foreign exchange		**2**	(5)
At end of year		**(36)**	(42)

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 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
Amount credited to the income statement	**73**	**(3)**	**(30)**	**12**	**–**	**(11)**	**(53)**	**(12)**
Amount credited to equity	**–**	**–**	**–**	**(5)**	**(40)**	**5**	**–**	**(40)**
Acquired through business combinations	**–**	**7**	**–**	**1**	**–**	**(1)**	**(1)**	**6**
Effect of changes in tax rates on the income statement	**3**	**–**	**–**	**2**	**–**	**–**	**–**	**5**
Effect of hyperinflationary economies taken to operating profit	**4**	**–**	**–**	**–**	**–**	**–**	**–**	**4**
Transfer from assets/liabilities held for sale	**(5)**	**–**	**–**	**–**	**–**	**–**	**–**	**(5)**
Effect of movements in foreign exchange	**(19)**	**(3)**	**3**	**–**	**–**	**3**	**2**	**(14)**
At 16 September 2023	**243**	**118**	**(105)**	**334**	**–**	**(79)**	**(78)**	**433**

Notes forming part of the financial statements

for the 52 weeks ended 16 September 2023

13. Deferred tax assets and liabilities *continued*

Provisions and other temporary differences include provisions of £(103)m (2022 – £(93)m), biological assets of £33m (2022 – £32m), tax credits of £(9)m (2022 – £(16)m) and other temporary differences of £nil (2022 – £2m).

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:

	2023 £m	2022 £m
Deferred tax assets	**(193)**	(158)
Deferred tax liabilities	**626**	647
	433	489

In addition to the amounts disclosed above, there are £nil (2022 – £5m) 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 £358m (2022 – £348m). Of these tax losses, £186m (2022 – £188m) will expire at various dates between 2023 and 2028 (2022: 2022 and 2027). Deferred tax assets have also not been recognised in respect of other temporary differences of £353m (2022 – £516m). This includes £160m (2022 – £378m) relating to property, plant and equipment and leases in Germany which were derecognised following the impairment in 2022 (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 £2,527m (2022 – £2,029m), resulting in temporary differences of £1,426m (2022 – £1,495m). 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.

14. Trade and other receivables

	2023 £m	2022 £m
Non-current – other receivables		
Loans and receivables	**31**	29
Other non-current investments	**32**	29
	63	58
Current – trade and other receivables		
Trade receivables	**1,319**	1,311
Other receivables	**223**	218
Accrued income	**26**	35
	1,568	1,564
Prepayments and other non-financial receivables	**210**	194
	1,778	1,758

In addition to the amounts disclosed above, there are £nil (2022 – £3m) 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 £32m (2022 – £29m) in respect of finance lease receivables, with £28m in non-current loans and receivables and £4m in current other receivables (2022 – £25m in non-current loans and receivables and £4m in current other receivables). Minimum lease payments receivable are £4m within one year, £11m between one and five years and £17m in more than five years (2022 – £4m within one year, £16m between one and five years and £9m 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 has no assets and liabilities classified as held for sale at year end. In the prior year, the Group's north China sugar business was classified as held for sale. The proposed buyer withdrew their offer in the second half of this year and the Group has since recognised a £15m non-cash exceptional impairment charge to write down the property, plant and equipment in that business.

16. Inventories

	2023 £m	2022 £m
Raw materials and consumables	**599**	607
Work in progress	**78**	70
Finished goods and goods held for resale	**2,530**	2,582
	3,207	3,259
Write-down of inventories	**(123)**	(115)

In addition to the amounts disclosed above, there are £nil (2022 – £7m) of inventories classified as assets held for sale (see note 15).

17. Biological assets

	Growing cane £m	Other £m	Total £m
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
Effects of movements in foreign exchange	7	1	8
At 17 September 2022	97	8	105
Transferred to inventory	(121)	(14)	(135)
Purchases	3	6	9
Impairment	(7)	–	(7)
Changes in fair value	135	11	146
Effect of movements in foreign exchange	(19)	–	(19)
At 16 September 2023	**88**	**11**	**99**

Impairment

The methodology used to assess current biological 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 £7m (2022 – £nil) impairment of current biological assets in Illovo Mozambique due to the severe flooding and damage to the sugar crop fields (included within exceptional items).

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 16 September 2023:

	South Africa	Malawi	Zambia	Eswatini	Tanzania	Mozambique
Expected area to harvest (hectares)	**5,729**	**18,819**	**15,700**	**10,580**	**9,578**	–
Estimated yield (tonnes cane/hectare)	**67.9**	**100.1**	**114.0**	**92.0**	**80.2**	–
Average maturity of growing cane	**46.4%**	**67.4%**	**65.7%**	**67.7%**	**46.2%**	–

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17. Biological assets *continued*

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%

A 1% change in the unobservable inputs could increase or decrease the fair value of growing cane as follows:

	2023		2022	
	+1% £m	-1% £m	+1% £m	-1% £m
Estimated sucrose content	**1.6**	**(1.6)**	1.2	(1.2)
Estimated sucrose price	**1.9**	**(1.9)**	1.4	(1.4)

18. Cash and cash equivalents

	Note	2023 £m	2022 £m
Cash			
Cash at bank and in hand		**481**	674
Cash equivalents		**976**	1,447
Cash and cash equivalents	26	**1,457**	2,121
Reconciliation to the cash flow statement			
Bank overdrafts	19	**(69)**	(126)
Cash and cash equivalents in the cash flow statement		**1,388**	1,995
Cash and cash equivalents on the face of the balance sheet		**1,457**	2,121
		1,457	2,121

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 and money market funds 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	2023 £m	2022 £m
Current loans and overdrafts			
Secured loans		**–**	1
Unsecured loans and overdrafts		**168**	156
		168	157
Non-current loans			
Unsecured loans		**394**	480
		394	480
	26	**562**	637

	Note	2023 £m	2022 £m
Secured loans			
• Other floating rate		–	1
Unsecured loans and overdrafts			
• Bank overdrafts	18	**69**	126
• GBP fixed rate		**397**	390
• USD floating rate		**8**	8
• USD fixed rate		**81**	87
• EUR floating rate		**1**	2
• Other floating rate		**9**	13
• Other fixed rate		**2**	10
	26	**562**	637

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

	2023 £m	2022 £m
Trade payables	**1,177**	1,362
Accruals	**1,271**	1,275
	2,448	2,637
Deferred income and other non-financial payables	**505**	477
	2,953	3,114

In addition to the amounts disclosed above, there are no trade and other payables (2022 – £14m) 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 £75m (2022 – £45m).

21. Provisions

	Restructuring £m	Deferred consideration £m	Other £m	Total £m
At 17 September 2022	55	20	38	113
Created	21	2	67	90
Utilised	(39)	(16)	(9)	(64)
Released	(18)	–	(13)	(31)
Effect of movements in foreign exchange	(1)	–	(4)	(5)
At 16 September 2023	**18**	**6**	**79**	**103**
Current	18	3	34	55
Non-current	–	3	45	48
	18	**6**	**79**	**103**

Financial liabilities within provisions comprised deferred consideration in both years (see note 26).

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21. Provisions *continued*

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.

22. Share capital and reserves

Share capital

At 16 September 2023, the Company's issued and fully paid share capital comprised 767,953,088 ordinary shares of 5 $^{11}/_{22}$p, each carrying one vote per share (2022 – 791,674,183). Total nominal value was £44m (2022 – £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. £1m arose in 2023 as a transfer to capital redemption reserve following the purchase and subsequent cancellation of shares (2022 – nil).

The remaining £3m comprises a £4m unrealised gain on investments held at fair value through other comprehensive income, net of £1m deferred tax (2022 – £3m, £4m and £1m, respectively).

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

2023

In the first half, the Agriculture division acquired Kite Consulting, Advance Sourcing and Progres. Kite Consulting is a specialist dairy consultant and Advance Sourcing provides specialist products to create value by improving herd performance and supports dairy farmers to improve herd efficiency and build resilience across the agri-food supply chain. Progres in Finland uses a patented additive to support good health, reduce inflammation and stimulate recovery, which improves gut integrity and the performance of animals.

In April, the Ingredients division acquired Vital Solutions, a German company specialising in natural science-based ingredients for application in dietary supplements and functional foods.

The Agriculture division acquired IFCN AG, a dairy research and consulting company in June and in August acquired National Milk Records plc (NMR) for £48m. NMR is the leading agri-tech supplier of management information and testing services to the UK dairy supply chain, developing technology used to inform farming efficiency and animal welfare, and quantify food provenance.

	Pre-acquisition carrying values £m	Recognised values on acquisition: National Milk Records £m	Recognised values on acquisition: Other £m	Recognised values on acquisition: Total £m
Net assets				
Intangible assets	3	23	12	35
Property, plant and equipment and right-of-use assets	5	4	1	5
Investment in joint ventures	3	9	–	9
Cash and overdrafts	1	–	1	1
Working capital	(1)	–	(1)	(1)
Loans	(2)	(2)	–	(2)
Taxation	1	(4)	(2)	(6)
Net identifiable assets and liabilities	10	30	11	41
Goodwill		18	21	39
Total consideration		48	32	80

	Recognised values on acquisition £m
Satisfied by	
Cash consideration	78
Deferred consideration	2
	80
Net cash	
Cash consideration	78
Cash and cash equivalents acquired	(1)
	77

Pre-acquisition carrying amounts were the same as recognised values on acquisition apart from £32m of non-operating intangibles in respect of brands, technology and customer relationships, a £7m related deferred tax liability, a £6m uplift to the investment in joint ventures and goodwill of £39m. Cash flow on acquisition of subsidiaries, joint ventures and associates of £94m comprised £78m cash consideration less £1m cash and overdrafts acquired, £16m of deferred consideration relating to previous acquisitions and a £1m contribution to an existing joint venture in China

2022

In January, the Group acquired 100% of Fytexia, a B2B specialty ingredients business in France and Italy producing and formulating polyphenols-based active ingredients for the dietary supplements industry. In July, the Group acquired Greencoat, a UK-based animal supplement and care 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.

Pre-acquisition carrying amounts were the same as recognised values on acquisition apart from £88m 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 £154m 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.

Disposals

2023

The Group agreed to sell property, plant and equipment to its Chinese joint venture partner. Profit on sale was £3m. In March Gledhow, the Group's 30% equity-accounted associate in Illovo South Africa, formally went into business rescue. A non-cash provision of £6m was booked on the financial guarantee held on this business' liabilities.

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.

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24. Share-based payments

The annual charge in the income statement for equity-settled share-based payments schemes was £18m (2022 – £19m).
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 100 to 115.

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
2023	**6,090,005**	**3,113,056**	**(607,140)**	**(1,618,739)**	**6,977,182**
2022	5,419,237	2,445,814	(718,185)	(1,056,861)	6,090,005

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 16 September 2023 the Trust held 4,734,992 (2022 – 3,042,132) ordinary shares of the Company. The market value of these shares at the year end was £99m (2022 – £40m). The Trust has waived its right to dividends. Movements in the year were a release of 607,140 shares and the purchase of 2,300,000 shares (2022 – release of 718,185 shares and the purchase of 2,413,228 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 1,544p (2022 – 1,660p) and the weighted average share price was 1,925p (2022 – 1,975p). The dividend yield used was 2.5% (2022 – 2.5%).

25. Analysis of net debt

	At 17 September 2022 £m	Cash flow £m	Acquisitions and disposals £m	New leases, non-cash items and transfers £m	Exchange adjustments £m	**At 16 September 2023 £m**
Short-term loans	(31)	13	(1)	(87)	7	**(99)**
Long-term loans	(480)	–	(1)	87	–	**(394)**
Lease liabilities	(3,252)	308	–	(279)	63	**(3,160)**
Total liabilities from financing activities	(3,763)	321	(2)	(279)	70	**(3,653)**
Cash at bank and in hand, cash equivalents and overdrafts	1,995	(534)	–	–	(73)	**1,388**
Current asset investments	4	(3)	–	–	(1)	–
Net debt including lease liabilities	(1,764)	(216)	(2)	(279)	(4)	**(2,265)**

	At 18 September 2021 £m	Cash flow £m	Acquisitions and disposals £m	New leases, non-cash items and transfers £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
Net debt including lease liabilities	(1,380)	(143)	(31)	(186)	(24)	(1,764)

Cash and cash equivalents comprise bank and cash balances, deposits and short-term investments with original maturities of three months or less. £69m (2022 – £126m) 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 before lease liabilities is £895m, comprising cash at bank and in hand, cash equivalents and overdrafts of £1,388m, short-term loans of £99m, long-term loans of £394m and current asset investments of £nil (2022 – £1,488m, £1,995m, £31m, £480m and £4m,respectively[1].

£69m (2022 – £126m) of bank overdrafts plus the £99m (2022 – £31m) of short-term loans shown above comprise the £168m (2022 – £157m) 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 £335m and £2,825m respectively (2022 – £316m and £2,936m respectively) comprise the £3,160m (2022 – £3,252m) 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 £(18)m, expense of £(128)m, payments of £118m, effect of hyperinflationary economies of £3m and a closing balance of £(25)m (2022 – opening balance of £(20)m, expense of £(111)m, payments of £114m, fx of £(1)m and a closing balance of £(18)m).

Notes forming part of the financial statements

for the 52 weeks ended 16 September 2023

26. Financial instruments

Financial instruments include £nil (2022 – £3m) of trade and other receivables and £nil (2022 – £14m) of trade and other payables which are classified as held for sale (see note 15). All disclosures in this note are given gross, before the held-for-sale reclassification is made.

a) Carrying amount and fair values of financial assets and liabilities

	2023 £m	2022 £m
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	**1,457**	2,121
Current asset investments	**–**	4
Trade and other receivables	**1,568**	1,567
Other non-current receivables	**31**	29
At fair value through other comprehensive income		
Investments	**32**	29
At fair value through profit or loss		
Derivative assets not designated in a cash flow hedging relationship:		
• currency derivatives (excluding cross-currency swaps)	**11**	50
• commodity derivatives	**–**	3
Designated cash flow hedging relationships		
Derivative assets designated and effective as cash flow hedging instruments:		
• currency derivatives (excluding cross-currency swaps)	**40**	70
• cross-currency swaps	**24**	29
• interest rate derivatives	**4**	–
• commodity derivatives	**17**	323
Total financial assets	**3,184**	4,225
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**(2,448)**	(2,651)
Secured loans	**–**	(1)
Unsecured loans and overdrafts (fair value 2023 – £470m; 2022 – £571m)	**(562)**	(636)
Lease liabilities (fair value 2023 – £3,178m; 2022 – £3,471m)	**(3,160)**	(3,252)
Deferred consideration	**(6)**	(20)
At fair value through profit or loss		
Derivative liabilities not designated in a cash flow hedging relationship:		
• currency derivatives (excluding cross-currency swaps)	**(6)**	(5)
• commodity derivatives	**–**	(3)
Designated net investment hedging relationships		
Derivative liabilities designated as net investment hedging instruments:		
• cross-currency swaps	**(7)**	(7)
Designated cash flow hedging relationships		
Derivative liabilities designated and effective as cash flow hedging instruments:		
• currency derivatives (excluding cross-currency swaps)	**(4)**	(17)
• interest rate derivatives	**–**	(3)
• commodity derivatives	**(52)**	(170)
Total financial liabilities	**(6,245)**	(6,765)
Net financial liabilities	**(3,061)**	(2,540)

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.

	2023				2022			
	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)	**2,402**	**–**	**51**	**51**	2,193	–	120	120
Cross-currency swaps	**84**	**–**	**24**	**24**	94	–	29	29
Interest rate derivatives	**400**	**–**	**4**	**4**				
Commodity derivatives	**163**	**5**	**12**	**17**	439	3	323	326
	3,049	**5**	**91**	**96**	2,726	3	472	475
Financial liabilities								
Currency derivatives (excluding cross-currency swaps)	**626**	**–**	**(10)**	**(10)**	921	–	(22)	(22)
Cross-currency swaps	**65**	**–**	**(7)**	**(7)**	68	–	(7)	(7)
Interest rate derivatives	**–**	**–**	**–**	**–**	400	–	(3)	(3)
Commodity derivatives	**275**	**(2)**	**(50)**	**(52)**	366	–	(173)	(173)
	966	**(2)**	**(67)**	**(69)**	1,755	–	(205)	(205)

Notes forming part of the financial statements

for the 52 weeks ended 16 September 2023

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.

	2023					2022				
	Currency derivatives (excluding cross-currency) £m	**Cross-currency swaps £m**	**Interest rate derivatives £m**	**Commodity derivatives £m**	**Total £m**	Currency derivatives (excluding cross-currency) £m	Cross-currency swaps £m	Interest rate derivatives £m	Commodity derivatives £m	Total £m
Opening balance	**(41)**	**–**	**2**	**(115)**	**(154)**	(14)	(1)	–	(28)	(43)
Losses/(gains) recognised in the hedging reserve	**73**	**5**	**(5)**	**339**	**412**	(295)	(20)	3	(234)	(546)
Amount removed from the hedging reserve and included in the income statement:										
• revenue	**(6)**	**–**	**–**	**(7)**	**(13)**	5	–	–	(4)	1
• cost of sales	**–**	**–**	**–**	**(132)**	**(132)**	–	–	–	105	105
• other financial (income)/expense	**–**	**(7)**	**–**	**–**	**(7)**	–	21	–	–	21
Amount removed from the hedging reserve and included in a non-financial asset:										
• inventory	**(52)**	**–**	**–**	**(16)**	**(68)**	258	–	–	22	280
Deferred tax	**(2)**	**–**	**1**	**(39)**	**(40)**	5	–	(1)	24	28
Closing balance	**(28)**	**(2)**	**(2)**	**30**	**(2)**	(41)	–	2	(115)	(154)
Cash flows are expected to occur:										
• within six months	**(15)**	**–**	**–**	**25**	**10**	(36)	–	2	(105)	(139)
• between six months and one year	**(13)**	**(2)**	**(2)**	**4**	**(13)**	(6)	–	–	(10)	(16)
• between one and two years	**–**	**–**	**–**	**1**	**1**	1	–	–	–	1
	(28)	**(2)**	**(2)**	**30**	**(2)**	(41)	–	2	(115)	(154)

Of the closing balance of £(2)m, £(2)m is attributable to equity shareholders and £nil to non-controlling interests (2022 – £(154)m, £(154)m attributable to equity shareholders and £nil to non-controlling interests). Of the net movement in the year of £(152)m, £(152m is attributable to equity shareholders and £nil to non-controlling interests (2022 – £(111)m, £(111)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 £3m (2022 – £1m).

The balance in the cost of hedging reserve was not significant at 17 September 2022 or 16 September 2023.

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 governance committees have been established and are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its policies 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 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 commercial and 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 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 typically 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.

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 loss of £2m (2022 – £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 £nil to the translation reserve, all of which was attributable to equity shareholders (2022 – £1m has been debited 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 sale of finished goods linked to market indices, the consequent exposure to changes in market prices.

The Group purchases a wide range of commodities in the ordinary course of business and has some sales contracts which are linked to financial market indices. 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 16 September 2023

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 £16m (2022 – £62m) and £(13)m (2022 £(57)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 16 September 2023, £475m (85%) (2022 – £487m and 76%) 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 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 13-month period to September 2024.

(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 169.

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) 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 typically 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 US dollars, euros and sterling.
- 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

	2023					
	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)	**2,024**	**36**	**Sep 24**	**100%**	**36**	**(36)**
• cross-currency swaps	**84**	**24**	**Mar 24**	**100%**	**6**	**(6)**
• commodity derivatives	**427**	**(35)**	**Sep 24**	**100%**	**(35)**	**35**
• interest rate derivatives	**400**	**4**	**Sep 24**	**100%**	**4**	**(4)**
Designated net investment hedging relationships:						
• currency derivatives (cross-currency swaps)	**65**	**(7)**	**Mar 24**	**100%**	**–**	**–**
Non-current						
Designated cash flow hedging relationships:						
• currency derivatives (excluding cross-currency swaps)	**21**	**–**	**Apr 25**	**100%**	**–**	**–**
• commodity derivatives	**11**	**–**	**Feb 25**	**100%**	**–**	**–**

	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 derivatives	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

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 16 September 2023, £2,045m of forward foreign currency contracts designated as cash flow hedges were outstanding (2022 – £2,134m), largely in relation to purchases of USD (£1,702m) and sales of EUR (£203m) with varying maturities up to April 2025. Weighted average hedge rates for these contracts are GBPUSD: 1.264, EURUSD: 1.098 and GBPEUR: 1.145. 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 February 2025.

The analysis of the Group's foreign currency exposure to financial assets and liabilities by currency of denomination is as follows:

	2023				
	Sterling £m	**US dollar £m**	**Euro £m**	**Other £m**	**Total £m**
Financial assets					
Cash and cash equivalents	**–**	**264**	**17**	**32**	**313**
Trade and other receivables	**–**	**50**	**56**	**19**	**125**
	–	**314**	**73**	**51**	**438**
Financial liabilities					
Trade and other payables	**(17)**	**(381)**	**(41)**	**(6)**	**(445)**
Unsecured loans and overdrafts	**–**	**(81)**	**–**	**1**	**(80)**
	(17)	**(462)**	**(41)**	**(5)**	**(525)**
Currency derivatives					
Gross amounts receivable	**67**	**1,890**	**112**	**466**	**2,535**
Gross amounts payable	**(3)**	**(161)**	**(299)**	**(179)**	**(642)**
	64	**1,729**	**(187)**	**287**	**1,893**
	47	**1,581**	**(155)**	**333**	**1,806**

	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

The following major exchange rates applied during the year:

	Average rate		Closing rate	
	2023	2022	**2023**	2022
US dollar	**1.22**	1.29	**1.24**	1.14
Euro	**1.15**	1.18	**1.16**	1.14

Sensitivity analysis – translation impact of non-functional assets and liabilities

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.

10% strengthening against other currencies of	**2023 impact on profit for the period £m**	**2023 impact on total equity £m**	2022 impact on profit for the period £m	2022 impact on total equity £m
Sterling	**1**	**6**	–	6
US dollar	**21**	**164**	19	172
Euro	**(2)**	**(19)**	(19)	(41)
Other	**29**	**32**	16	22

Sensitivity analysis – translation of foreign operations profit before tax

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	**2023 impact on profit for the period £m**	2022 impact on profit for the period £m
US dollar	**(24)**	(18)
Euro	**(22)**	(3)
Other	**(27)**	(30)

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, suppliers, and from financial institutions.

The immediate credit exposure of financial derivatives is represented by those financial derivatives that have a net positive fair value by counterparty at 16 September 2023. The Group considers its maximum exposure to credit risk to be:

	2023 £m	2022 £m
Cash and cash equivalents	**1,457**	2,121
Current asset investments	**–**	4
Trade and other receivables	**1,568**	1,567
Other non-current receivables	**31**	29
Investments	**32**	29
Derivative assets at fair value through profit and loss	**11**	53
Derivative assets in designated cash flow hedging relationships	**78**	415
	3,177	4,218

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 16 September 2023

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:

2023

			Derivatives				
Long-term issuer rating	Current asset investments £m	Cash equivalents £m	Currency derivatives £m	Cross-currency swaps £m	Interest rate swaps	Commodities £m	Total £m
AA	–	**50**	**2**	–	–	–	**52**
A	–	**874**	**39**	**17**	**4**	**1**	**935**
Not rated	–	**52**	–	–	–	**7**	**59**
Total	–	**976**	**41**	**17**	**4**	**8**	**1,046**

2022

			Derivatives				
Long-term issuer rating	Current asset investments £m	Cash equivalents £m	Currency derivatives £m	Cross-currency swaps £m	Interest rate swaps	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

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 £481m (2022 – £674m) has been excluded from this analysis as the balances are available on demand. The significant majority of cash balances and short-term deposits are held with strong investment-grade banks or financial institutions

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:

	2023 £m	2022 £m
UK	**584**	579
Europe & Africa	**398**	385
The Americas	**216**	230
Asia Pacific	**370**	373
	1,568	1,567

Trade receivables can be analysed as follows:

	2023 £m	2022 £m
Not overdue	**1,157**	1,129
Up to one month past due	**121**	137
Between one and two months past due	**29**	31
Between two and three months past due	**10**	10
More than three months past due	**30**	31
Expected loss provision	**(28)**	(27)
	1,319	1,311

Trade receivables are stated net of the following expected loss provision:

	2023 £m	2022 £m
Opening balance	**27**	24
Increase charged to the income statement	**7**	6
Amounts released	**(2)**	(4)
Amounts written off	**(2)**	(1)
Effect of movements in foreign exchange	**(2)**	2
Closing balance	**28**	27

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

Policies 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 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 176

Notes forming part of the financial statements

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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:

	Note	2023 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	**(2,380)**	**(68)**	**–**	**–**	**–**	**(2,448)**	**(2,448)**
Unsecured loans and overdrafts	19	**(80)**	**(101)**	**(13)**	**(30)**	**(460)**	**(684)**	**(562)**
Lease liabilities	10	**(197)**	**(210)**	**(406)**	**(1,057)**	**(2,074)**	**(3,944)**	**(3,160)**
Deferred consideration	21	**(2)**	**(1)**	**(3)**	**–**	**–**	**(6)**	**(6)**
Derivative financial liabilities								
• Currency derivatives (excluding cross-currency swaps) (net payments)		**(4)**	**–**	**–**	**(3)**	**–**	**(7)**	**(10)**
• Commodity derivatives (net payments)		**(46)**	**(5)**	**(1)**	**–**	**–**	**(52)**	**(52)**
Total financial liabilities		**(2,709)**	**(385)**	**(423)**	**(1,090)**	**(2,534)**	**(7,141)**	**(6,238)**

	Note	2022 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)

The above tables do not include forecast data for liabilities which may be incurred in the future but which were not contracted at 16 September 2023.

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 at 16 September 2023 amounted to £1,516m (2022 – £1,567m):

	2023 Facility £m	Drawn £m	Undrawn £m	2022 Facility £m	Drawn £m	Undrawn £m
Committed Revolving Credit Facility	**1,500**	**–**	**1,500**	1,500	–	1,500
Public Bond due in 2034	**390**	**390**	**–**	390	390	–
US private placement	**81**	**81**	**–**	87	87	–
Illovo	**29**	**15**	**14**	77	12	65
Other	**2**	**–**	**2**	9	7	2
	2,002	**486**	**1,516**	2,063	496	1,567

Uncommitted facilities available at 16 September 2023 were:

	2023			2022		
	Facility £m	**Drawn £m**	**Undrawn £m**	Facility £m	Drawn £m	Undrawn £m
Illovo	**115**	**50**	**65**	188	99	89
Azucarera	**33**	**1**	**32**	36	2	34
China	**35**	**–**	**35**	39	–	39
Moneymarket lines	**–**	**–**	**–**	100	–	100
Other	**180**	**25**	**155**	162	40	122
	363	**76**	**287**	525	141	384

In addition to the above facilities there are also £149m (2022 – £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.

Uncommitted bank borrowing facilities are normally reaffirmed by the banks annually, although they can 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 36 to 39.

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 £11,093m (2022 – £11,448m). 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 and committed revolving credit 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 16 September 2023, Group companies have provided guarantees in the ordinary course of business amounting to £1,724m (2022 – £1,754m).

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 (£50m; 2022 – £52m). 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. Since the balance sheet date, a proclamation from the appeal court in Thailand has been made regarding the appeal by the defendant that reverses the previous judgement that was given in 2021. We are currently reviewing next steps with legal counsel.

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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	2023 £000	2022 £000
Charges to Wittington Investments Limited in respect of services provided by the Company and its subsidiary undertakings		**985**	930
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	**11,219**	12,361
(ii) directors of Wittington Investments Limited who are not trustees of the Foundation and their close family		**2,159**	2,322
(iii) directors of the Company who are not trustees of the Foundation and are not directors of Wittington Investments Limited	2	**89**	128
Sales to fellow subsidiary undertakings on normal trading terms	3	**18**	48
Sales to companies with common key management personnel on normal trading terms	4	**9,912**	16,891
Amounts due from companies with common key management personnel	4	**1,028**	2,898
Sales to joint ventures on normal trading terms		**40,645**	54,111
Sales to associates on normal trading terms		**88,753**	73,360
Purchases from joint ventures on normal trading terms		**482,267**	436,467
Purchases from associates on normal trading terms		**97,844**	13,879
Amounts due from joint ventures		**36,986**	37,865
Amounts due from associates		**8,745**	9,151
Amounts due to joint ventures		**17,609**	30,214
Amounts due to associates		**7,161**	594

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 16 September 2023 was the beneficial owner of 683,073 shares (2022 – 683,073 shares) in Wittington Investments Limited representing 79.2% (2022 – 79.2%) of that company's issued share capital and is, therefore, the Company's ultimate controlling party. At 16 September 2023, the trustees of the Foundation comprised nine grandchildren of the late W. Garfield Weston of whom five are children of the late Garry H. Weston.
2. Details of the directors are given on pages 80 and 81. Their interests, including family interests, in the Company and its subsidiary undertakings are given on page 112 and 114. Key management personnel are considered to be the directors, and their remuneration is disclosed within the Remuneration Report on pages 100 to 115.
3. The fellow subsidiary undertaking is Fortnum and Mason plc.
4. The company with common key management personnel is the George Weston Limited group, in Canada.

Amounts due from joint ventures include £32m (2022 – £29m) of finance lease receivables (see note 14). The remainder of the balance is trading balances. All but £4m (2022 – £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 16 September 2023 Wittington, together with its subsidiary, Howard Investments Limited, held 431,515,108 ordinary shares (2022 – 431,515,108) representing in aggregate 56.2% (2022 – 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 16 September 2023, have a combined interest in approximately 59.8% (2022 – 58.4%) of the Company's voting rights. Information on the relationship agreement between the Company and its controlling shareholders is set out on pages 116 and 117 of the Directors' Report.

Subsidiary undertakings

A list of the Group's subsidiaries as at 16 September 2023 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 and ABF Investments (No. 2) Limited 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	
England & Wales	
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 BRL 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	
ABF HK Finance Limited	
ABF Ingredients Limited	
ABF Investments plc	
ABF Investments (No.2) Limited	
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)	
Agrilines 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.E. International Foods Limited	
Banbury Agriculture Limited	
British Sugar (Overseas) Limited	
British Sugar plc	
BSO (China) Limited	
Cereal Industries Limited	
Cereform Limited	
Dairy Consulting Limited	
Davjon Food Limited	

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29. Group entities *continued*

Subsidiary undertakings	% effective holding if not 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	
Greencoat Limited	
Greencoat Farm Limited	
H5 Limited	
Illovo Sugar Africa Holdings Limited	
John K. King & Sons Limited	
Kingsgate Food Ingredients Limited	
KO2 Limited	
LeafTC Limited	
Mauri Products Limited	
Mountsfield Park Finance Limited	
Natural Vetcare 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	
Prae Oils Public Limited Company	
Primark (U.K.) Limited	
Primark Austria Limited	
Primark Mode Limited	
Primark Pension Administration Services Limited (dissolved 24 October 2023)	
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 (dissolved 26 September 2023)	
Shep-Hair Products Limited	
Spectrum Aviation Limited	
Speedbake Limited	
Sunblest Bakeries Limited	
The Bakery School Limited (dissolved 3 October 2023)	
The Billington Food Group Limited	
The Home Grown Sugar Company Limited	
The Jordans & Ryvita Company Limited	
The Natural Sweetness Company Limited	
The Roadmap Company Limited	
The Silver Spoon Company Limited	
Tip Top Bakeries Limited	
Trident Feeds Limited	
Twining Crosfield & Co Limited	
Vivergo Fuels Limited	
W. Jordan & Son (Silo) Limited	
W. Jordan (Cereals) Limited	
Werenam Gravel Company Limited (The)	
Westmill Foods Limited	
Weston Biscuit Company Limited (The)	
Weston Foods Limited	
Weston Research Laboratories Limited	
Worldwing Investments Limited *Vernon House, 40 New North Road, Huddersfield, West Yorkshire HD1 5LS, United Kingdom*	
Proper Nutty Limited *Fox Talbot House, Unit 4 Greenways Business Park, Bellinger Close, Chippenham, Wiltshire, SN15 1BN United Kingdom*	
National Milk Records Limited	
National Livestock Records Limited	
National Milk Records Trustee Company Limited	
Noraic Star Ltd	
Northern Ireland	
1 College Place North, Belfast, BT1 6BG, United Kingdom	
James Neill, Limited *Unit 4, 211 Castle Road, Randalstown, Co Antrim, BT41 2FB, United Kingdom*	
Jordan Bros. (N.I.) Limited	
Nutrition Services (International) Limited	
Vistavet Limited	
Scotland	
32 Kelvin Avenue, Hillington Park, Glasgow, G52 4LT, United Kingdom	
National Milk Laboratories Limited *180 Glentanar Road, Glasgow, G22 7UP, United Kingdom*	
ABN (Scotland) Limited *Miller Samuel LLP, RWF House, 5 Renfield Street, Glasgow, G2 5EZ, United Kingdom*	
Norway Foods Limited	
Norway Holdings Limited	
Patak's Chilled Foods Limited	
Patak's Frozen Foods Limited	
Argentina	
Mariscal Antonio José de Sucre 632 – 2° Floor, Buenos Aires 1428, Argentina	
AB Mauri Hispanoamerica S.A.	
Surgras S.A. (In liquidation)	
Compañía Argentina De Levaduras S.A.I.C.	
Australia	
Building A, Level 2, 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	
CCD Animal Health Pty Ltd	
Dagan Trading Pty. Ltd	

Subsidiary undertakings	% effective holding if not 100%
Food Investments Pty. Limited	
George Weston Foods (Victoria) Pty Ltd	
George Weston Foods Limited	
Indonesian Yeast Company Pty Limited	
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	
Serrol Ingredients Pty Limited	
The Jordans and Ryvita Company Australia Pty Ltd	
Yum'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	
Wolfzeile 11/2. OG, 1010 Vienna, Austria	
Primark Austria Ltd & Co KG *Krottenbachstrasse, 82-88/Stg 1/Top 5, 1190 Vienna, Austria*	
Nutrilabs GmbH	
Bangladesh	
Level 13 Shanta Western Tower, Bir Uttam Mir Shawkat Road, 186 Tejgaon I/A, Dhaka 1208, Bangladesh	
Twinings Overseas Bangladesh Limited	
Belgium	
Industriepark 2d, 9820 Merelbeke, Belgium	
AB Mauri Belgium NV *Chaussée de la Hulpe 177/20, 1170 Bruxelles, Belgium*	
Primark SA	
Brazil	
Avenida Tietê, L-233 Barranca do Rio Tietê, City of Pederneiras, State of Sao Paulo, CEP 17 280-000, Brazil	
AB Brasil Indústria e Comércio de Alimentos Ltda *Alameda Madeira 328, 20° Floor, Room 2005, Alphaville – Barueri, Sao Paulo 06454-010, Brazil*	
AB Enzimas Brasil Comercial Ltda *Avenida Dra. Ruth Cardoso, nº 7.221, 11° Floor, Room 1.101 (parte), Condomínio Edifício 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	
Calsa Chile Inversiones Limitada	

Subsidiary undertakings	% effective holding if not 100%
China	
No.1 Tongcheng Street, A Cheng District, Harbin, Heilongjiang Province, China	
ABF (Harbin) Food Ingredients 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 28, South Shunjin Road, Yintai District, Tongchuan, Shaanxi Province, China*	
AB Agri Animal Nutrition (Shaanxi) Co., Ltd. *Room 7-1068, No. 68 Shiyu Hubei Road Chunxi Street, Qinchun District, Nanjing City, Jiangsu Province, China*	
AB Agri Pumeixin Tech (Jiangsu) Co., Ltd. *Chuangxin Road, Tonggu Industry Zone, Sandu Town, Tonggu County, Jiangxi Province, China*	
AB Agri Pumeixin Tech (Jiangxi) 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 2906 Raffles City Changning, No 1189 Changning Road, Changning District, Shanghai, 200051, China*	
Associated British Foods Holdings (China) Co., Ltd. *Unit 006, Room 401, Floor 4, Building 1, No.15 Guanghua 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 *868 Yongpu Road, Pujiang Town, Minhang District, Shanghai 201112, China*	90%
ABNA (Shanghai) Feed Co., Ltd. *14 Juhai Road, Jinghai Development Zone, Tianjin, China*	
ABNA (Tianjin) Feed Co., Ltd. *Shu Shan Modern Industrial Zone of Shou County, Huainan City, Anhui Province, China*	
ABNA Feed (Anhui) Co., Ltd. *145 Xincheng Road, Tengao Economic Development Zone, Anshan, Liaoning 114225, China*	
ABNA Feed (Liaoning) Co., Ltd. *17 Xiangyang Street, Tu Township, Chayou Qianqi, Inner Mongolia, China*	
Botian Sugar Industry (Chayou Qianqi) Co., Ltd. *No 1 Botian Road, Economic Development Zone, Zhangbei County, Zhangjiakou City, Hebei Province, China*	
Botian Sugar Industry (Zhangbei) Co., Ltd *Room 1110, No.368, Changjiang Road, Nangang Concentrated District, Economic Development Zone, Harbin, China*	
Botian Sugar Industry Co., Ltd. *1 Industrial North Street Zhangjiakou, Zhangbei County, Hebei Province, China*	
Hebei Mauri Food Co., Ltd.	

Notes forming part of the financial statements

for the 52 weeks ended 16 September 2023

29. Group entities *continued*

Subsidiary undertakings	% effective holding if not 100%
8 Lancun Road, Economic and Technical Development Zone, Minhang, Shanghai 200245, China	
Shanghai AB Food & Beverages Co., Ltd.	
No.68-1, Shuanglong Road, Fushan District, Yantai City, Shandong Province, China	
Yantai Maun Yeast Co., Ltd	92%
Colombia	
Cra 35# 34A-64, Palmira, Valle, Colombia	
Fleischmann Foods S.A	
Czech Republic	
Nadražní 523, 349 01 Stříbro, Czech Republic	
Bodit Tachov s.r.o.	
Palladium, Na Poříčí 1079/3a, Prague 1, 110 00, Czech Republic	
Primark Prodejny s.r.o.	
Denmark	
Skjernvej 42, Troestup, 6920 Videbæk, Denmark	
AB Neo A/S	
Middelfartvej 77, Baaring, 5466 Asperup, Denmark	
Cowconnect ApS	
Ecuador	
Medardo Ángel Silva 13 y Panama, Manzana 12, El Recreo, Eloy Alfaro, Durán, Guayas, Ecuador	
ABCALSA S.A.	
Eswatini	
Ubombo Sugar Limited, Old Main Road, Big Bend, Eswatini	
Bar Circle Ranch Limited	60%
Ilovo Swaziland Limited	60%
Moyeni Ranch Limited	60%
Ubombo Sugar Limited	60%
Finland	
Tykkimäentie 15b (PO Box 26), Rajamäki, FI-05200, Finland	
AB Enzymes Oy	
Tykkimäentie 15b (PO Box 57), Rajamäki, FI-05201, Finland	
Enzymes Leasing Finland Oy	
Koskelontie 19 B, Espoo, FI-02920, Finland	
Ximetrics Research Oy	
AB Vista Finland Oy	
France	
40/42, avenue Georges Pompidou, 69003, à Lyon, France	
AB Maun France	
25 Rue Anatole France, 92300 Levallois-Perret, France	
Twinings & Co SAS	
11 Rue de Milan, 75009, Paris, France	
ABFI France SAS	
Centre Commercial Régional Créteil Soleil, Niveau 3 101 Avenue du Général de Gaulle, 94000, Créteil, France	
Primark France SAS	
845 Chemin du Vallon du Imare 13240, Septèmes les Vallons, France	
SPI Pharma SAS	
ZAE Via Europa, 3 rue d'Athènes 34350 Lévadrus, France	
Fytexia Group	
Fytexia	

Subsidiary undertakings	% effective holding if not 100%
Germany	
Feldbergstrasse 78, 64293, Darmstadt, Germany	
AB Enzymes GmbH	
Schauenburgerstrasse 116, 24118, Kiel, Germany	
ICFN AG	
Wandsbeker Zollstrasse 59, 22041, Hamburg, Germany	
ABF Deutschland Holdings GmbH	
Only GmbH	
Only Grundbesitz GmbH	
Rheinische Presshefe- und Spritwerke GmbH	
Kennedyplatz 2, 45127, Essen, Germany	
Primark Mode Ltd. & Co. KG	
Primark Property GmbH	
Hausinger Strasse 4-8, 40764, Langenfeld, Germany	
Vital Solutions GmbH	
Westendstrasse 28, 60325, Frankfurt am Main, Germany	
Wander GmbH	
Maine-Kahle-Allee 2, D-53113, Bonn, Germany	
Westmill Foods Europe GmbH	
Greece	
28, Dimitriou Soutsou Str, Athens, GR 115 21, Greece	
PSH Tea Single Member S.A.	
Guernsey	
Dorey Court, Admiral Park, St. Peter Port, GY1 4AT, Guernsey	
Talisman Guernsey Limited	
Hong Kong	
5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong	
Associated British Foods Asia Pacific Holdings Limited	
Hungary	
Károlyi utca 12. 3. em., Budapest, 1053, Hungary	
Primark Üzletek Korlátolt Felelősségű Társaság (Primark Üzletek Kft.)	
India	
#218 & #219, Bommasandra – Jigani Link Road, Anekal Taluk, Bangalore, 560105, India	
AB Maun India Private Limited	
First Floor, Regent Sunny Side, 80 Ft Road, 8th Block, Koramangala Bengaluru, Karnataka, 560030 India	
SPI Specialties Pharma Private Limited	
G3/41, New Budge Budge Trunk Road, Old Dakghar Kolkata, West Bengal, 700141, India	
Twinings Private Limited	
Indonesia	
Wisma GKBI Lt 39, Suite 3901 No 28 Jl. Jend. Sudirman, Jakarta, Indonesia	
PT AB Food & Beverages Indonesia (in liquidation)	
Ireland	
47 Mary Street, Dublin 1, Ireland	
Abbaye Finance Limited	
Primark Holdings Unlimited Company	
Primark Pensions Trustees Limited	
1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland	
Allied Mills Ireland Limited	
Unit 5, Hebron House, Malahagh Junction, Kilkenny, R95 T91Y, Ireland	

Subsidiary undertakings	% effective holding if not 100%
Intelynd Technology Limited	
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 W9Y3, Ireland	
Nutritona, Advanced Formulas (Ireland) Limited	
Italy	
Viale Monte Nero, 84, 20135, Milan, Italy	
AB Agri Italy S.r.l	
Via Milano 42, 27015, Costeggio, (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 Rizzotto 46, 41126, Modena (MO), Italy	
Acetaia Fini Modena S.r.l	
Via Sandro Pertini 440, 401314, Cavezzo (MO), Italy	
Acetum S.p.A. Società Benefit	
Via Garibaldi 84, Magenta, 20013, Milan, Italy	
ALP Immobiliare S.r.l	
Via Gran Sasso, 33, Corbetta, 20011, Milan, Italy	
B Natural S.r.l	
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	
Relax 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	
Klombero Holdings Limited	
Sucoma Holdings Limited	
Mexico	
Paseo de la Reforma 1015, Piso 6, Suite/Oficina 06W123, Colonia Lomas de Santa Fe, Delegación Cuajimalpa de Morelos, Mexico City, 05348, Mexico	
AB CALSA S.A. de C.V.	
Avenida Javier Barros Sierra 495, piso 7 oficina 07-102, Col. Santa Fe, Alvaro Obregon, Ciudad de Mexico, 01219, México	
ACH Foods Mexico, S. de R.L. de C.V.	
Mozambique	
KM75 EN1, Maçiana, Distrito de Manhiça, Provincia de Maputo, Mozambique	
Maragra Açucar, S.A.	

Subsidiary undertakings	% effective holding if not 100%
Netherlands	
Mijlweg 77, 3316 BE, Dordrecht, Netherlands	
AB Mauri Netherlands B.V.	
AB Mauri Netherlands European Holdings B.V.	
Foods International Holding B.V.	
Van Oldenbarneveltplaats 36, 3012 AH, Rotterdam, Netherlands	
Primark Fashion B.V.	
Primark Netherlands B.V.	
Primark Stil B.V.	
Weena 505, 3013AL Rotterdam, Netherlands	
AB Vista Europe B.V.	
7122 JS Aalten, Dinxperlosestraatweg 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, Central Business Park, 666 Great South Road, Ellerslie, Auckland 1051, New Zealand	
Allied Foods (NZ) Ltd	
AusPac Ingredients NZ Limited	
George Weston Foods (NZ) Limited	
57 Forge Road, Silverdale 0932 New Zealand	
Dad's Pies Limited	
Nigeria	
23 Oba Akinjobi Street, GRA, Ikeja, Lagos, Nigeria	
Twinings Ovaltine Nigeria Limited	
Pakistan	
21KM Ferozepur Road, 2 KM Hadyara Drain, Lahore, Pakistan	
AB Mauri Pakistan (Private) Limited	60%
Peru	
Av. Republica de Argentina No.1227, Z.I. La Chalaca, Callao, Peru	
Calsa Perú S.A.C.	
Philippines	
86 F Rodriguez Jr. Ave., Ugong Norte QC,1604, Pasig City, Metro Manila, Philippines	
AB Food & Beverages Philippines, Inc	99%
1201-1202 Prime Land Building, Market Street, Madrigal Business Park, Ayala Alabang, Muntinlupa,1770, Philippines	
AB Mauri Philippines, Inc.	
Poland	
Przemysłowa 2, 67-100 Nowa Sol, Lubuskie, Poland	
AB Foods Polska Spółka z ograniczona odpowiedzialnoscia (AB Foods Polska Sp. z.o.o.)	
Towarowa 28,00-839 Warsaw, Poland	
Primark Sklepy spolka z ograniczona odpowiedzialnoscia (Primark Sklepy Sp. z.o.o.)	

Notes forming part of the financial statements

for the 52 weeks ended 16 September 2023

29. Group entities *continued*

Subsidiary undertakings	% effective holding if not 100%
ul. Rabowicka 29/31, 62-020, Swarzędz – Jasin, Poland	
R. Twining and Company Spółka z ograniczoną odpowiedzialnością (R. Twining and Company Sp. z.o.o.)	
ul. Główna 3A, Brusczewo, 64-030, Śmigiel, Poland	
AB Neo Polska spółka z ograniczoną odpowiedzialnością (AB Neo Polska Sp. z o.o.) (prev. ously AB Agri Polska Sp. z o.o.)	
Portugal	
Avenida Salvador Allende, n.º 99, Oeiras, Julião da Barra, Paço de Arcos e Caxias, 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	
Ilovo Sugar (Kigali) Limited	
Singapore	
80 Robinson Road, #02-00, 068898 Singapore	
AB Mauri Investments (Asia) Pte Ltd	
112 Robinson Road #05-01, 068902 Singapore	
AB Vista Asia Pte. Limited	
Slovakia	
Staromestska 3, 811 03 Bratislava – Stare Mesto, Slovakia	
Primark Slovakia s.r.o.	
Slovenia	
Bleiweisova cesta 30, Ljubljana, 1000, Slovenia	
Primark Trgovine, 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	
Grandale Sugar (Pty) Ltd	
Ilovo Distributors (Pty) Limited	
Ilovo Sugar (South Africa) Proprietary Limited	
Ilovo Sugar Africa Proprietary Limited	
Iprop (Pty) Limited	
Lacsa (Pty) Limited	70%
Noodsberg Sugar Company (Pty) Ltd	
Reynolds Brothers (Pty) Ltd	
SA Sugar Distributors (Pty) Limited	
Spain	
Calle Cardenal Marcelo Spínola, 42, 28016, Madrid, Spain	
AB Azucarera Iberia, S.L. Sociedad Unipersonal	
AB Vista Iberia, S.L.	
Calle Levadura, 5 14710, Villafranca, Cordoba, Spain	
AB Mauri Food, S.A.	
AB Mauri Spain, S.L.U.	
ABF Iberia Holding S.L.	

Subsidiary undertakings	% effective holding if not 100%
C/Escultor Coomonte nº 2, Entreplanta, Benavente, Zamora, Spain	
Agroteo S.A.	53%
Calle Comunidad de Murcia, Parcela LIE-1-03, Plataforma Logistica de Fraga, 22520, Huesca, Spain	
Alternative Swine Nutrition, S.L.	
Calle Escoles Pies 49, Planta Baja, 08017 Barcelona, Spain	
DR Healthcare España, S.L.U.	
Avienda Virgen de Montserrat, 44 Castelloli, 08719, Barcelona, Spain	
Germains Seed Technology, S.A.	
Plaza Pablo Ruiz Picasso S/N, Torre Picasso, Planta 37, Madrid, Spain	
Illovo Sugar Espana, S.L.	
Gran Via, 32 5o 28013, Madrid, Spain	
Primark Tiendas, S.L.U.	
8, 2 Calle Via Servicio I, 2 CP, 19190 Torija, Guadalajara, Spain	
Primark Logistica, S.L. Sociedad Unipersonal	
Sri Lanka	
124 Templers Road, Mount Lavinia, Sri Lanka	
AB Mauri Lanka (Private) Limited	
Sweden	
Retrius väg 8, 171 65 Solna, Sweden	
Larodan AB	
Switzerland	
Fabrikstrasse 10, CH-3176, Neuenegg, Switzerland	
Wander AG	
Taiwan	
3F-1, No. 161, Sec 4, Nanking E Rd, Taipei City 104, Taiwan (Province of China)	
AB Food and Beverages Taiwan, Inc.	
Tanzania	
Msolwa Mill Office, Kidatu, Kilombero District, Tanzania	
Ilovo Distillers (Tanzania) Limited	
Ilovo Tanzania Limited	
Kilombero Sugar Company Limited	75%
Thailand	
11th Floor, 2535 Sukhumvit Road, Kwaeng Bangchak, Khet Prakhanong, Bangkok, 10260, Thailand	
AB Food & Beverages (Thailand) Ltd	
ABT Holdings (Thailand) Ltd.	
1 Empire Tower, 24th Floor, Unit 2412-2413, South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120 Thailand	
AB World Foods Asia Ltd	
229/110 Moo 1, Teparak Road, T. Bangsaothong, A. Bangsaothong, Samutprakarn, 10540, Thailand	
Jason Asia Pacific Limited (In liquidation)	
Turkey	
Ayaskal Mahallesi, Kavakpinari, Kume Evleri No.5, Bandirma-Balikesir, 10245, Turkey	
Mauri Maya Sanayi A.S.	
United Arab Emirates	
Office 604, Jafza LOB 15, Jebel Ali, Freezone, 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 Agri US, Inc	
AB Enzymes, Inc.	
AB Vista, Inc.	
AB World Foods US, Inc	
ABF North America Corp	
ABF North America Holdings, Inc.	
Abitec Corporation	
ACH Capital Ventures, Inc.	
ACH Food Companies, Inc.	
ACH Jupiter LLC	
BakeGood, LLC	
Germains Seed Technology, Inc.	
PGP International, Inc	
Primark US Corp.	
Prosecco Source, LLC	
SPI Pharma, Inc.	
SPI Polyols, LLC	
Twinings North America, Inc.	
C T Corporation System, 155 Federal Street Suite 700, Boston, MA 02110, United States	
Primark GCM LLC	
C T Corporation System, 330 N.Brand Blvd., Glendale, California 91203, United States	
PennyPacker, LLC	
158 River Road, Unit B, Clifton, NJ 07014, United States	
Balsamic Express LLC	
158 River Road, Unit A, Clifton, NJ 07014, United States	
Modena Fine Foods, Inc	
251 Little Falls Drive, Wilmington, DE 19808, United States	
Fytexia Corp	
Uruguay	
CNo.Carlos Antonio Lopez 7547, Montevideo, Uruguay	
Levadura Uruguaya S A	
Venezuela	
Oficinas Once 3 (N° 11-3) y Once 4 (N° 11-4), Torre Mayupan, Centro Comercial San Luis, Av Principal Urbanización San Luis, cruce con Calle Comercio, Caracas, Bolivarian Republic of Venezuela	
Alimentos Fleischmann, C.A.,	
Compañía de Alimentos Latinoamericana de Venezuela (CALSA) S.A.	
Vietnam	
Unit 2, 100 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 Lubombo Road, Off Great North Road, Zambia	
Illovo Sugar (Zambia) Limited	
Nanga Farms PLC	75%
Tukuuka Agricultural Limited	75%
Zambia Sugar plc	75%

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for the 52 weeks ended 16 September 2023

29. Group entities *continued*

Joint ventures

A list of the Group's joint ventures as at 16 September 2023 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	
England	
Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom	
Frontier Agriculture Limited	50%
Bootmans (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 Wold Agronomy Limited	50%
Phoenix Agronomy Limited	50%
SOYL Limited	50%
The Agronomy Partnership Limited	50%
Berth 36, Test Road, Eastern Docks, Southampton, Hampshire, SO14 3GG, United Kingdom	
Southampton Grain Terminal Limited	50%
Riverside, Wissington Road, Nayland, Colchester, Essex, CO6 4LT, United Kingdom	
Anglia Grain Holdings Limited	50%
Anglia Grain Services Limited	50%
Northants Apc, Rushton Road, Kettering, NN14 1FI England, United Kingdom	
Navara Oat Milling Limited	38%
Unit 8 Burnside Business Park, Burnside Road, Market Drayton, TF9 3UX, United Kingdom	
B.C.W (Agriculture) Limited	50%
Witham St Hughs, Lincoln, LN6 9TN, United Kingdom	
Nomix Enviro Limited	50%
Eagle Labs Incubator, 28 Chesterton Road, Cambridge, CB4 3AZ, United Kingdom	
Yagro Ltd	50%
Scotland	
Kingseat, Newmachar, Aberdeenshire, AB21 0UE, United Kingdom	
Euroagkem Limited	50%
Lothian Crop Specialists Limited	50%
Australia	
Building A, Level 2, 11 Talavera Road, North Ryde NSW 2113, Australia	
Fortnum & Masons Pty Limited	33%
Chile	
Ave. Balmaceda 3500, Valdivia, Chile	
Levaduras Collico S.A.	50%
China	
1828 Taipeshan Road, Huangdao District, Qingdao, Shandong Province, China	
Qingdao Xinghua Cereal Oil and Foodstuff Co., Ltd	25%
1 East Ren Min Road, Regiment 66, Cocodala, Xinjiang, China	
AB Mauri Yihai Kerry (Cocodala) Food Co., Ltd (previously Xinjiang Meiji Food Co., Ltd)	50%
Room 607, 6th Floor, 1379, Bocheng Road, Pudong New District, Shanghai, China	
AB Mauri Yihai Kerry Investment Company Limited	50%
Room 608, 6th Floor, 1379, Bocheng Road, Pudong New District, Shanghai, China	
AB Mauri Yihai Kerry Food Marketing (Shanghai) Co., Ltd	50%
Ta Ha Comprehensive Industrial Park, Fuyu County Economic Development Area, Qiqihar, Heilongjiang Province, China	
AB Mauri Yihai Kerry (Fu Yu) Yeast Technology Co., Ltd	50%
9 Tonggang Road, Shage Village, Nanpu Town, Quangang Area, Quanzhou, Fujian Province, China	
AB Mauri Yihai Kerry (Quanzhou) Yeast Technology Co., Ltd.	50%
Intersection of Jiaotong Avenue and Zhoushan Road, Gang 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 57), Rajamäki, FI-05201, Finland	
Roal Oy	50%
France	
59, Chemin du Moulin, 695701, Carron, Dardilly, France	
Synchronis	50%
Germany	
Brede 4, 59368, Werne, Germany	
UNIFERM GmbH & Co. KG	50%
INA Nahrmittel GmbH	50%
UNIFERM Verwaltungs GmbH	50%
Brede 8, 59368, Werne, Germany	
UNILOG GmbH	50%
Ireland	
Rathcore Golf & Country Club, Rathcore, Co. Meath, A83KP98, Ireland	
Independent Milk Laboratories Ltd	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. Wyb eg, nr 5, lok. 9, Miesiec KOD 61-315 Poznan, Poland	
Uniferm Polska Sp z.o.o	50%
South Africa	
1 Nokwe Avenue, Ridgeside, Umhlanga Rocks, KwaZulu Natal 4320, South Africa	
Glendale Distilling Company	50%
Spain	
C/Raimundo Fernandez, Villaverde 26, Madrid, Spain	
Compañía de Melazas, S.A. (in liquidation)	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 16 September 2023 is given below. All associates are included in the Group's financial statements using the equity method of accounting.

Associates	% holding
United Kingdom	
Pacioli 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%
Australia	
283 Flagstaff Road, Murray Bridge SA 5253, Australia	
Big River Pork Pty Ltd	20%
Murray Bridge Bacon Pty Ltd	20%
32 Davis Road, Wetherill Park, Sydney NSW 2164, Australia	
New Food Coatings Pty Ltd	50%
Bahrain	
Suite No 1959 Diplomatic Commercial Office, Tower B, Building No.1565, Road 1722, Diplomatic Area/Manama 317, Bahrain	
Czarnikow Supply Chain Services for Food & Beverage Ingredients Bahrain W.L.L.	43%
Brazil	
Av Dos Vinhedos, 71, floor 11, room 1101, Uberlandia, Minas Gerais, Brazil	
2C Energia S.A.	22%
Avenida Presidente Juscelino Kubitschek, n.° 2.041, 11° andar- Vila Olimpia, CEP 04 543-011, São Paulo, Brazil	
Czarnikow Brasil Ltda	43%
Av Pres Juscelino Kubitschek, 2041, floor 11, São Paulo, Brazil	
Cz Energy Comercializado Ra De Etanol S.A	21%
China	
Room 17A01, 232 Zhong Shan 6th Road, Guangzhou City, Guangdong Province, 510180, China	
C. Czarnikow Sugar (Guangzhou) Company Ltd	43%
Colombia	
Cl. 16 Sur #43a-49, El Poblado, Medellin, El Poblado, Medellin, Antioquia, Colombia	
Czarnikow Colombia S.A.S	43%
India	
Plot No N46, House No 4-9-10, Hmt Nagar, Hyderabad TG, 500076, India	
Huoban Energy 9 Private Limited	34%
House No 1-8-373/A, Chiran Fort Lane, Begumpet, Hyderabad, 500003, India	
C. Czarnikow Sugar (India) Private Limited	43%
Indonesia	
Komplex 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, Harokmim st., Holon Azrieli Center Building B, Israel	
Sucanim (C.I.S.T.) Ltd	43%

Associates	% holding
Italy	
Via Borgogna, 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. 3 A, Los Morales Polanco, México City, 11510, Mexico	
C. Czarnikow Sugar (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 Excellence Avenue, Carmelray Industrial Park 1, Canlubang, Calamba, Laguna, Philippines	
New Food Coatings (Philippines) Inc.	50%
5F Don Jacinto Building, Dela Rosa cor. Salcedo Streets, Legaspi Village, 1229 Makati City, Philippines	
CZ Philippines, Inc.	43%
Singapore	
3 Phillip 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 38568, 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	
New Y Weds Foods (Thailand) Ltd	50%
1203, 12th Floor, Metropolis Building, 725 Sukhumvit Road, North Klongton, Wattana, Bangkok, 10110, Thailand	
Czarnikow (Thailand) Limited	43%
United States	
333 SE 2nd Avenue, Suite 2860, Miami, FL 33131, USA	
C. Czarnikow Sugar Inc	43%
Vietnam	
5th Floor, IMC Tower, 62 Tan Quang Khai, Tan Dinh Ward, District 1, Ho Chi Minh City, Vietnam	
Czarnikow (Vietnam) Limited	43%

Notes forming part of the financial statements

for the 52 weeks ended 16 September 2023

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 16 September 2023:

Company name	Company number
A.B. Exploration Limited	00487323
AB Mauri China Limited	12109070
AB Mauri Europe Limited	02883738
AB Sugar China Holdings Limited	09468366
AB Sugar China Limited	09469163
ABF (No 1) Limited	04668120
ABF (No.2) Limited	03369799
ABF (No 3) Limited	00155305
ABF BRL Finance Ltd	11001902
ABF Finance Limited	04659735
ABF Food Tech Investments Limited	00172141
ABF Funding	05380813
ABF HK Finance Limited	07761084
ABF Japan Limited	00492278
ABF PM Limited	00486887
A B F. Properties Limited	00683361
ABF UK Finance Limited	07267422
ABF US Holdings Limited	05659249
ABF ZMW Finance Limited	13485724
ABN (Overseas) Limited	00145374
Atrium 100 Properties Limited	04502487
Atrium 100 Stores Holdings Limited	04660969
Atrium 100 Stores Limited	05007953
British Sugar (Overseas) Limited	02400085
BSO (China) Limited	03799608
G. Costa (Holdings) Limited	03679738
Mountsfield Park Finance Limited	07882348
Twining Crosfield & Co Limited	00144900
Worlewing 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
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
Adjusted operating (profit) margin	No direct equivalent	Adjusted operating (profit) margin is Adjusted operating profit as a percentage of revenue.	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

Notes forming part of the financial statements

for the 52 weeks ended 16 September 2023

30. Alternative performance measures *continued*

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
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
Constant currency	Revenue and 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	This measure 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	This measure 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 investment 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 investment in non-current assets in existing businesses and acquisition of new businesses. It comprises capital expenditure, cash outflows from the purchase of subsidiaries, joint ventures and associates, additional shares in subsidiary undertakings purchased from non-controlling interests and other investments, and 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
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	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

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
Free cash flow	No direct equivalent	This measure represents the cash that the Group generates from its operations after maintaining and investing in its capital assets. All the items below Adjusted EBITDA can be found on the face of the cash flow statement or derived directly from it. Working capital comprises the movements in inventories, receivables and payables within net cash generated from operating activities. Net interest paid is the sum of interest received within net cash used *in investing activities and interest paid within net cash used in* financing activities. Share of adjusted profit after tax from joint ventures and associates is the amount on the face of the cash flow statement, plus the £3m (2022 – £3m) non-operating intangible amortisation which is not included in Adjusted EBITDA. Other includes all other items from net cash generated from operating activities and net cash used in investing activities except for the purchase and sale of subsidiaries, joint ventures and associates, plus dividends paid to non-controlling interests and the movement from changes in own shares held.	See note G
Total liquidity	No direct equivalent	Total liquidity comprises cash at bank and in hand and cash equivalents less current loans and overdrafts, and an estimate of inaccessible cash, plus the undrawn RCF. Cash at bank and in hand and cash equivalents are set out in note 18. Current loans and overdrafts are set out in note 19. Inaccessible cash is generally located in jurisdictions where there is limited access to foreign currency or where there are exchange controls It is estimated at 5% of cash at bank and in hand and cash equivalents. The RCF is long-term, legally committed and contains no performance covenants.	See note H
(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 are calculated in accordance with Adopted IFRS. Average capital employed for each segment and for the Group is calculated by averaging capital employed for each period of the year based on the reporting calendar of each business	Consistent with the definition given
Return on (average) capital employed	No direct equivalent	This measure expresses Adjusted operating profit as a percentage of 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 are calculated in accordance with Adopted IFRS. Average working capital for each segment and for the Group is calculated by averaging working capital for each period of the 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

Notes forming part of the financial statements

for the 52 weeks ended 16 September 2023

30. Alternative performance measures *continued*

Note A

	Grocery £m	Ingredients £m	Agriculture £m	Sugar £m	Retail £m	Central and disposed businesses £m	Total £m
2023							
External revenue from continuing businesses	**4,198**	**2,157**	**1,840**	**2,547**	**9,008**	**–**	**19,750**
Adjusted operating profit	**448**	**214**	**41**	**169**	**735**	**(94)**	**1,513**
Adjusted operating margin %	**10.7%**	**9.9%**	**2.2%**	**6.6%**	**8.2%**		**7.7%**
2022							
External revenue from continuing businesses	3,735	1,827	1,722	2,016	7,697	–	16,997
Adjusted operating profit	399	159	47	162	756	(88)	1,435
Adjusted operating margin %	10.7%	8.7%	2.7%	8.0%	9.8%		8.4%

Note B

	Grocery £m	Ingredients £m	Agriculture £m	Sugar £m	Retail £m	Central and disposed businesses £m	Total £m
2023							
External revenue from continuing businesses at actual rates	**4,198**	**2,157**	**1,840**	**2,547**	**9,008**	**–**	**19,750**
2022							
External revenue from continuing businesses at actual rates	3,735	1,827	1,722	2,016	7,697	–	16,997
Impact of foreign exchange	51	46	3	(40)	137	–	197
External revenue from continuing businesses at constant currency	3,786	1,873	1,725	1,976	7,834	–	17,194
% change at constant currency	+11%	+15%	+7%	+29%	+15%		+15%

	Grocery £m	Ingredients £m	Agriculture £m	Sugar £m	Retail £m	Central and disposed businesses £m	Total £m
2023							
Adjusted operating profit at actual rates	**448**	**214**	**41**	**169**	**735**	**(94)**	**1,513**
2022							
Adjusted operating profit at actual rates	399	159	47	162	756	(88)	1,435
Impact of foreign exchange	16	8	1	(5)	4	–	24
Adjusted operating profit at constant currency	415	167	48	157	760	(88)	1,459
% change at constant currency	+8%	+28%	-15%	+8%	-3%		+4%

Note C

	2023	2022
Adjusted earnings per share (pence)	**141.8**	131.1
Dividends relating to the year (pence) – excluding special dividend proposed	**47.3**	43.7
Dividend cover	**3**	3

Note D

From the cash flow statement	2023 £m	2022 £m
Purchase of property, plant and equipment	**997**	680
Purchase of intangibles	**76**	89
Capital expenditure	**1,073**	769

Note E

From the cash flow statement	2023 £m	2022 £m
Purchase of property, plant and equipment	**997**	680
Purchase of intangibles	**76**	89
Purchase of subsidiaries, joint ventures and associates	**94**	154
Purchase of other investments	**4**	7
Gross investment	**1,171**	930

Note F

	2023 £m	2022 £m
Adjusted operating profit	**1,513**	1,435
Charged to adjusted operating profit:		
Depreciation of property, plant and equipment	**531**	521
Amortisation of operating intangibles	**44**	24
Depreciation of right-of-use assets and non-cash lease adjustments	**273**	281
Adjusted EBITDA	**2,361**	2,261
Net debt including lease liabilities	**(2,265)**	(1,764)
Financial leverage ratio	**1.0**	0.8

Note G

	2023 £m	2022 £m
Adjusted EBITDA (see note F)	**2,361**	2,261
Repayment of lease liabilities net of incentives received	**(246)**	(275)
Working capital	**(216)**	(729)
Capital expenditure (see note D)	**(1,073)**	(769)
Purchase of subsidiaries, joint ventures and associates	**(94)**	(154)
Sale of subsidiaries, joint ventures and associates	**4**	–
Net interest paid	**(74)**	(97)
Income taxes paid	**(341)**	(304)
Share of adjusted profit after tax from joint ventures and associates	**(127)**	(112)
Dividends received from joint ventures and associates	**107**	93
Other	**(32)**	2
Free cash flow	**269**	(84)

Note H

	2023 £m	2022 £m
Cash at bank and in hand and cash equivalents	**1,457**	2,121
Current loans and overdrafts	**(168)**	(157)
Estimated inaccessible cash	**(73)**	(106)
RCF	**1,500**	1,500
Total liquidity	**2,716**	3,358

Company balance sheet

at 16 September 2023

	Note	2023 £m	2022 £m
Fixed assets			
Intangible assets	1	–	–
Right-of-use assets	2	**6**	9
Investments in subsidiaries	3	**1,296**	1,287
		1,302	1,296
Current assets			
Debtors:			
• due within one year	4	**4,165**	3,163
• due after one year	4	**129**	98
Employee benefits assets – due after one year	5	**1,397**	1,366
Derivative assets		**31**	30
Cash and cash equivalents		**924**	1,408
		6,646	6,065
Creditors: amounts falling due within one year			
Bank loans and overdrafts – unsecured		**(81)**	(2)
Lease liabilities	2	**(3)**	(3)
Other creditors	7	**(4,411)**	(4,013)
Derivative liabilities		–	(3)
		(4,495)	(4,021)
Net current assets		**2,151**	2,044
Total assets less current liabilities		**3,453**	3,340
Creditors: amounts falling due after one year			
Bank loans – unsecured		**(394)**	(481)
Lease liabilities	2	**(3)**	(7)
Amounts owed to subsidiaries		**(200)**	(196)
Employee benefits liabilities	5	**(20)**	(22)
Deferred tax liabilities	6	**(325)**	(324)
		(942)	(1,030)
Net assets		**2,511**	2,310
Capital and reserves			
Issued capital	8	**44**	45
Capital redemption reserve	8	**3**	2
Hedging reserve	8	**2**	–
Profit and loss reserve	8	**2,462**	2,263
Equity shareholders' funds		**2,511**	2,310

The Company's profit for the 52 weeks ended 16 September 2023 was £1,043m (52 weeks ended 17 September 2022 – £426m).

The financial statements on pages 194 to 200 were approved by the Board of Directors on 7 November 2023 and were signed on its behalf by:

Michael McLintock
Chairman

Eoin Tonge
Finance Director

Company statement of changes in equity

for the 52 weeks ended 16 September 2023

	Share capital £m	Capital redemption reserve £m	Hedging reserve £m	Profit and loss reserve £m	Total £m
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
Total comprehensive income					
Profit for the period recognised in the income statement	–	–	–	1,043	1,043
Remeasurement of defined benefit schemes	–	–	–	(33)	(33)
Deferred tax associated with defined benefit schemes	–	–	–	10	10
Items that will not be reclassified to profit or loss	–	–	–	(23)	(23)
Movements in cash flow hedging position	–	–	4	–	4
Deferred tax associated with movements in cash flow hedging position	–	–	(2)	–	(2)
Items that are or may be subsequently reclassified to profit or loss	–	–	2	–	2
Other comprehensive income	–	–	2	(23)	(21)
Total comprehensive income	–	–	2	1,020	1,022
Transactions with owners					
Dividends paid to equity shareholders	–	–	–	(345)	(345)
Net movement in own shares held	–	–	–	(28)	(28)
Share buyback	(1)	1	–	(448)	(448)
Total transactions with owners	(1)	1	–	(821)	(821)
Balance as at 16 September 2023	**44**	**3**	**2**	**2,462**	**2,511**

Accounting policies

for the 52 weeks ended 16 September 2023

Basis of preparation

The Company presents its financial statements in sterling, rounded to the nearest million, prepared on the historical cost basis, except that derivative financial instruments are stated at fair value, and in accordance with FRS 101 and the Companies Act 2006.

As permitted by FRS 101, the Company takes 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 are not 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 comprise goodwill arising on business combinations and operating intangibles. Goodwill is defined under 'Business acquisitions' on page 134 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 annually or whenever there are indicators of impairment. The Company previously invoked a 'true and fair view override' to overcome the requirement to amortise goodwill in the Companies Act 2006.

Operating intangibles 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 Company reviews the carrying amount of investments in subsidiaries and other assets at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the Company estimates the asset's recoverable amount. The Company recognises an impairment charge 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, the Company 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.

The Company 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.

Financial assets and liabilities

The Company recognises financial assets and financial liabilities, except for derivatives, initially at fair value and subsequently at amortised cost.

Derivatives

The Company uses derivatives to manage its economic exposure to financial risks. The principal instruments used are foreign exchange contracts and swaps and interest rate swaps. The Company recognises derivatives at fair value based on market prices or rates, or calculated using discounted cash flow or option pricing models. The Company recognises changes in the value of derivatives in the income statement unless the derivative is designated in a hedging relationship, when recognition of any change in fair value depends on the nature of the item being hedged.

Pensions

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. The accounting policy for pensions is the same as for the Group, which is set out on page 135.

Income tax

The accounting policy for income tax is the same as for the Group, which is set out on page 135.

Share-based payments

The Company 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 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

The accounting policy for leases is the same as for the Group, which is set out on page 137

Accounting estimates and judgements

for the 52 weeks ended 16 September 2023

Significant accounting estimates

The preparation of the Company's 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 forecasts and discount rates, and pensions.

These are set out in Accounting estimates and judgements in the consolidated financial statements on page 139.

Other areas of judgement and accounting estimates

The Company's 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.

Notes to the Company financial statements

for the 52 weeks ended 16 September 2023

1. Intangible assets

	Operating intangibles £m
Cost	
At beginning and end of year	**9**
Amortisation	
At beginning and end of year	**9**
Net book value	
At beginning and end of year	**–**

2. Leases

Right-of-use assets

	2023 £m	2022 £m
Cost		
At beginning and end of year	**18**	18
Depreciation		
At beginning of year	**9**	6
Depreciation for the year	**3**	3
At end of year	**12**	9
Net book value		
At beginning of year	**9**	12
At end of year	**6**	9

Lease liabilities

	2023 £m	2022 £m
Cost		
At beginning of year	**10**	14
Repayment of lease liabilities	**(4)**	(4)
At end of year	**6**	10
Current	**3**	3
Non-current	**3**	7
	6	10

Leases relate to land and buildings.

3. Investments in subsidiaries

	2023 £m	2022 £m
At beginning of year	**1,287**	720
Additions	**9**	567
At end of year	**1,296**	1,287

Additions in the year comprise £9m relating to the allocation of shares under equity-settled share-based payment plans to employees of the Company's subsidiaries (2022 – £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).

4. Debtors

	2023 £m	2022 £m
Amounts falling due within one year		
Amounts owed by subsidiaries	**4,079**	3,104
Other debtors	**16**	18
Corporation tax recoverable	**70**	41
	4,165	3,163
Amounts falling due after one year		
Amounts owed by subsidiaries	**129**	98

5. Employee entitlements

	2023 assets £m	2022 assets £m	2023 liabilities £m	2022 liabilities £m	2023 net £m	2022 net £m
Reconciliation of changes in assets and liabilities						
At beginning of year	**3,735**	4,315	**(2,391)**	(3,719)	**1,344**	596
Current service cost	**–**	–	**(23)**	(34)	**(23)**	(34)
Employee contributions	**5**	6	**(5)**	(6)	**–**	–
Employer contributions	**28**	27	**–**	–	**28**	27
Benefit payments	**(140)**	(136)	**139**	138	**(1)**	2
Interest income/(expense)	**169**	75	**(107)**	(64)	**62**	11
Return on scheme assets less interest income	**(244)**	(552)	**–**	–	**(244)**	(552)
Actuarial gains arising from changes in financial assumptions	**–**	–	**252**	1,325	**252**	1,325
Actuarial gains arising from changes in demographic assumptions	**–**	–	**19**	11	**19**	11
Experience losses on scheme liabilities	**–**	–	**(60)**	(42)	**(60)**	(42)
At end of year	**3,553**	3,735	**(2,176)**	(2,391)	**1,377**	1,344

The net pension asset of £1,377m comprises a funded scheme with a surplus of £1,397m and an unfunded scheme with a deficit of £20m.

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)
Amount charged to the income statement	(16)	3	6	(7)
Amount charged to equity	10	–	(2)	8
Effect of changes in tax rates on the income statement	(2)	–	–	(2)
At 16 September 2023	**(344)**	**6**	**13**	**(325)**

7. Other creditors

	2023 £m	2022 £m
Amounts falling due within one year		
Accruals and deferred income	**69**	67
Amounts owed to subsidiaries	**4,342**	3,946
	4,411	4,013

8. Capital and reserves

Share capital

At 16 September 2023, the Company's issued and fully paid share capital comprised 767,953,088 ordinary shares of 5 5/22p each carrying one vote per share (2022 – 791,674,183). Total nominal value was £44m (2022 – £45m).

Capital redemption reserve

£2m arose in 2010 following redemption of two million £1 deferred shares at par. £1m arose in 2023 following the purchase and subsequent cancellation of shares (2022 – nil). The capital redemption reserve is regarded as non-distributable.

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 as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

At year end, the Company had provided £480m of guarantees in the ordinary course of business (2022 – £484m).

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	2023 £000	2022 £000
Charges to Wittington Investments Limited for services provided by the Company		**985**	930
Dividends paid by the Company and received in a beneficial capacity by:			
i. trustees of the Garfield Weston Foundation and their close family	1	**11,219**	12,361
ii. directors of Wittington Investments Limited who are not trustees of the Foundation and their close family	1	**2,159**	2,322
iii directors of the Company who are not trustees of the Foundation and are not directors of Wittington Investments Limited	1	**89**	128
Interest income earned from non-wholly owned subsidiaries	2	**1,647**	743
Amounts due from non-wholly owned subsidiaries	2	**14,780**	10,008

1 Details of the nature of the relationships with those 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 100 to 115.

Employees

The Company had an average of 229 employees (2022 – 208). Remuneration was £35m (2022 – £34m).

Audit fees

Note 2 to the consolidated financial statements of the Group provides details of the remuneration of the Company's auditors.

Progress report

Saturday nearest to 15 September

	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m
Revenue	15,824	13,937	13,884	16,997	**19,750**
Adjusted operating profit	1,421	1,024	1,011	1,435	**1,513**
Exceptional items	(79)	(156)	(151)	(206)	**(109)**
Transaction costs	(2)	(2)	(3)	(6)	**(5)**
Amortisation of non-operating intangibles	(47)	(59)	(50)	(47)	**(41)**
Acquired inventory fair value adjustments	(15)	(15)	(3)	(5)	**(3)**
Profits less losses on disposal of non-current assets	4	18	4	7	**28**
Profits less losses on sale and closure of businesses	(94)	(14)	20	(23)	**(3)**
Finance income	15	11	9	19	**48**
Finance expense	(42)	(124)	(111)	(111)	**(128)**
Other financial income/(expense)	12	3	(1)	13	**40**
Profit before taxation	1,173	686	725	1,076	**1,340**
Taxation	(277)	(221)	(227)	(356)	**(272)**
Profit for the period	896	465	498	720	**1,068**
Basic and diluted earnings per ordinary share (pence)	111.1	57.6	60.5	88.6	**134.2**
Adjusted earnings per share (pence)	137.5	81.1	80.1	131.1	**141.8**
Dividends per share (pence)	46.35	nil	26.7	43.7	**47.3**

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*
GHG	Greenhouse gas emissions
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
UK MCD	UK Mandatory Climate Disclosures

Company directory

Associated British Foods plc

Registered office
Weston Centre
10 Grosvenor Street
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

UBS AG London Branch
5 Broadgate
London EC2M 2QS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf

Timetable

Annual general meeting
8 December 2023

Interim results to be announced
25 April 2024

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. They will often also inform you of untrue scenarios to make you think that you need to sell your shares or to justify an offer that 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;*
- check that the firm is on the Financial Conduct Authority (FCA) Register to ensure they are authorised at https://register.fca.org.uk/;
- use the details on the FCA Register to contact the firm;
- 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
- if you feel uncomfortable with the call or the calls persist, simply hang up.

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.