Associated British Foods

Invested in our future

Annual Report 2022

Group revenue
£17.0bn
(2021: £13.9bn)

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

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

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

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

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

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

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

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

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

Gross investment
£930m
(2021: £721m)

Financial leverage
0.8 x
(2021: 0.7 x)

Our operating businesses

	Revenue	Adjusted operating profit
Our Grocery division employs more than 15,000 people and comprises brands which occupy leading positions in markets across the globe. In the UK, nine out of 10 households use our brands. Our Twinings and Ovaltine brands are enjoyed in more than 100 countries worldwide.	£3,735m (2021: £3,593m)	£399m (2021: £413m)
Sugar		
AB Sugar is a leading producer of sugar and sugar-derived co-products in Africa, the UK, Spain and north east China.	£2,016m (2021: £1,650m)	£162m (2021: £152m)
AB Agri is a leading international agri-food business operating across the supply chain, producing and marketing animal feed, nutrition and technology based products and services.	£1,722m (2021: £1,537m)	£47m (2021: £44m)
Our Ingredients businesses are leaders in yeast and bakery ingredients as well as in specialty ingredients for the food, human and animal nutrition, pharmaceutical and various other industries.	£1,827m (2021: £1,508m)	£159m (2021: £151m)
Primark is one of the largest clothing retailers in Europe, the largest by volume in the UK and has a growing presence in the US. In total, we have 408 stores in 14 countries across Europe and the US.	£7,697m (2021: £5,593m)	£756m (2021: £321m)

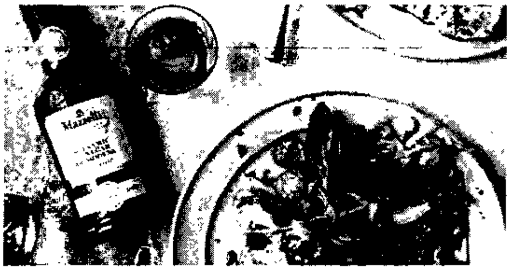
One of the largest
sugar producers in the world

Our brands

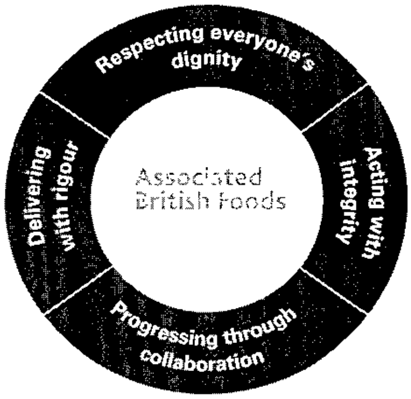
TWININGS ovomaltine PATAK'S Original DON Is Don. Is Good.

JORDANS SINCE 1855 BLUE DRAGON Kingsmill Yumi's Silver Spoon

About us



Our values



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

132,000
employees

54%
of our total workforce are women

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

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

One of the largest
food producers in the UK

185
food manufacturing sites globally

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

54%
of the energy we used came from renewables

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

Invested in our future

Associated British Foods is a highly diversified group, with a range of food and ingredients businesses as well as our retail ... We are united in our ... tious and ... is great

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

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

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

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

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

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

A strong capital base

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

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

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

Dividends

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

Shareholder returns

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

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

At the end of this financial year the financial leverage ratio was 0.8 times and net cash balances before lease liabilities amounted to £1.3bn.

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

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

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

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

Our commitment to ESG

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

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

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

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

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

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

Board

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

Executive remuneration

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

Her Majesty The Queen

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

Our employees

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

Looking ahead

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

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

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

Michael McLintock
Chairman

Farewell to John Bason

Usually we say our thank yous at the end of updates on events of the year. That [illegible] and I don't want to run the risk.

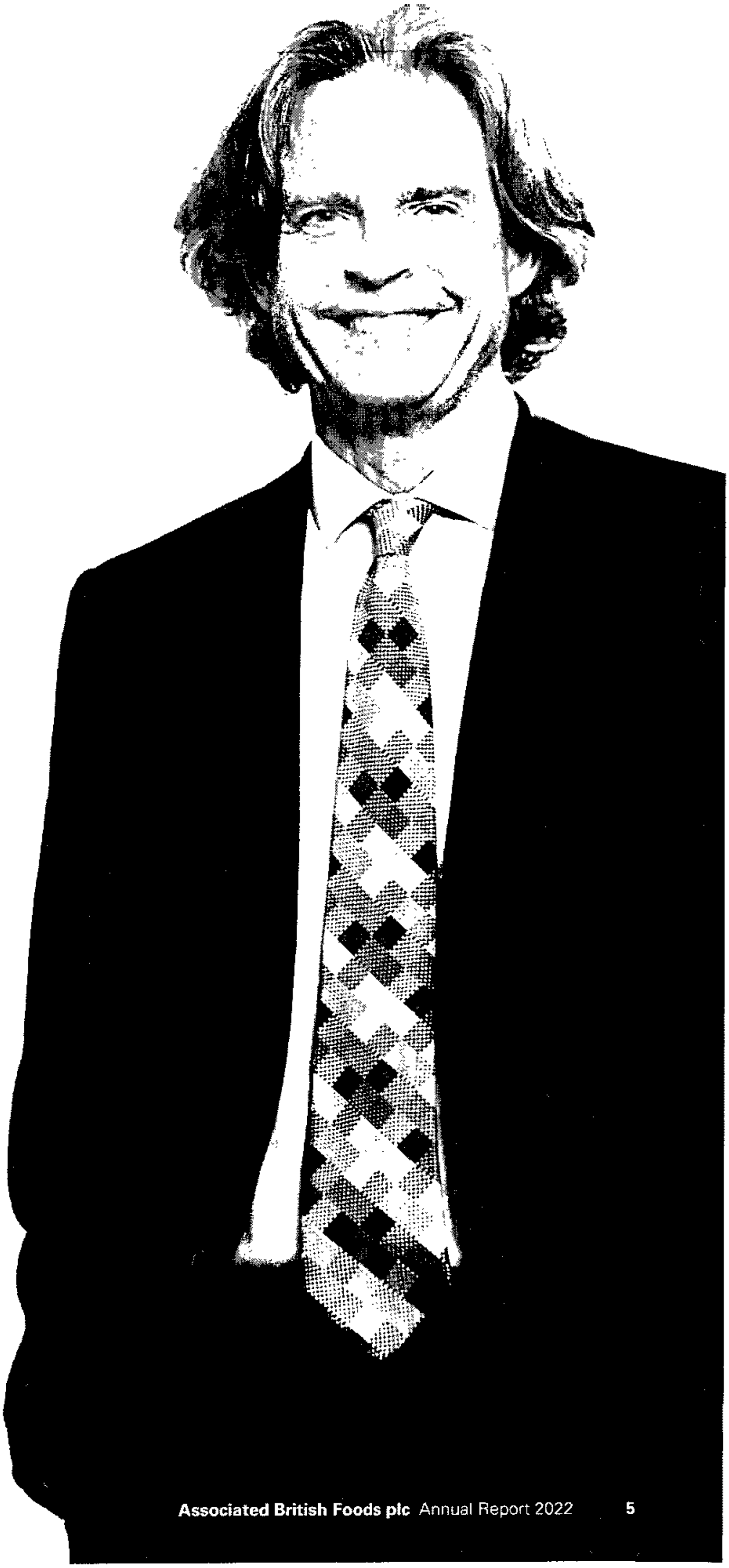
These are the 23rd and last full year report and accounts for a year during which John Bason has been our Finance Director. He will step down in April [illegible].

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

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

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

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



Operating review

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

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

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

Our Food businesses delivered another resilient performance this year.

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

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

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

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

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

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

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

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

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

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

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

ESG

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

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

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

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

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

Outlook

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

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

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

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

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

George Weston
Chief Executive

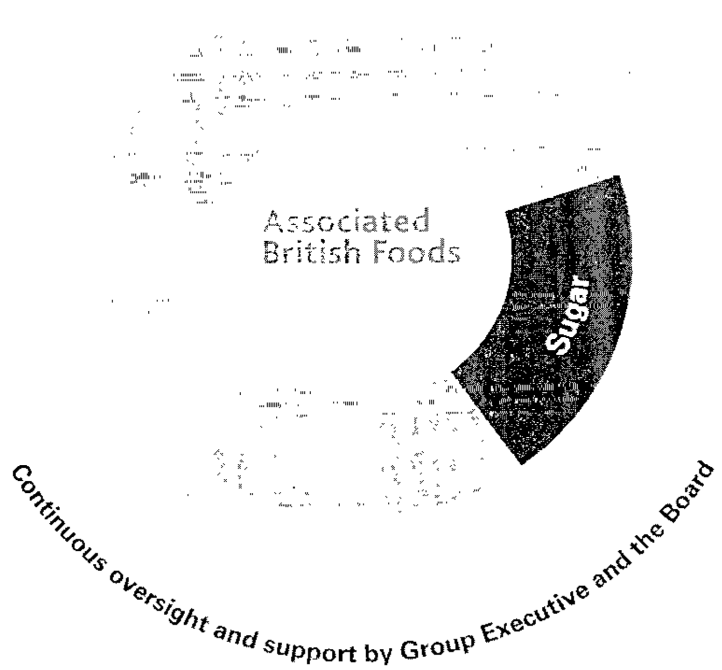
Creating value together

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

Our Group strategy and devolved operating model...

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

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



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

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

For business segment strategies please see:

Grocery: page 16

Sugar: page 26

Agriculture: page 34

Ingredients: page 42

Retail: page 50

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

Our unique ownership structure

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

Devolved operating model

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

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

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

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

Creating long-term value

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

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

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

Our people, culture and values

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

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

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

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

Our strategy

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

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

Delivered through our devolved operating model

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

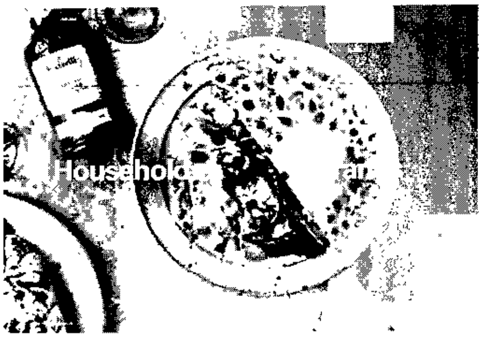
Sugar

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

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

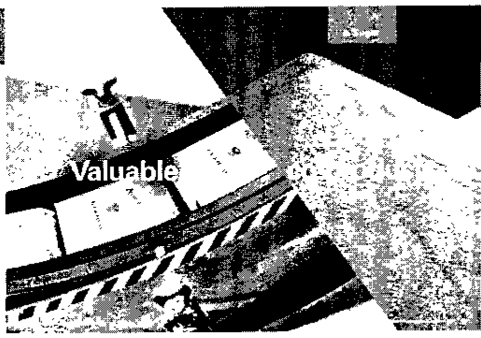
Our Ingredients businesses enable or enhance the production of food and other products important to society. AB Mauri manufactures and sells yeast and ingredients of a consistently high quality to the baking industry. We operate globally and have particularly strong market positions in the Americas and Europe. Our investment in innovation generates opportunities for growth with a Global Technology Centre in the Netherlands. ABF Ingredients develops and manufactures 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

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, extension into new product categories, and space expansion in both existing and new countries. Our customer appeal is supported by our commitment to price leadership, an exciting store environment, an increasingly sophisticated use of digital and online technologies, and an industry-and distributes products primarily across Australia and New Zealand. The major brands are Tip Top baked products, Don processed meats and Yumi's chilled dips and vegetarian snacks. ACH operates in the US, Canada and Mexico, packaging and distributing vegetable oils such as Mazola and Capullo as well as corn starch and corn syrups.



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

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



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

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

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

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

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

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

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

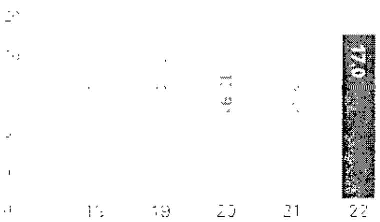
How we track progress

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

Financial

Group revenue

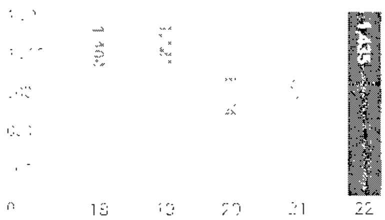
(£bn)



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

Adjusted operating profit

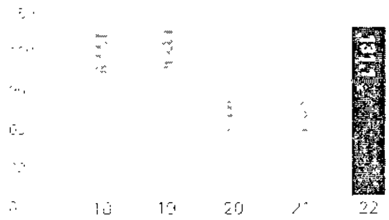
(£m)



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

Adjusted earnings per share

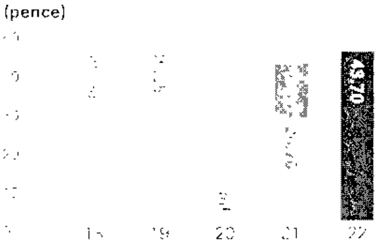
(pence)



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

Dividends per share

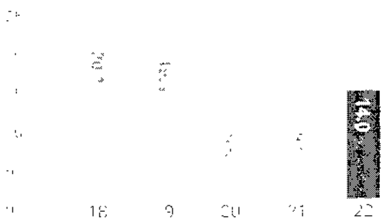
(pence)



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

Return on capital employed

(%)



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

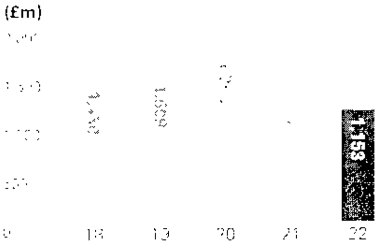
Gross investment

(£m)

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

Cash generation

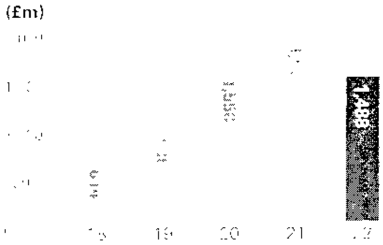
(£m)



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

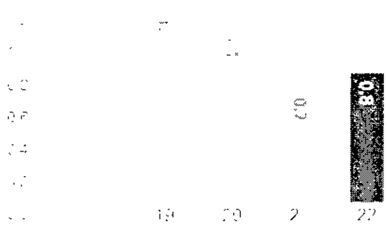
Net cash before lease liabilities

(£m)



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

Financial leverage



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

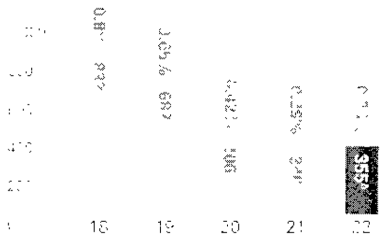
The 2019 figure is given on an IFRS 16 pro forma basis.

* Impacted by COVID-19 closures.

§ [illegible]

Non-financial

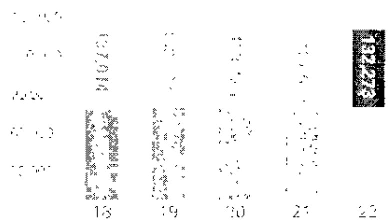
Lost time injuries and lost time injury rate (%)



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

→ Read more on page 77

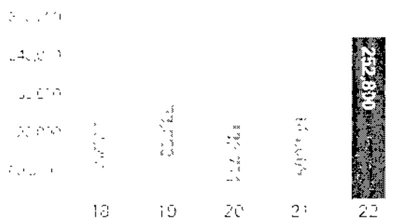
Number of employees, highlighting percentage of women in workforce



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

→ Read more on page 78

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

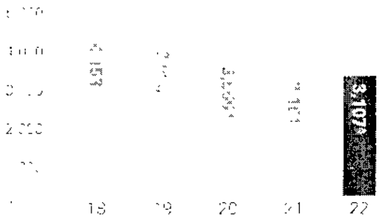


This includes farmers that are currently being trained and those that have completed training under the programme.

→ Read more on pages 56 and 89

ABF Scope 1 and 2 GHG emissions

(000 tonnes of CO_2e)

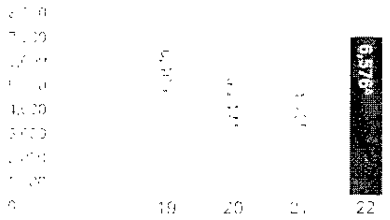


The amount of ABF Group Scope 1 and 2 greenhouse gas emissions.

→ Read more on page 74

Primark Scope 1, 2 and 3 GHG emissions**

(000 tonnes of CO_2e)

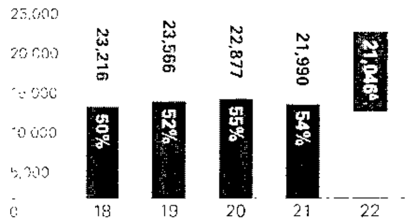


The amount of Primark's Scope 1, 2 and 3 greenhouse gas emissions.

→ Read more on page 53

Total energy consumed and proportion from a renewable source

(Gwh)

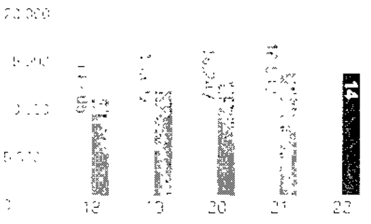


Total energy used and the proportion of which is from renewable sources. Renewable energy is mainly generated on our sites from biogenic sources.

→ Read more on page 75

Primark selling space and number of countries of operation

(000 sq ft)

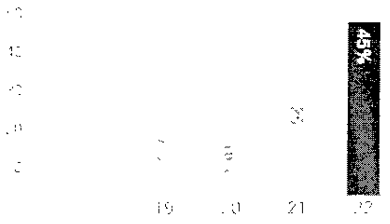


These two measures represent the retail space growth and breadth of Primark's presence.

→ Read more on pages 50 and 52

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

(%)

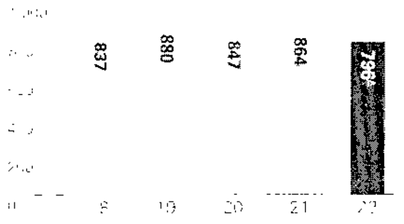


Primark Cares products are assessed against Primark's protocols regarding minimum content levels which will vary by material. These protocols have evolved during the year with products assessed against protocols existing at the date of production.

→ Read more on page 53

Total water abstracted

(million m^3)



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

→ Read more on page 76

Household

Acetum's Mazzetti Organic Label Balsamic Vinegar of Modena on tuna salad

About Grocery

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

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

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

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

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

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

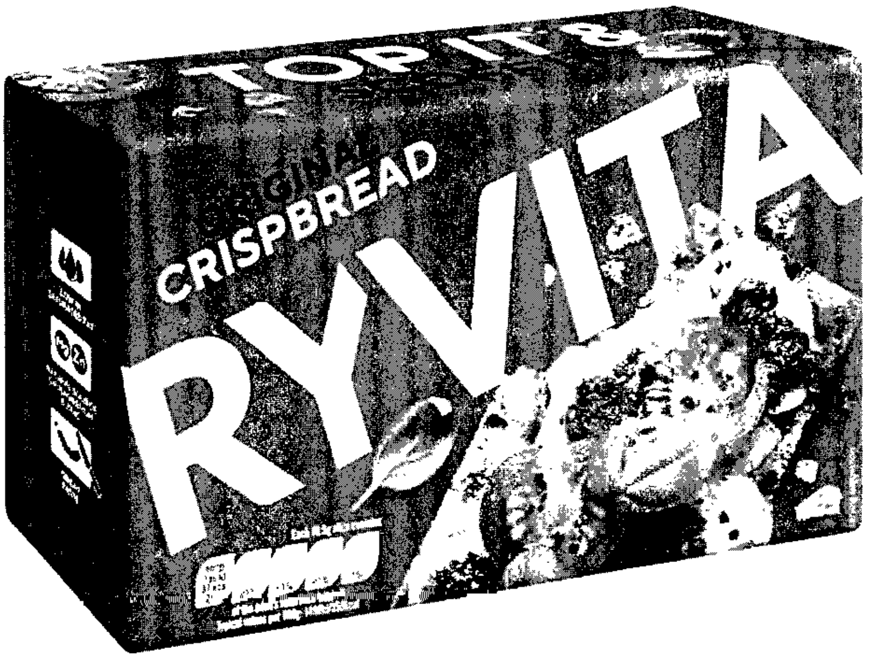
Allied Bakeries
Allied Bakeries produces bread and bakery products in the UK where our Kingsmill 50/50 brand is market leader in the healthier white segment. Speedibake provides own-label baked goods for retail and foodservice customers.

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

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

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

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



Operating Review

Grocery

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

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

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

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

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

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

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

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

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

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

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

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

On acquisition, Acetum already had the largest ageing capacity in the industry with 11.8 million litres. During 2022, ABF invested in expanding this capacity even further, adding 4.8 million litres with the addition of [illegible] newly acquired 8,000 sq m facility, located adjacent to the bottling plant in Acetum's hometown of Cavezzo, close to Modena. This investment further strengthens the business's capacity for future growth of the Mazzetti brand. It also supports the strong growth agenda for both matured (60 day) and aged (three year) products in response to growing global consumer and customer demand for richer and more complex 'Invecchiato' Balsamic Vinegar of Modena PGI.

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

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

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

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

In the UK, 60% of adults have experienced trouble sleeping and this is even higher among women. Over a third of the UK population first struggle with sleep before the age of 30, with the biggest cause being life stress. Although trouble sleeping affects a large proportion of the population, many sufferers are reluctant to seek help with only half of those affected ever buying anything to assist them.

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

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

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

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

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

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

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

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

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

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

A selection of Mid... Al'Fez prod... houmous ... chicken ... Al'Fe...

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

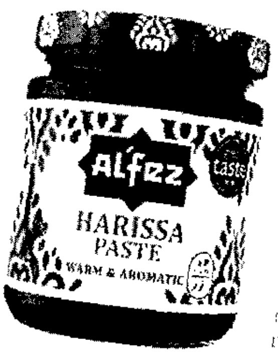
"Picture a bustling souk in the heart of Jerusalem's Arab quarter in the 1970s. As a child, I would experience all of the colourful aromas and tastes of simple yet amazingly delicious foods. I will never forget sitting in one of the many traditional cafes enjoying freshly made houmous generously drizzled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

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

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

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

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



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

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

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

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

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

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

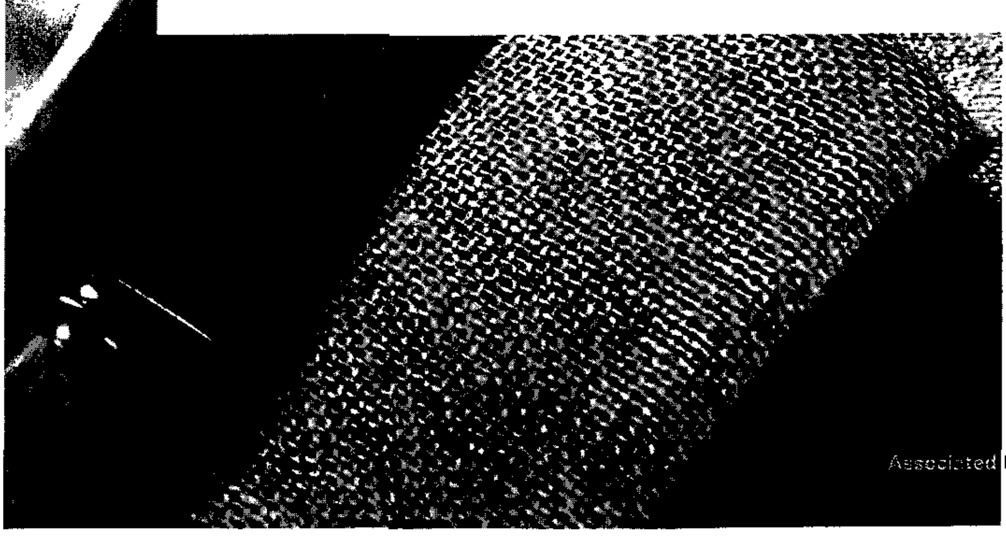
At Golden, we cherish how much our customers love our products and we want them to enjoy their crumpet moment and have a light and positive emotive response to the brand. This consumer response is reflected in our brand essence, 'joyfully scrumptious', which we protect and enhance through communications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

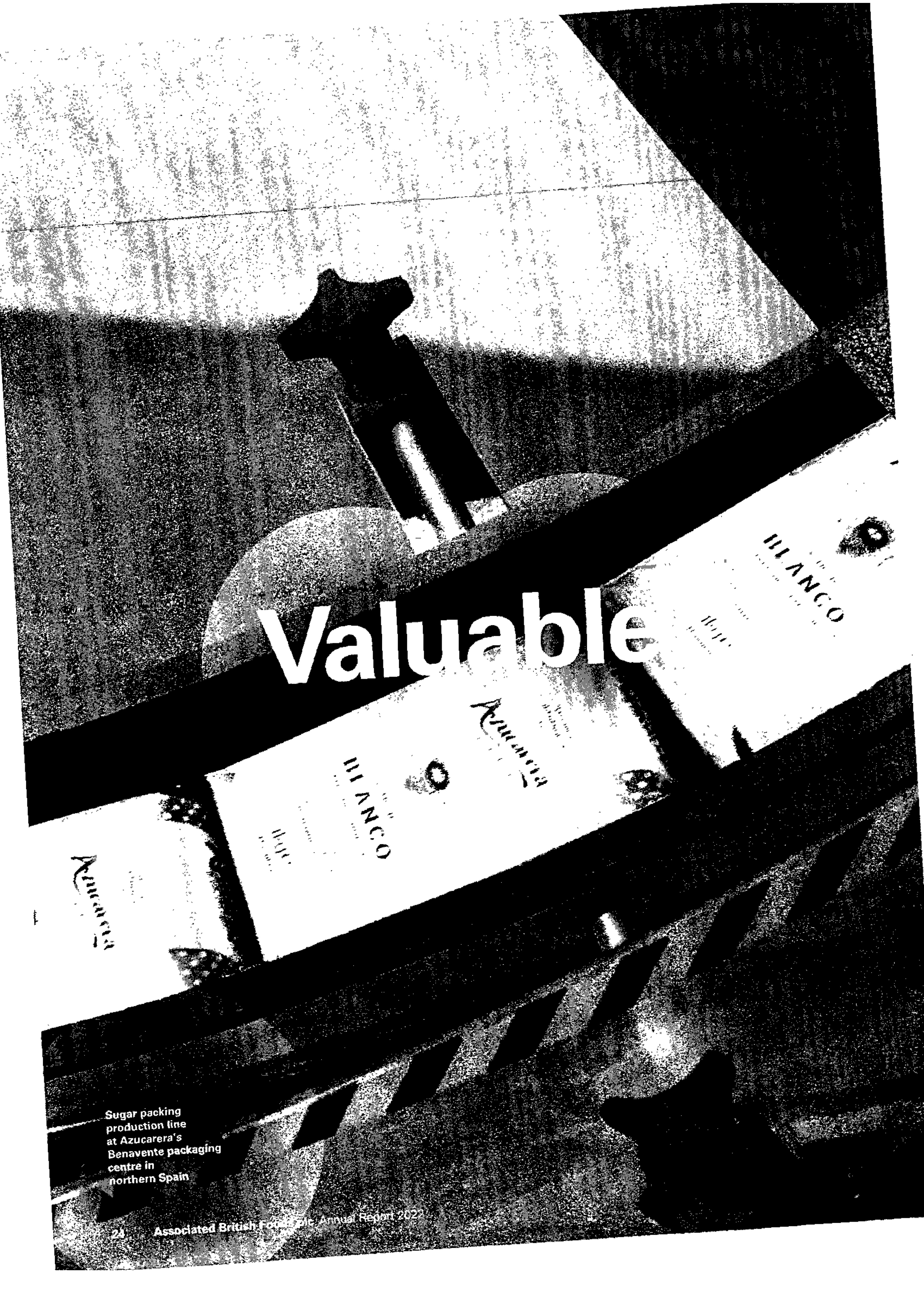
The Bakery Snacks segment is worth some AUD $470m and we have identified two main opportunities for growth: increasing the number of occasions for customers to embrace snacking, and expanding the product portfolio to offer more variety and choice. We are well positioned to serve this growing market as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

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

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

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





Valuable

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


Sugar
co-products

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

35,000
employees

27
plants worldwide

About Sugar

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

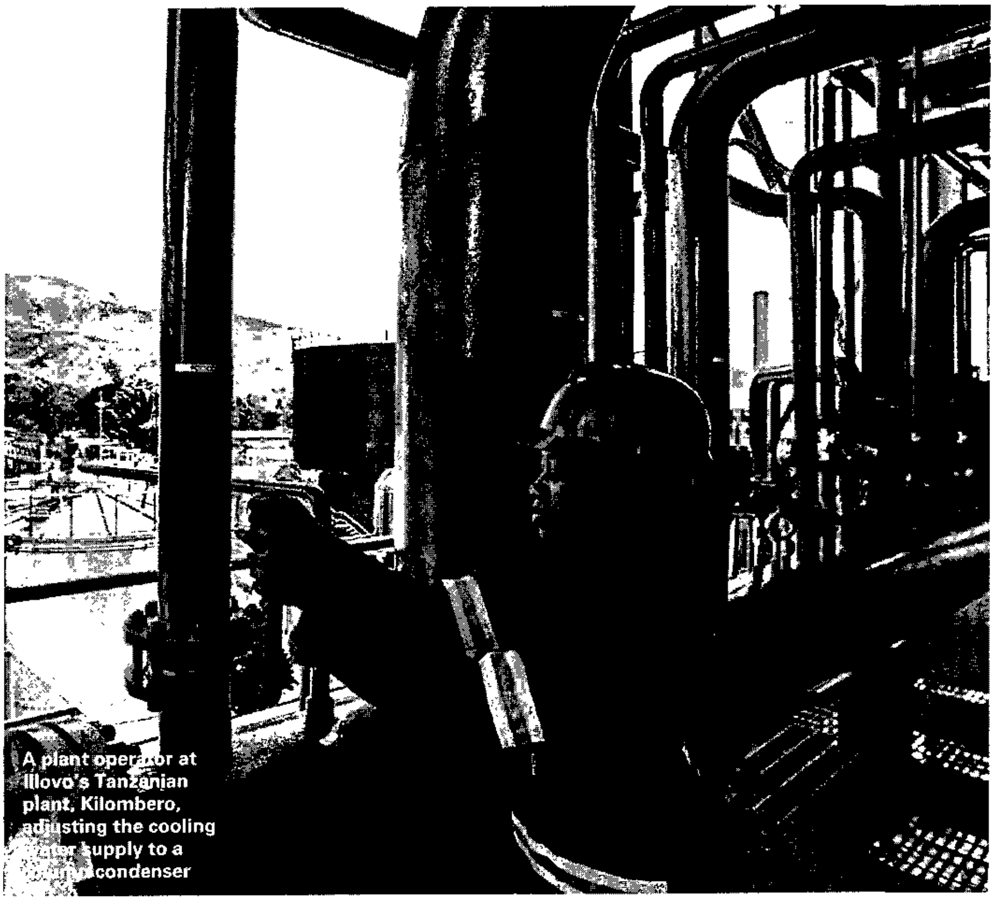
Our sugar-making plants are highly efficient 'bio-refineries' that enable us to produce a range of products maximising the value from every root of sugar beet and every stick of sugar cane. Our products include sugar, animal feed, biofuels and speciality products, sold into industry sectors including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

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

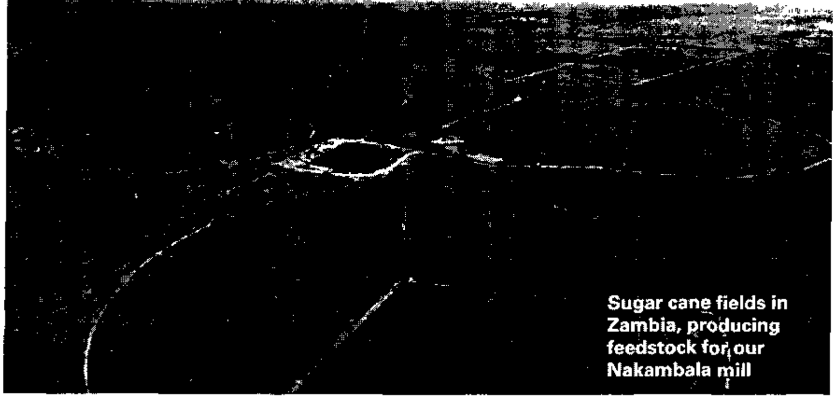
As a global business, we operate in a diverse and continually changing environment with many opportunities and challenges. Although we have a global portfolio, we operate with a local heart, working together to do what is right for the location and market.

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

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



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



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

Operating Review

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

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

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

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

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

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

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

Revenue

£2,016m

Adjusted operating profit

£162m

2021: £152m

Adjusted operating profit margin

8.0%

Return on average capital employed

10.3%

2021: 10.2%

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

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

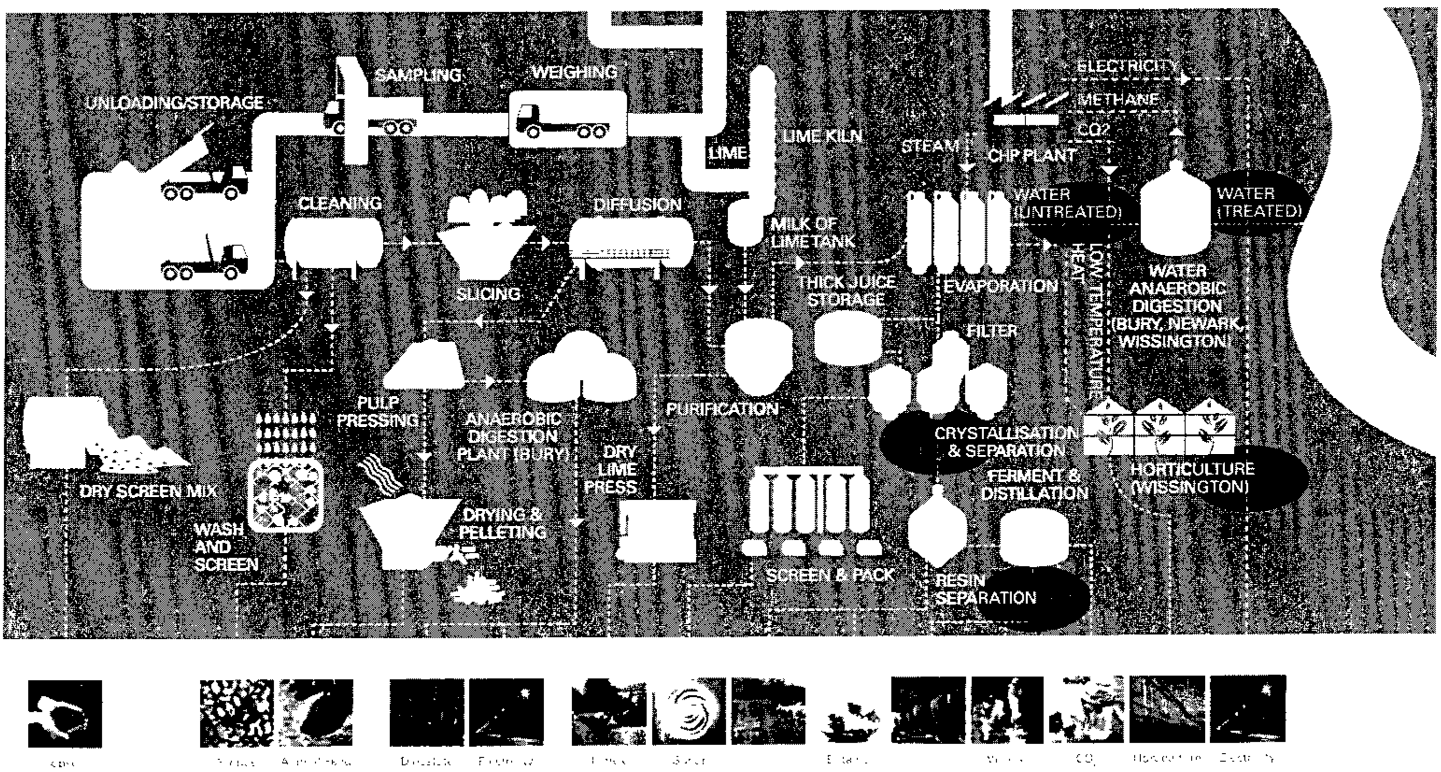
Our businesses operate in a number of different countries with a wide variation in crop availability, infrastructure, technology, trade routes, market and consumption growth rates, and many more factors. Our bio-refineries are able to maximise the value from our operations, a capability hugely important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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In Africa, we have started building a new sugar plant in the Kilombero Valley in Tanzania. This investment will double sugar production and will not only benefit our existing 8,900 growers but also provide an opportunity for some 3,000 new growers. We continue to invest in upskilling and developing farming practices for growers by offering training on various agricultural topics including agronomy practices, pest control, seed cane varieties and sustainable harvesting methods such as green cane harvesting. To provide direct support to growers we have expanded our grower support team to radically improve cane productivity from a baseline of 41 tonnes per hectare to 65 tonnes per hectare, which will improve grower profits.

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

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

stand-alone … facility in … Malawi

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

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

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

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

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

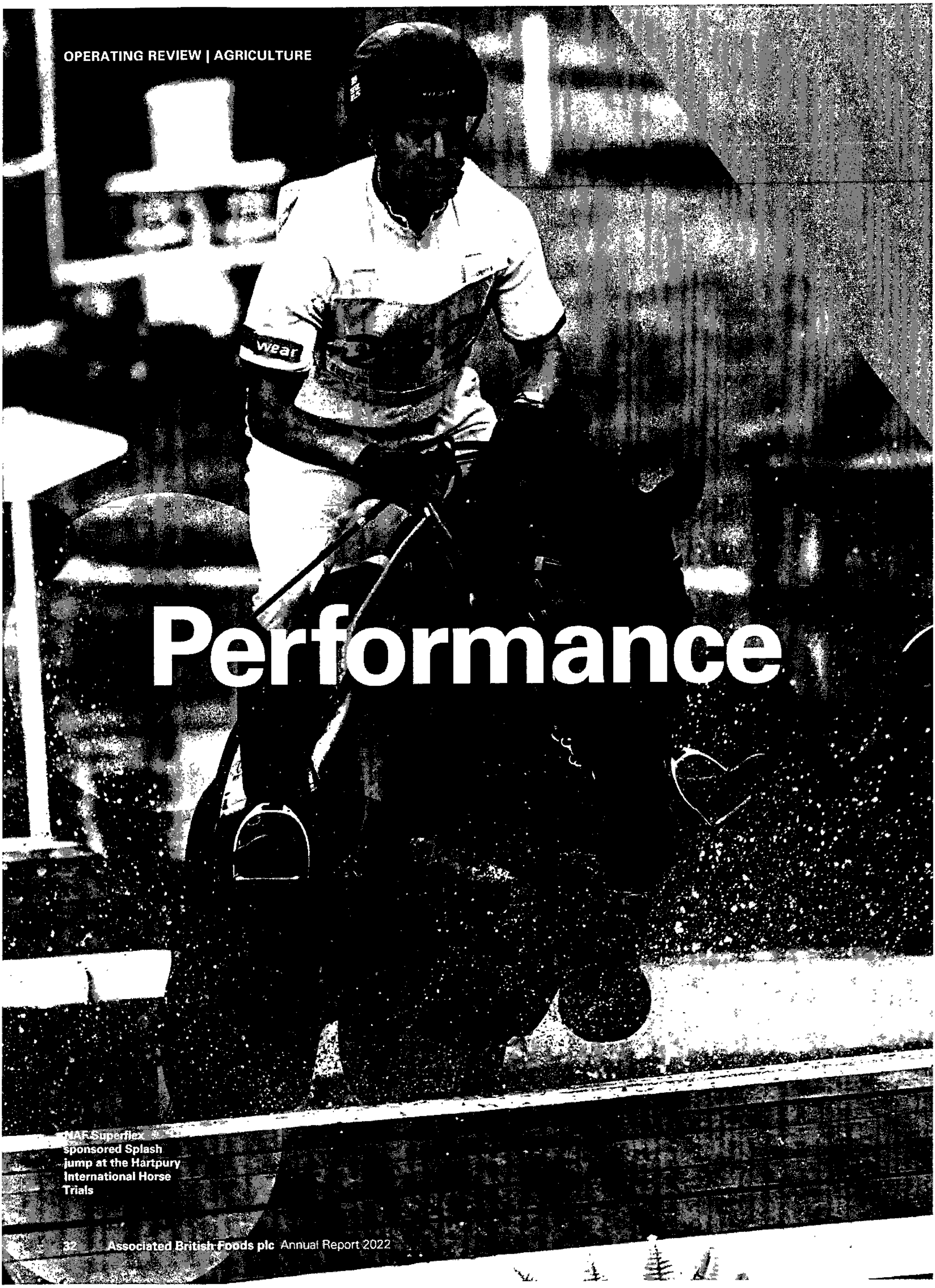
We opened our first stand-alone packing facility, Olivewood, in Malawi in May 2022. Here they pack sugar produced by our two Malawian mills, Nchalo and Dwangwa, from bulk 1 tonne packs into consumer-friendly pack sizes, ranging from single serve options from 50g up to 500g. The addition of this facility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

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

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

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

Performance



NAF Superflex sponsored Splash jump at the Hartpury International Horse Trials

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

About AB Agri

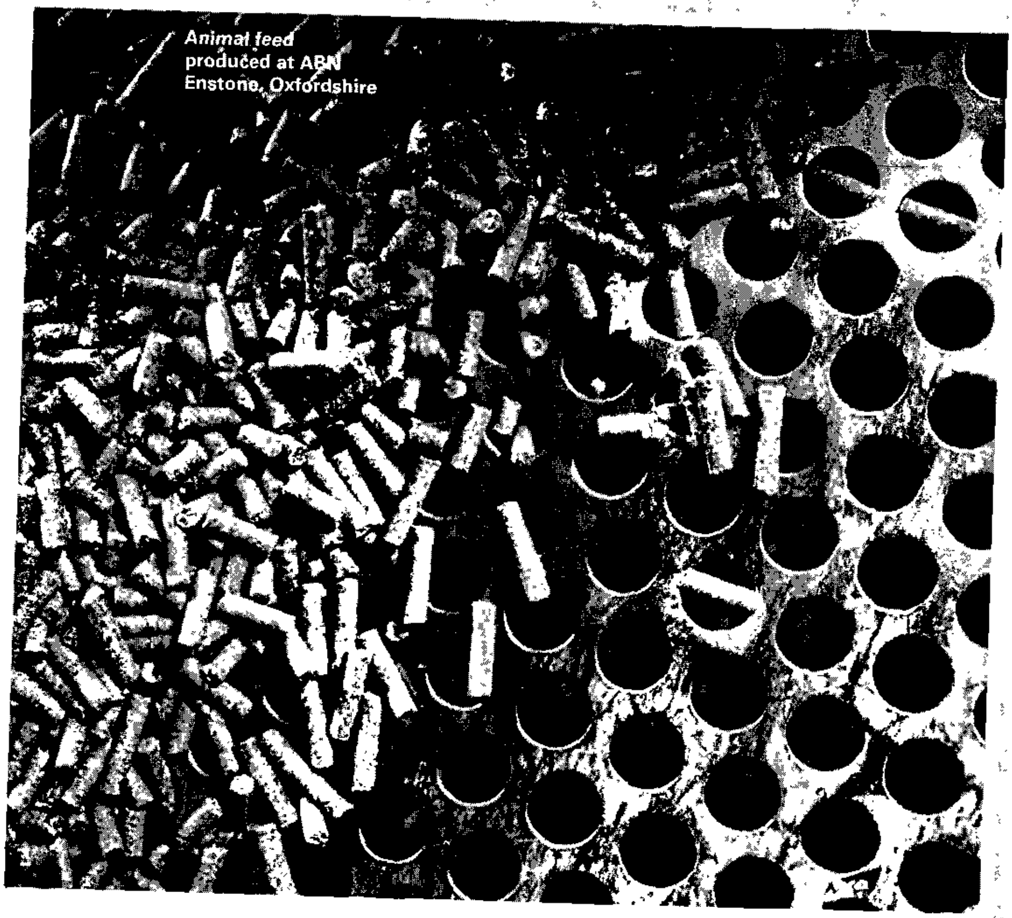
With an expert understanding of agriculture and animal nutrition, our philosophy is to improve feed production in order that nutritious and affordable food is produced safely.

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

Our core capabilities include:

- Creating innovative nutrition and technology-based products. We are a major investor in innovation of specialty feed ingredients for livestock, aqua, equine and pet foods. We develop pioneering ingredients including feed additive products, high-quality, bespoke vitamin and mineral pre-mixes, starter feeds and alternative proteins. We are piloting the creation of algae based animal feed ingredients from CO_2 emissions and partnering with a US biotechnology company to explore the use of bacteriophages in animal feed.
- Making animal 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.*
- Offering data services for the agri-food industry – with 20 years of expertise, our data and technology platforms deliver targeted insights that create continuous improvement for agricultural supply chains. We work with major food processors, retailers and directly with farmers, enabling them to:
  - increase productivity and yields sustainably;
  - improve animal health and husbandry; and
  - develop quality assurance and corporate responsibility programmes.

Employe[illegible] *Quality Assurance* testing la[illegible] Premi[illegible] Nutrition


Animal feed produced at ABN Enstone, Oxfordshire

Operating Review

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

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

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

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

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

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

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

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

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

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

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

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

leisure riders through to elite and competing riders.

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

…Jumper Harry Charles' horse, Romeo 88, at the Tokyo Olympics

British countryside

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AB Mauri

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

The business employs experts who have extensive knowledge and understanding of the functionality of yeast and bakery ingredients and of

produce them.

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

ABF Ingredients

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

We serve customers in more than

in Europe, the Americas and India. ABFI comprises seven businesses which operate worldwide with

- AB Biotek Human Nutrition

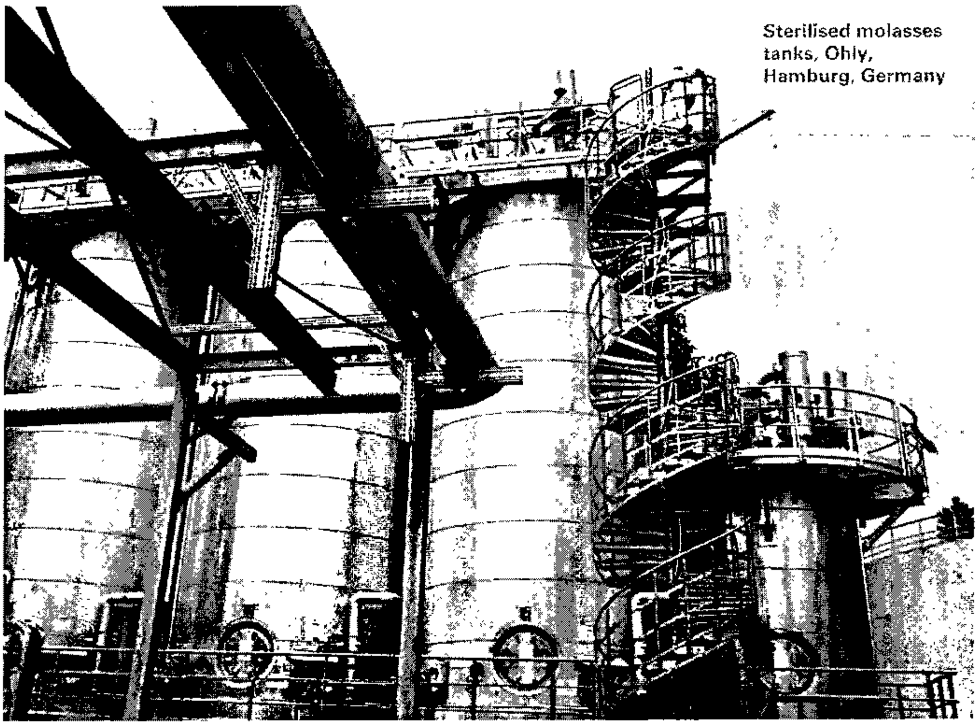
  modulating solutions for health and nutrition applications.
- AB Enzymes is an industrial biotech business specialising in enzymes. Applications derived from our technology are used in the bakery

  as well as in animal nutrition, pulp

  technical markets.
- AB TEC Corp. supplies speciality lipids, surfactants and reagents for the pharmaceutical, nutritional and speciality 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.
- PGP International produces speciality flours and extruded ingredients for use in a wide range of nutritional products such as energy bars.
- SPI Pharma supplies antacids, pharmaceutical excipients and

  pharmaceutical industry.

Sampling for dry matter, Ohly, Hamburg, Germany



Sterilised molasses tanks, Ohly, Hamburg, Germany

Operating Review

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

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

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

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

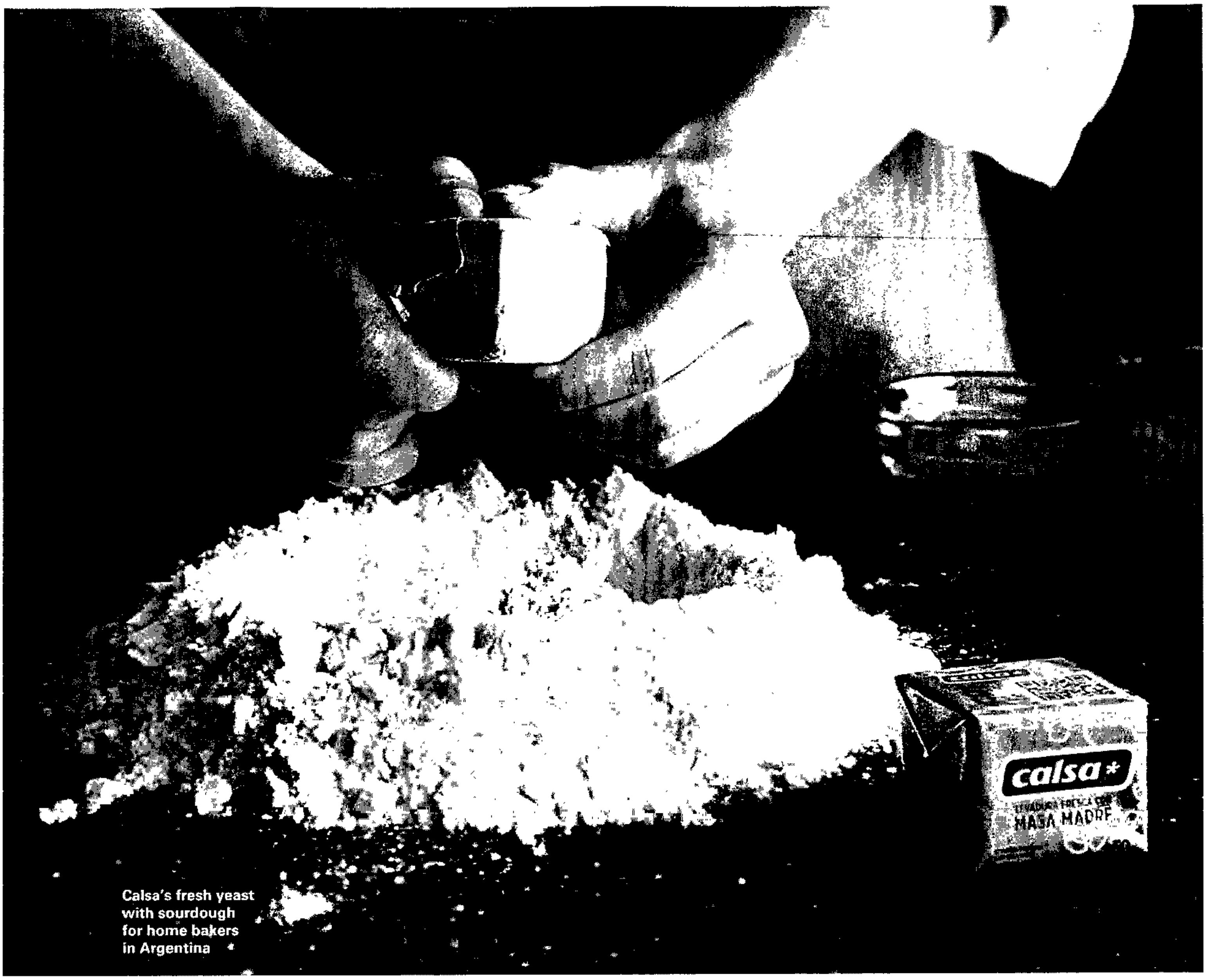
But sourdough's recent popularity disguises its historical roots. It is one of the oldest methods of leavening breads, thought to have originated in Egypt as long ago as 3500BC. Up until the Middle Ages it was the most common method of leavening bread, until bakers discovered that the foam from the beer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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

Feel-good

[illegible] opened in December 2021 and is the 400th store in Primark's global estate.

fashion

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

About Primark

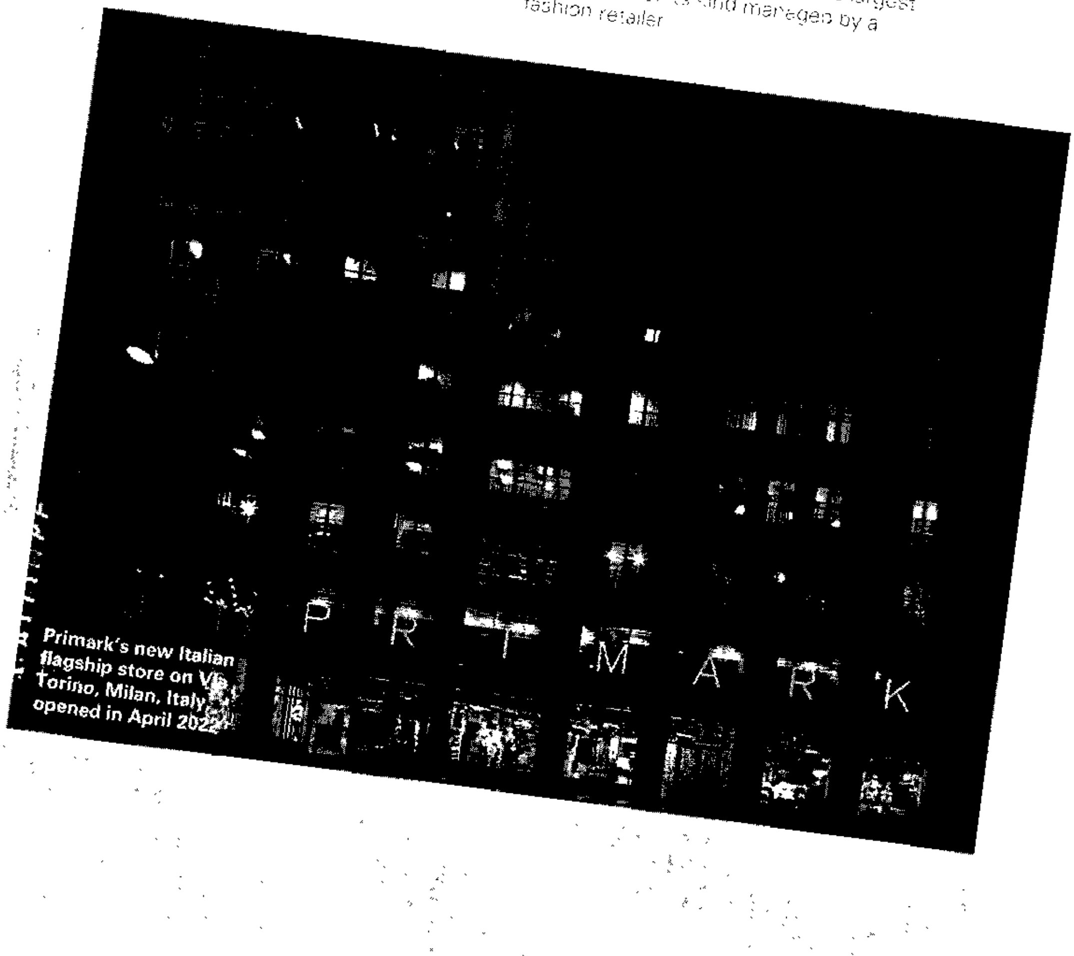
Primark is a leading international retailer with 17.3 million sq ft of selling space across 408 stores in 14 countries. Since founder Arthur Ryan opened our first store in 1969 in Mary Street, Dublin, which is still our headquarters today, we have been famous for our great value prices and great quality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

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

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

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

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



Primark's new Italian flagship store on Vi[illegible] Torino, Milan, Italy opened in April 2022

Operating review

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

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

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

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

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

We first entered the German market in 2009 and achieved very high sales densities in our early stores. We then opened stores in many city centres with a retail selling space much larger than the average for the rest of the Primark estate. As a result, the average size of our German stores is significantly higher than the Primark average. However, sales densities declined in the latter years up to the 2019 financial year and, as Germany recovered from the pandemic, they have not returned to pre-Covid levels. As a consequence, and combined with the high cost to serve in this market, store profitability has fallen to an unacceptable level and these accounts include an exceptional, one-off non-cash impairment of £208m in the value of our German property, plant and equipment and right-of-use assets. We remain committed to our loyal customers in this important market for Primark and we are now reviewing options to return our business in Germany to long-term profitability. These options include the potential to optimise the retail selling space by store as well as reviewing the footprint of the overall store portfolio.

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

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

Operating profit margin improved strongly this year to 9.3%, reflecting our stores trading for the whole of the period and a sharp increase in sales densities as COVID-related restrictions lifted and more normal customer behaviour resumed. The benefit of this normalisation of trading on the operating profit margin was partially offset by high inflation of input costs, such as energy and labour costs, and higher purchasing costs due to the significant strengthening of the US

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

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

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

New store openings in the year ended 17 September 2022:

Czechia
Olympia – Brno

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

Republic of Ireland
Tallaght

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

	Year ended 17 September 2022 # of stores	Year ended 17 September 2022 sq ft 000	Year ended 18 September 2021 # of stores	Year ended 18 September 2021 sq ft 000
UK	191	7,620	191	7,597
Spain	56	2,305	52	2,143
Germany	32	1,841	32	1,341
Republic of Ireland	37	1,121	36	1,076
France	20	1,044	20	1,044
Netherlands	20	1,016	20	1,016
US	13	563	13	563
Italy	11	552	7	361
Belgium	8	403	8	403
Portugal	10	383	10	393
Austria	5	242	5	242
Czechia	2	89	1	50
Poland	2	77	2	77
Slovenia	1	46	1	46
Total	408	17,302	398	16,812

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

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

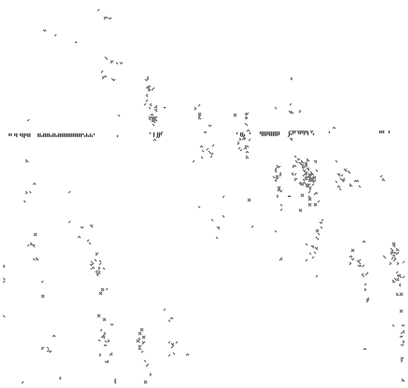
This financial year we have made good progress in building our digital capability. The new UK website launched in April on our new digital platform showcasing many more products and offering enhanced functionality and a much-improved customer experience. Customer reaction has been very positive with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

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

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

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


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



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

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

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

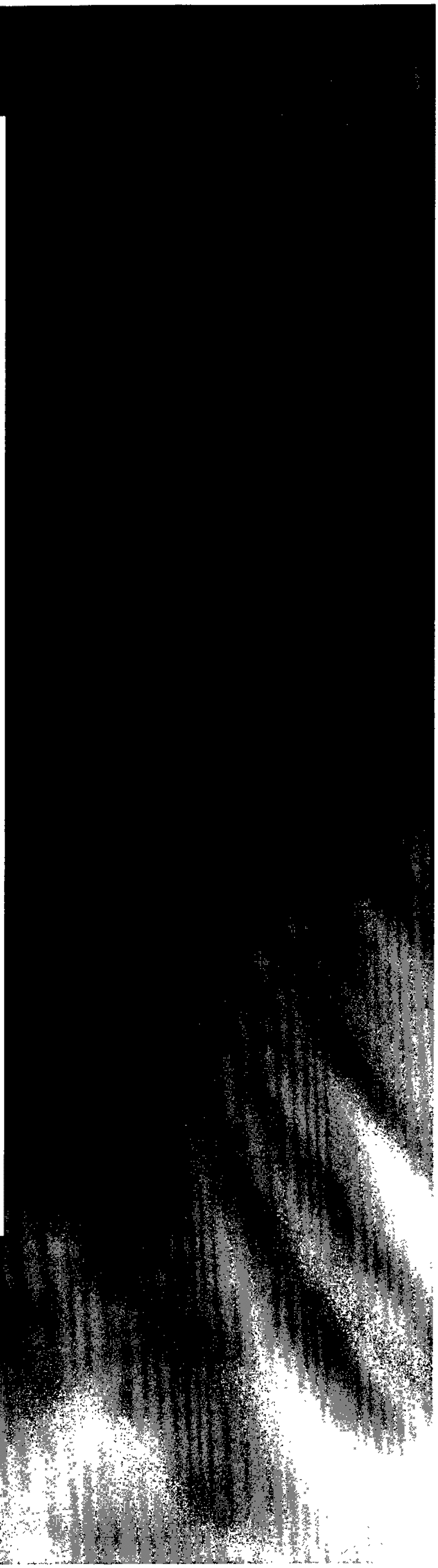
In April of this year, we took a big step forward with the launch of our new consumer-facing website in the UK. Built on our new digital platform, the site features more than 9,000 products from across Primark's bestselling ranges. It also features a fresh design, enhanced navigation and gives our customers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

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

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

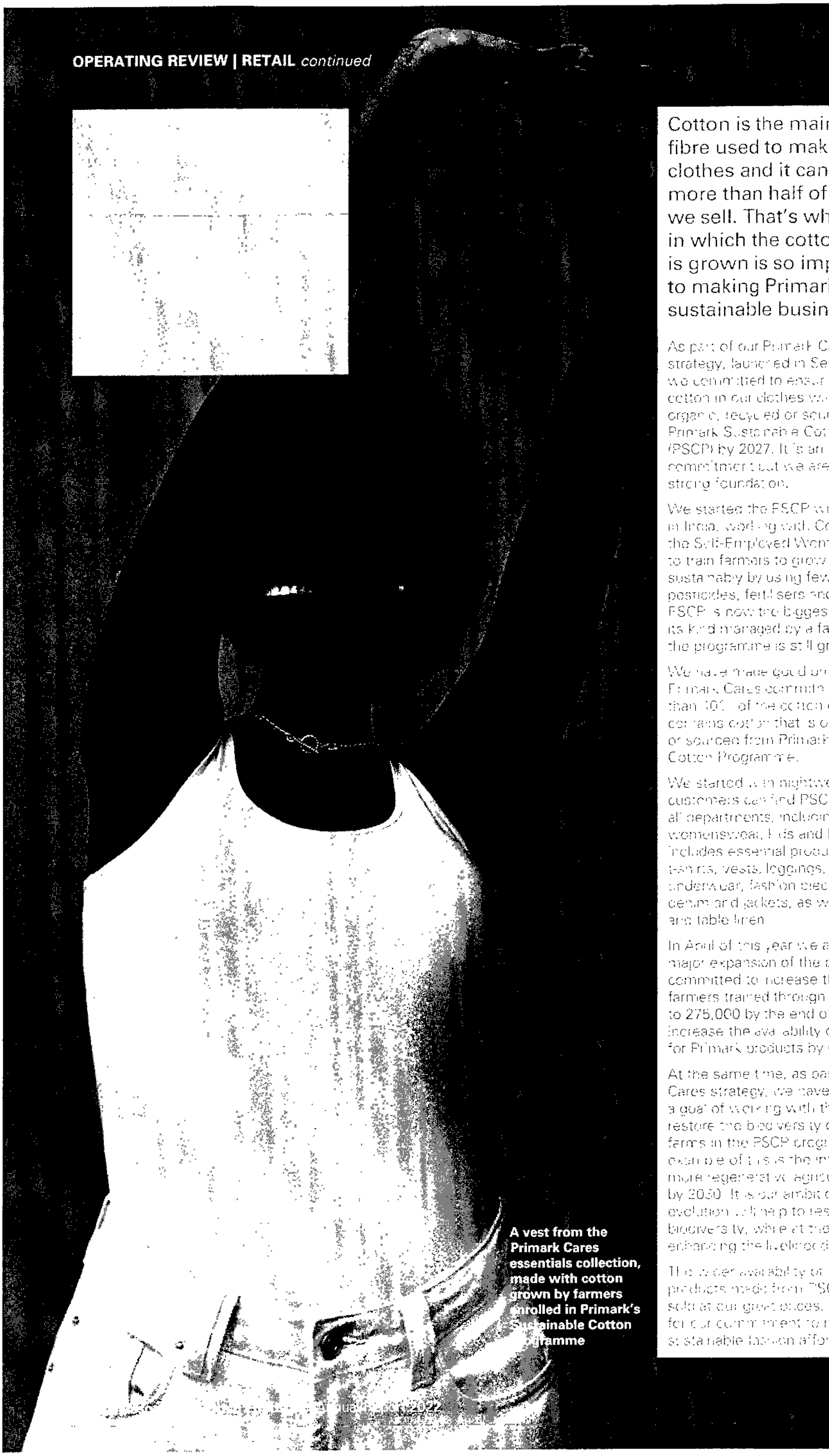
[illegible] also be launching a Click and Collect trial in 25 stores in the north of England and Wales. The trial will offer customers a much expanded kidswear range, [illegible] children's clothing, accessories and lifestyle products and catering for a [illegible]

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



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


This Is
Primark
There's Something For Everyone



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

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

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

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

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

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

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

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

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

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

[illegible]

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

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

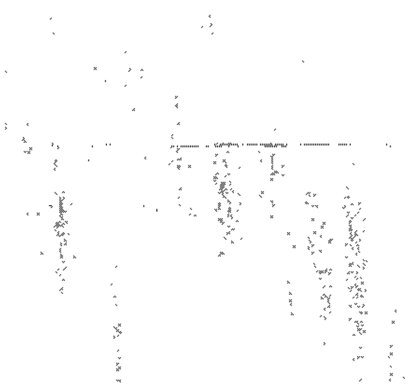
Our seasonal range of high-performance clothing and accessories aims to bridge that gap and open up participation in outdoor activities to everyone. First launched in September of last year with a collection of specialist hiking essentials including walking socks and boots, waterproof jackets and breathable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

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

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

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

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



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

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

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

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

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

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

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

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

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

Group performance

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

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

The prior year exceptional charge of £151m mainly comprised £141m of non-cash writedowns of property, plant and equipment at Azucarera and other [illegible]

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

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

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

Adjusted profit before tax of £1,356m was 49% up on last year on a reported basis. Statutory profit before tax of £1,070m was 48% up on last year on a reported basis.

Taxation

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

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

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

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

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

Earnings and shareholder returns

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

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

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

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

Cash flow

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

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

Acquisitions and disposals

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

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

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

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

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

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

Balance sheet

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

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

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

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

Financing and liquidity

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

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

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

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

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

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

Pensions

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

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

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

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

Non-financial metrics and TCFD

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

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

BEIS

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

New accounting policies

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

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

John Bason
Finance Director

Engaging with our stakeholders

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

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

Stakeholder engagement

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

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

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

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

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

Screening of bioactive polyphenols, Fytexia, Vendres, France.

Employees

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

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

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

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

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

Suppliers

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

- Payment practices
- Responsible sourcing
- *Supply chain sustainability*

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

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

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

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

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

Customers/Consumers

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

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

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

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

Key matters on which the Board was briefed include:

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

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

Communities and the environment

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

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

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

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

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

Shareholders and institutional investors

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

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

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

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

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

Governments

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

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

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

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

Principal decisions

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

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

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

Which stakeholders most affected?
- Shareholders/Institutional investors

Consideration of stakeholder views/interests and impact on decision-making
As at November 2021, all of our Primark stores were open again, were mostly free of trading restrictions and the Food businesses were trading well. The uncertainty around future cash flows was considerably lower than the previous year although the possibility of further trading restrictions could not be ruled out. We proposed a final dividend of 20.6p per share which, together with the interim dividend paid in July 2021 of 6.2p per share, made a total of 26.7p per share for the year, which was three times covered by the adjusted earnings per share of 80.1p for the year, in line with previous practice.

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

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

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

Decision to launch an inaugural public bond.

Which stakeholders most affected?
- Shareholders/Institutional investors
- Suppliers

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

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

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

Decision to launch a Primark Click and Collect trial.

Which stakeholders most affected?
- Customers/Consumers
- Employees
- Communities/Environment
- Suppliers

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

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

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

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

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

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

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

Which stakeholders most affected?

- Customers/Consumers
- Employees
- Suppliers

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

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

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

Decision to set up a Primark Strategic Advisory Board.

Which stakeholders most affected?

- Customers/Consumers
- Employees
- Shareholders/Institutional investors

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

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

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

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

Decision to hold ESG Day 3.

Which stakeholders most affected?

- Shareholders/Institutional investors
- Communities/Environment
- Employees

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

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

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

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

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

Invested in our future

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

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

We live and breathe our values [illegible] They guide our behaviour and help us deliver long-term benefits for our people, suppliers, communities, customers and the environment.

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

Our values are:

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

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

Associated British Foods

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

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

How materiality fits into our value chain

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

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

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

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

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

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

Our suppliers

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

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

Our people:

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

Our products:

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

544,000

lives improved through Twinings' Sourced with Care programme

252,800

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

2,400

Primark supplier factory audits conducted

54%

of the energy we used came from renewables[1]

929GWh

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

84%

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

132,000

people employed

36%

of senior management are women

84%

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

500,000 tonnes

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

45%

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

89 million

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

1. [illegible]
2. [illegible]

Reporting and stakeholders

Non-financial reporting requirements

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

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

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

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

Further Environmental, Social and Governance (ESG) disclosures

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

These focus on:

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

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

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

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

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

Engaging with stakeholders

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

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

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

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

People

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

Society and supply chains

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

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

Environment

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

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

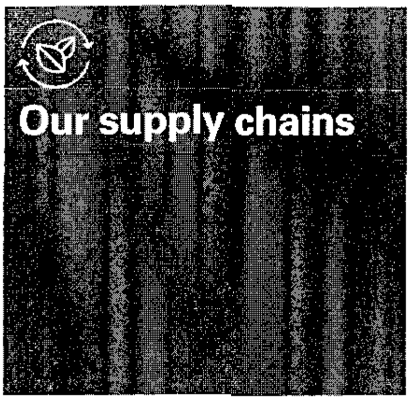
ESG assessments

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

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

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

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



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

We are focused on what really matters:

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

Protecting human rights and labour rights

Human rights due diligence across our Group

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Delivering social impacts

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

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

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

Improving the environmental performance of our suppliers' farms and factories

The environmental impacts of farming

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

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

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

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

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

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

The environmental impacts of suppliers' factories

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

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

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

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

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

Our operations

We are focused on what really matters:

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

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

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

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

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

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

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

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

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

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

	2021			2022		
	UK only	Non-UK	Total	**UK only**	**Non-UK**	**Total**
Scope 1 (000 tonnes of CO_2e)	1,041	1,406	2,450	**1,093**	**1,315**	2,408Δ
Scope 2 Location-based: (000 tonnes of CO_2e)	86	625	711	**90**	**609**	699Δ
Scope 2 Market-based: (000 tonnes of CO_2e)	152	625	777	**124**	**596**	720Δ
Total Scopes 1 and 2 location-based: (000 tonnes of CO_2e)	1,130	2,031	3,161	**1,184**	**1,923**	3,107Δ
Scope 3 Indirect emissions from use of third-party transport: (000 tonnes of CO_2e)			621			637Δ
Scope 3 Primark's scope 3 emissions: (000 tonnes of CO_2e)			4,606			6,452Δ
Total Scope 3: (000 tonnes of CO_2e)			5,227			7,089Δ
Biogenic carbon emissions: (000 tonnes of CO_2e)	39	4,169	4,208	**14**	**3,865**	**3,879**
Intensity ratio Scope 1 and 2 location-based emissions per £1m revenue (Scopes 1 and 2 tonnes CO_2e/£1m)	–		228	**–**	**–**	**183**
Energy consumed: (GWh)	4,692	17,298	21,990	**4,777**	**16,269**	21,0[illegible]Δ

* We report our GHG inventory using the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard Revised Edition as our framework for calculation and disclosure. We use [illegible] conversion factors published by the UK's Department for Business, Energy and Industrial Strategy (BEIS) in [illegible] 2022, other internationally recognised sources, and bespoke [illegible] at selected locations. Scope 2 market-based emissions have been calculated in accordance with the GHG Protocol Scope 2 Guidance [illegible] 2021 and 2022 we have excluded Primark's third-party transport [illegible] from the Group figures as these are accounted for in the [illegible] Primark Scope 3 [illegible] our Climate Change Report [illegible] 2022 for more details, including [illegible] of joint ventures and associates.

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

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

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

[illegible]

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

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

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

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

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

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

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

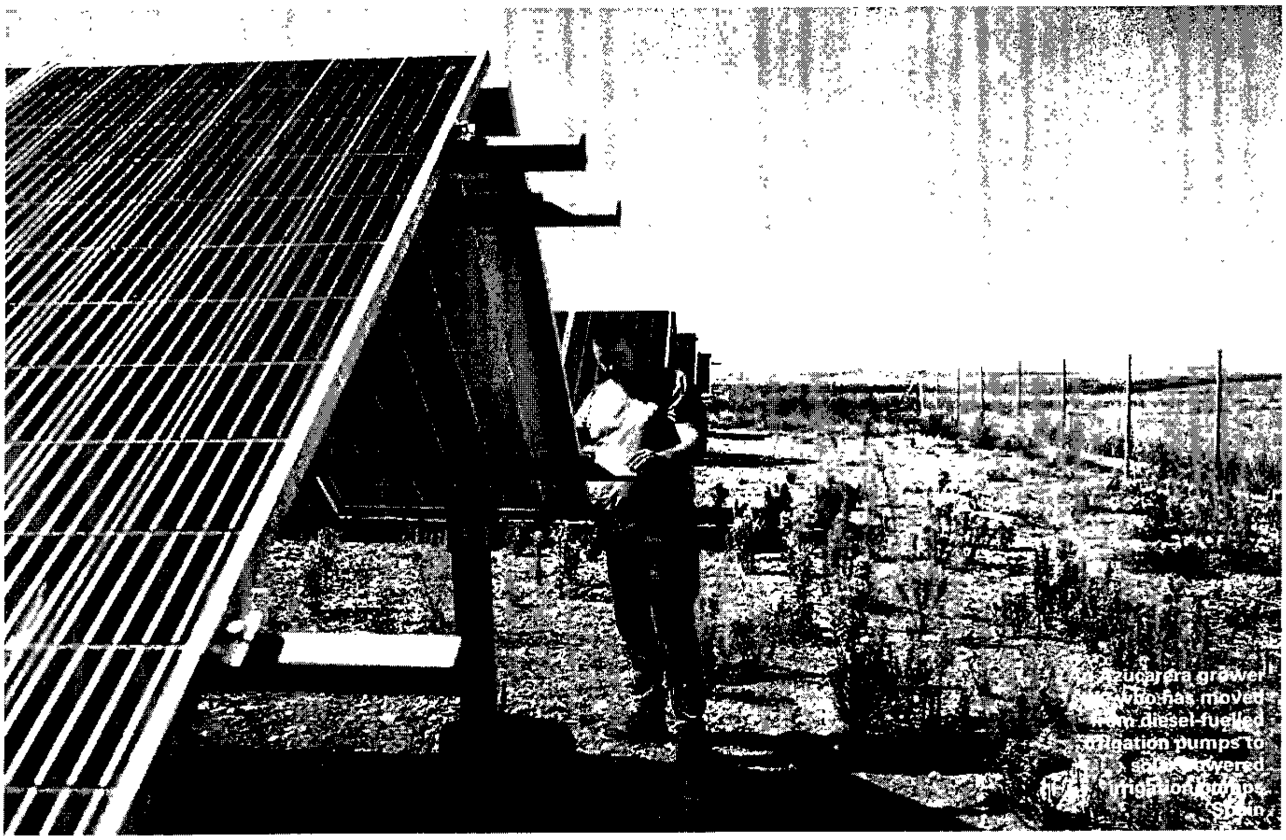
For more examples of energy efficiency actions, see our 2022 Responsibility Report and more detailed performance data included in our Climate Change ESG Insights 2022.

[illegible]

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

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

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



[illegible] Azucarera grower [illegible] who has moved from diesel-fuelled irrigation pumps to [illegible] irrigation pumps, Spain.

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

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

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

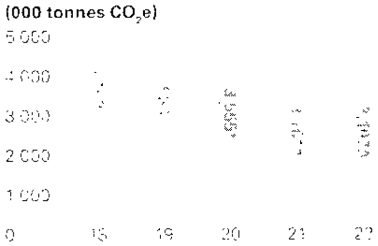
This year the Group abstracted [illegible] operations and irrigation, which is an 8% reduction compared with 2021. In part, this reduction was a result of the floods caused by tropical storm Ana which prevented irrigation at Illovo in Malawi and Mozambique.

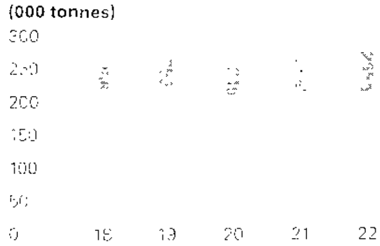
AB Sugar accounts for a significant proportion of the water used across the Group, at 96% of the total water abstracted. Almost all of this relates to crop irrigation within Illovo Sugar Africa.

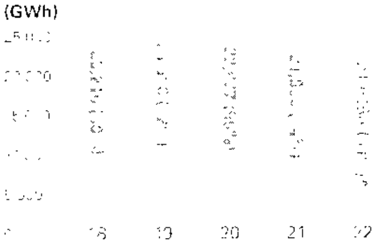
Of the total water abstracted, 26% was reused within our operations before finally returning it to the watercourse.

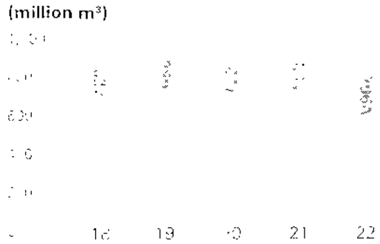
Our sites managed 127 million m³ of waste water, which was treated and then returned to the watercourses. This is approximately the same as last year.

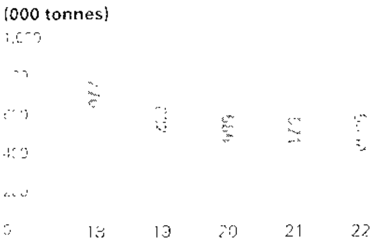
This year we received 16 environmental [illegible] fell within the reporting year. These were largely due to the treatment of waste water. These issues are being addressed with targeted support provided to the specific sites and engagement with local regulators to ensure standards are met.

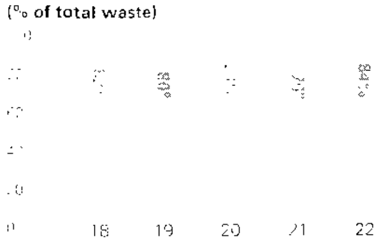




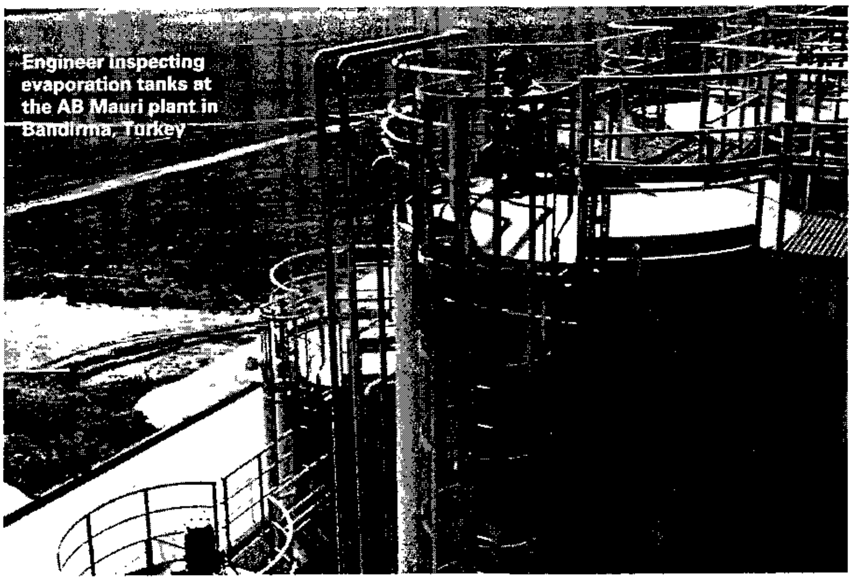








* Impacted by COVID-19 pandemic



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

[illegible]

Our people

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

We focus on what really matters:

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

Prioritising safety health and wellbeing

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

Our approach to safety

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

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

Our safety performance this year

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

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

Number of employees

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

Safety regulatory involvement

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

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

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

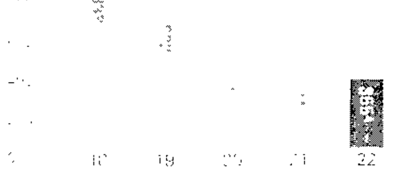
Health and wellbeing

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

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

Lost time injuries

Number of employees having an LTI during the year



Championing diversity, equity and inclusion

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

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

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

Gender metrics

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

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

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

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

Gender metrics

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

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

	Total employees*	Men in workforce	Women in workforce	% of workforce who are women	Number of management roles**	Number of men in senior management roles	Number of women in senior management roles	Percentage of senior management who are women
Grocery	15,819	10,318	5,501	35%	759	456	303	40%
Sugar	34,664	26,982	7,682	22%	281	197	84	30%
Agriculture	2,801	1,915	886	32%	357	214	143	40%
Ingredients	6,381	4,733	1,648	26%	559	396	163	29%
Retail	72,110	15,949	56,161	78%	228	124	104	46%
Central	498	304	194	39%	70	53	17	24%
Total	**132,273**	**60,201**	**72,072**	**54%**	**2,254**	**1,440**	**814**	**36%**

* Full-time, part-time and seasonal contracts.
** Includes directorships of subsidiary undertakings.

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

Gender pay gap reporting

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

2022 Gender pay gap reporting

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

Key

↑ Higher than that of men

↓ Lower than that of men

Gender pay and bonus gaps are calculated by comparing the mean (average) and median women's value in the data set [illegible]

Group

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

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

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

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

Non-retail businesses

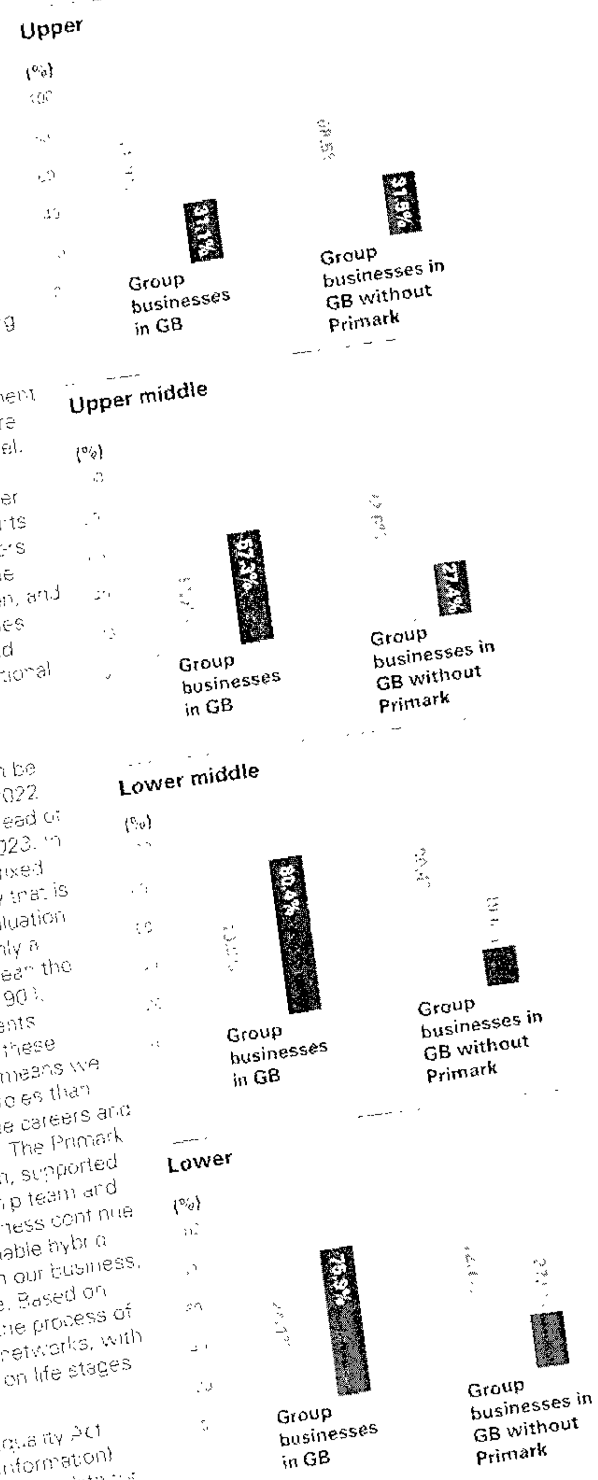
In the non-retail businesses the pay gap remains in favour of women as we have a significant majority of male employees in the Food businesses who work in a manufacturing environment. These employees are being compared to women who, on average, work in middle management. In our Food businesses in Great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

Primark

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

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

Proportion of men and women in each pay quartile



Engaging and supporting our people

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

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

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

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

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

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

Anti-Bribery and Corruption Policy

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

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

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

Speak Up

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

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

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

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

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

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

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

Harvesting tea ... tea estate, Kenya

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

We are focused on what really matters:

We are focused on nutritious and

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

Providing safe, nutritious and affordable food

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

Food and nutrition

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

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

Nutrition reporting - UK Grocery

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

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

Product reformulation

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

Product reformulation examples during financial year 2021/22.

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

Nutrition labelling

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

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

Further information can be found in our 2022 Responsibility Report.

Nutrition reporting - UK Grocery

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

Tackling plastic and packaging

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

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

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

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

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

Enabling others to cut their carbon emissions

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

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

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

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

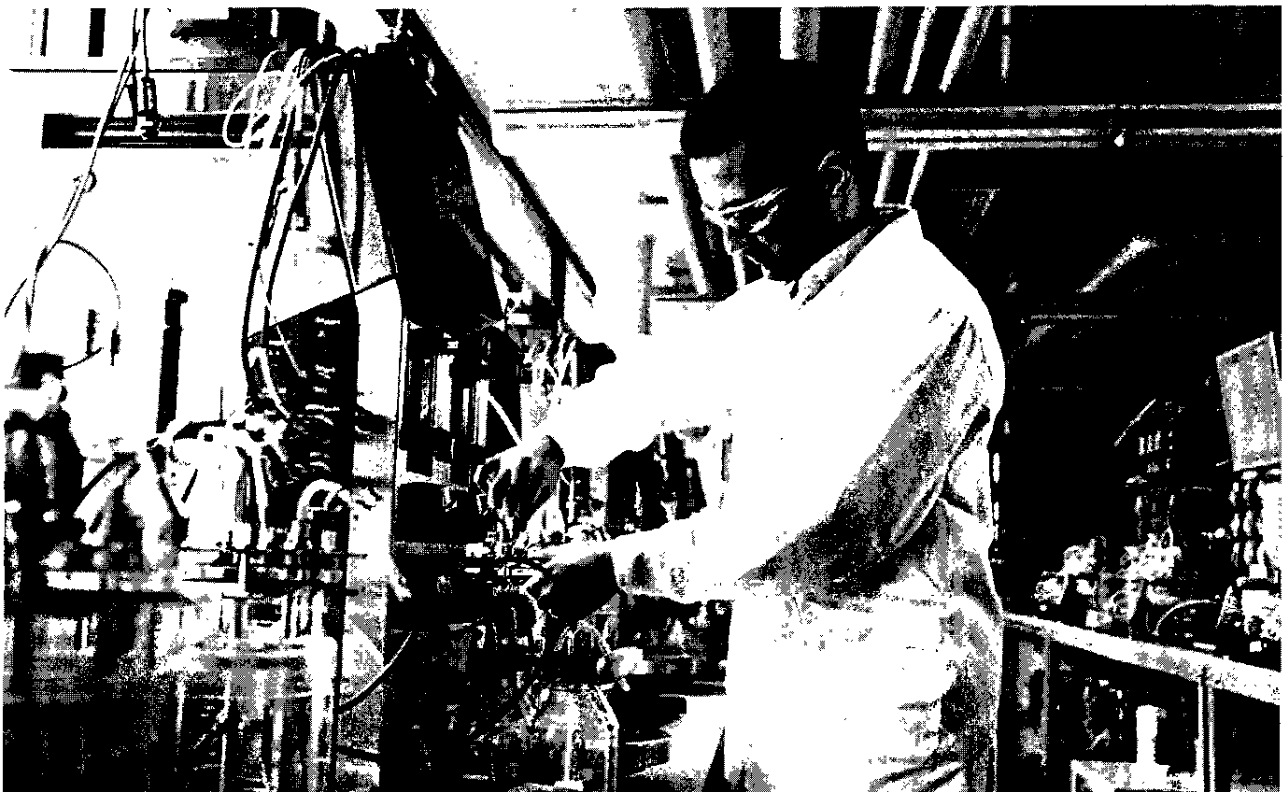
Vivergo has invested to expand its operations, creating the largest bioethanol plant in the UK. At full capacity, Vivergo would produce an estimated 420 million litres of bioethanol annually. When blended with petrol to E10 standards this will reduce total UK vehicle emissions by around 500,000 tonnes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

Improving the durability of clothing

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

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

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



AB Enzymes, Darmstadt, Germany

Climate-related Financial Disclosures (TCFD)

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

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

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

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

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

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

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

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

Governance

Oversight by the Board and Audit Committee

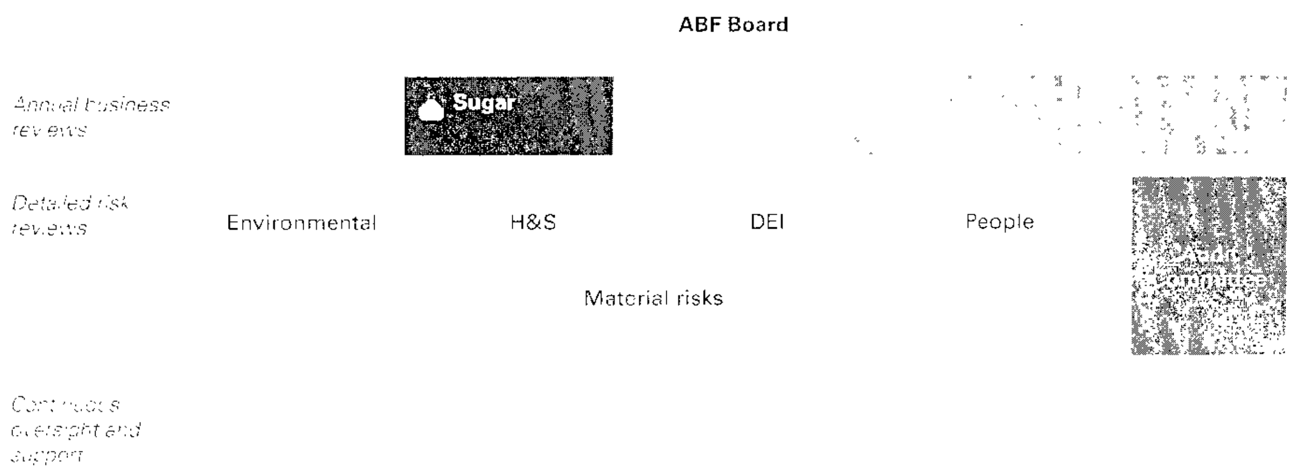
The Board is responsible for overseeing climate-related issues. The governance process is set out in the table below.

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

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

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

Governance framework



to include progress against climate-related goals and metrics.

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

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

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

Management's role

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

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

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

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

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

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

Risk management

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

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

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

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

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

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

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

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

2. In these businesses:
   - Cross-functional business teams worked with third-party experts (South Pole)[1] to develop an initial list of climate-related physical and transition risks and opportunities that could impact those businesses in line with the TCFD framework and guidance.
   - We held climate risk/opportunity workshops with key stakeholders to prioritise risks and opportunities for scenario analysis. Selection criteria included the importance of those risks and opportunities to the business, South Pole's judgement on how climate change may potentially change those risks and opportunities and the availability of appropriate models to assess impacts.

1 South Pole [illegible]

3 We conducted high-level assessments across all our other businesses, involving relevant business segment leaders and third-party experts. These assessments ensured we not only understand the material climate risks and opportunities in those businesses but also identified risks and opportunities that could be material if accumulated across the Group. All identified risks were then reviewed, and those that could have the most significant financial impact on the Group [illegible]

4 Following the scenario analyses and workshops, the most significant climate-related risks were identified and assessed by each business segment and incorporated into relevant risk registers, in line with their existing risk management processes.

5 Our Non-Executive Directors and PwC were then engaged to challenge our approach in identifying material risks and consider if we had missed anything material. We assessed the outcome of these challenges and adjusted our approach as considered appropriate.

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

Businesses are responsible for managing risks relevant to them.

Strategy and action, metrics and targets

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

Climate risks and opportunities

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

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

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

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

* The focus of the cotton [illegible] analysis is on Primark Sustainable Cotton Programme (PSCP) locations in [illegible] and Pakistan.

Scenario analysis

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

The following scenarios have been used:

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

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

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

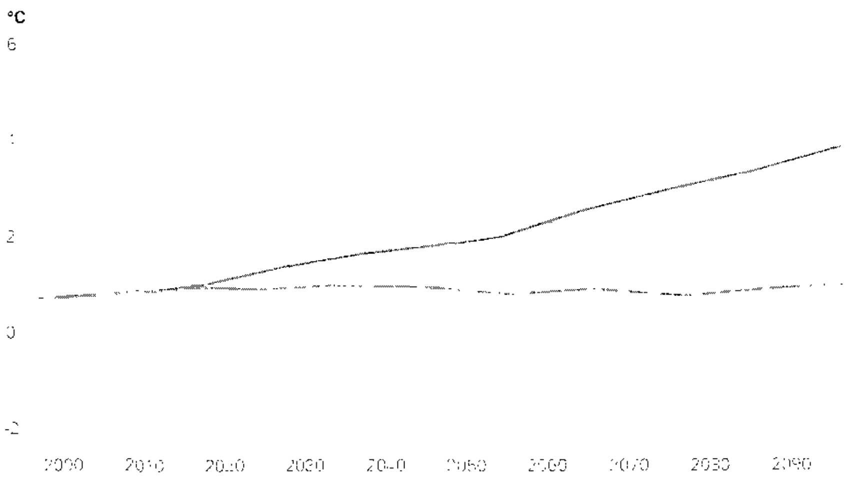
As we look further out, the impact of compounding means that even a small assumption change can lead to a significant range in outcomes projected by climate models and scenarios. We have therefore placed more emphasis on projections to 2030, using them for action planning, and used projections to 2050,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

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

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

TCFD physical risk: concepts and frameworks

Global average surface temperature change



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

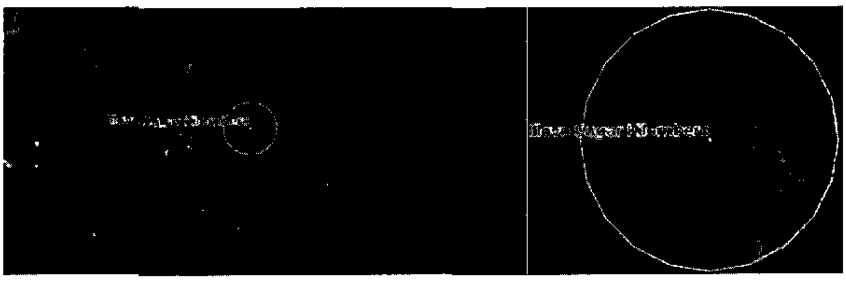
In all physical risk analysis we have used the RCP8.5 scenario, which is widely considered to represent one of the worst-case climate scenarios with temperatures [illegible] levels by 2100. This scenario projects an extreme view of physical climate [illegible]

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

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

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

Example of flood assessment – Kilombero, Tanzania

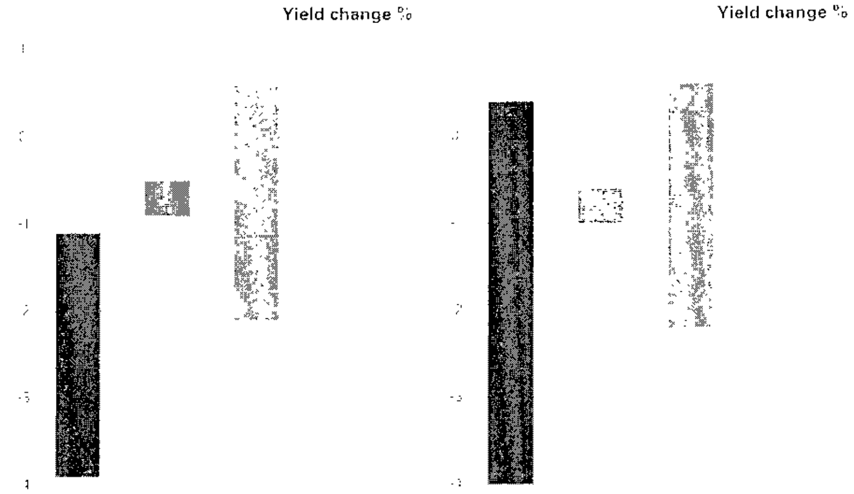


Flood height at the factory			Max flood height within 5km of the factory		
Historical	2030	2050	Historical	2030	2050
0 m	0 m	0 m	2.06m	1.81m	1.71m

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

Example of cotton yield analysis – India and Pakistan PSCP* locations
2030: The yield impact ranges from an insignificant change to some -4% reduction. This excludes the benefit of sourcing more cotton from sustainable sources

RCP2.6 2030 **RCP8.5 2030**



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

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

The graph shows the projected range of impacts based on the 25th and 75th percentile results, before mitigating actions. A full analysis of this analysis is detailed on page 89.

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

The difference between the impacts of the different RCPs is minimal in 2030 but increases from then until 2050.

* PSCP – Primark Sustainable Cotton Programme.
** The EPIC model [illegible] Texas AgriLife Research and the United States Department of Agriculture (USDA) [illegible]

Use of scenario results to support strategy and financial planning

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

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

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

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

Impact assessment

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

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

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

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

[illegible]

Results of the climate-related risks and opportunities assessment

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

Climate impact on cotton yields

Impact assessment

Low	2030
Medium	2050

Based on RCP8.5

Median cotton yield impact is [illegible] in 2030 with a range of 0 to -4

In 2050 median cotton yield impact is -14 [illegible] the range of -12 [illegible] to -15

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

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

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

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

Scenarios assessed

RCP2.6**/RCP8.5

Key analysis and assumptions

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

Mitigation

Current mitigations

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

Future mitigating actions

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

Metrics and targets

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

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

* PSCP = Primark Sustainable Cotton Programme.
** [illegible] RCP2.6 [illegible]
*** [illegible]

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

Impact assessment

Low	2030
Medium	2050

Based on RCP8.5

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

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

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

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

Scenarios assessed

RCP2.6/RCP8.5

Key analysis and assumptions

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

Mitigation

Current mitigations

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

Future mitigating actions

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

Metrics and targets

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

Climate impact on tea yields

Impact assessment

Low	2030
Low	2050

Median yield impacts by tea region vary from 0 to [illegible] by 2030 and [illegible] by 2050. There is inherent uncertainty in yield impacts in [illegible] where changes in potential outcomes are significant.

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

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

Scenarios assessed

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

Key analysis and assumptions

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

Mitigation

Current mitigations

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

Future mitigating actions

- Continued focus on enhancing farming practices, particularly irrigation.

* [illegible]

** The Potsdam [illegible] EPIC [illegible]

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

Metrics and targets

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

Fourteen tea regions within six countries below were selected for analysis

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

Impact assessment

Low	2030
Medium	2050

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

Bangladesh

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

Coastal flooding: Baseline (1979-2014): 1.3%, 2030: [illegible], 2050: 2.5%

River flooding: Baseline (1960-1999): 2.3%, 2030: 2.6%, 2050: 5.3%

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

China

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

Coastal flooding: Baseline (1979-2014): 1.1%, 2030: 1.1%, 2050: 1.6%

River flooding: Baseline (1960-1999): 4.4%, 2030: 4.5%, 2050: 4.9%

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

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

Scenarios assessed

RCP4.5/RCP8.5

China RCP8.5 only

Key analysis and assumptions

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

Mitigation

Current mitigations

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

Future mitigating actions

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

Metrics and targets

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

* [illegible]

Impact of carbon pricing mechanisms on AB Sugar and Primark

Impact assessment

Medium 2030

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

AB Sugar

Incremental impact ranges from £0m to £48m in 2030.

AB Sugar has developed a detailed plan to reduce absolute Scope 1 and 2 carbon emissions by 30%, from 2017/18, by 2030 through a range of fuel substitution and energy-efficiency programmes that are both affordable and commercially attractive with an estimated average ROI above 15%. Beyond that, technologies exist, but [illegible]

Primark

Incremental impact ranges from £55m to £155m in 2030

This impact is driven by hypothetical carbon taxes on Scope 3 upstream emissions. Scope 1 and 2 make up less than 2% of Primark's total emissions.

Primark has quantified its Scope 3 emissions for the last four years and has a detailed Scope 3 calculation methodology.

There is the potential for an increase in carbon prices as countries align policy with Nationally Determined Contributions and emissions reduction trajectories. It is also possible in the shorter term that governments will seek to offset the impacts of any such increase through allowances and transition reliefs in light of macroeconomic pressure on all businesses.

Primark's decarbonisation programme is managed as an integral part of the Primark Cares strategy and there is a worked-up plan to reduce absolute emissions by 50% by 2030 and mitigate the company against significant potential exposure to increased carbon taxation. The plan focuses on our top five sourcing markets and seeks to support suppliers implement energy efficient measures and switch to renewable sources. The plan does not assume the purchase of offsets. Actions are already underway to reduce Scope 3 emissions in the Primark supply chain.

Primark is also aligned with the UNFCCC Fashion Industry Charter goal of net zero emissions across all three Scopes by 2050.

Scenarios assessed

International Energy Agency's Net Zero Emissions by 2050 Scenario ('NZE'), Sustainable Development Scenario ('SDS') and Stated Policies Scenario ('STEPS').

Key analysis and assumptions

- Sugar and apparel are not within the initial scope of the EU's proposed Cross Border Adjustment Mechanism ('CBAM'). Implementation of CBAMs by 2030 has therefore not been assumed in this analysis.
- Carbon prices are based on the three IEA scenarios STEPS, SDS and NZE. The lowest number quoted is based on IEA's STEPS scenario. The highest number quoted is based on IEA's NZE. Carbon prices are quoted in US dollars in the scenarios. They have been translated into sterling based on average exchange [illegible]
- The scenarios assume the implementation of new and/or more stringent carbon prices on carbon emissions within the sugar and textiles value chains in multiple countries
- Carbon taxes applied to Scope 1, 2 and [illegible]
- Carbon taxes applied to Scope 1 and 2 emissions for AB Sugar. This represents some 65% of ABF's Scope 1 and 2 emissions.
- No growth assumed.
- Results assume delivery of both Primark's and AB Sugar's carbon commitments
- No significant reduction in Emission Trading Scheme Allowances assumed
- Our calculations assume that additional costs are not passed on to customers through price changes.

Mitigation

Current mitigations

- AB Sugar has a detailed plan to achieve its 30% absolute reduction, which it manages through its robust profit improvement system. Some 12%* reduction has already been delivered vs its 2017/18 baseline.
- Primark has a fully worked-up plan to achieve a significant reduction in supplier emissions by the end of the decade and is aligned with the UNFCCC Fashion Industry Charter goal of net zero emissions across all three Scopes by 2050.

Future mitigating actions

- Delivery of detailed decarbonisation plans for AB Sugar/Primark.
- Potential carbon tax impacts are small when considering the size and scale of both businesses. Both Primark and AB Sugar continually manage inflationary pressures. In the event that carbon prices were to increase or be applied to goods that are currently not in scope, these would be managed and offset as required as with any other cost input.

Metrics and targets

- Primark. GHG emissions Scope 1, 2 and 3 emissions vs target of 50% absolute reduction in emissions by 2030 vs 2018/19 baseline
- AB Sugar. GHG emissions Scope 1 and 2 emissions vs target of 30% absolute reduction in Scope 1 and 2 emissions by 2030 vs 2017/18 baseline.

Climate opportunities

We have split our major opportunities into two categories: carbon enablement to help other companies and customers reduce their emissions, and increased efficiency within our own businesses

Carbon enablement

Carbon enablement has always been integral to our businesses and a key focus for investment and innovation. Many of our businesses are advantageously positioned to supply products and services to help customers and companies reduce their emissions. Products and services include bioethanol, animal feeds and enzymes which support [illegible]

Example – AB Enzymes

AB Enzymes is an industrial biotech company that specialises in the development of enzymes used by companies in multiple industries for various applications. Enzymes have the potential to avert significant quantities of carbon and can also be used to reduce energy, water and waste, while improving quality. For example AB Enzymes supplies enzymes which:

- enable clothes to be washed at lower temperatures reducing energy consumption,
- reduce temperatures required to biopolish cotton textiles, and
- reduce the energy, raw materials and chemical additives required whilst achieving better end-product quality in the paper industry.

Efficiency

Efficiency has always been part of our DNA. There are many efficiency opportunities within ABF's portfolio, for instance maximising renewable energy generated from natural biomass products in southern Africa.

Examples of these opportunities can be seen on https://www.abf.co.uk/

* 12% reduction is based on AB Sugar's Scope 1 and 2 emissions [illegible] 2021/22

Metrics and targets

The high level of diversity across our businesses means that we have established key climate-related metrics at both a groupwide and divisional level. In line with our strategy and risk management process, our businesses are responsible for identifying their own key metrics as well as opportunities and targets relevant to their material climate-related risks.

We have summarised the material metrics and, where applicable, targets used by ABF to assess climate-related risks and opportunities in the table below. A full list of our non-financial metrics, along with definitions and historic trends, can be found in our ESG Insights.

This includes targets set, where applicable, and progress against these targets. GHG emissions, reported in the 'Responsibility – Our operations' section of our Annual Report on page 74, have been calculated in accordance with the GHG reporting protocol methodology.

TCFD metric category	Group/division	FY22 metrics	Target set	Linkage to climate risk/opportunity	Metric
Physical risks	AB Sugar	• Total sugar production (tonnes)	No	Climate impacts on sugar yields	3.1mt See ESG Insights
	Group	• Volume of water abstracted	AB Sugar represents some 96% of the Group's water abstracted. It has a target to reduce its end to end supply chain water by 30% by 2030 vs a 2017/18 baseline	Climate impacts on sugar yields	See pages 13, 76
	Primark	• Proportion of cotton clothing sales (units) that contain cotton that is organic, recycled or sourced from Primark's Sustainable Cotton Programme (%)	Target 100% by 2027	Climate impacts on cotton yields	See pages 53, 89
	Primark	• Number of farmers trained in the Primark Sustainable Cotton Programme	275,000 farmers to be trained by the end of 2023. This includes farmers that are currently being trained and those that have completed training under the programme.	Climate impacts on cotton yields	See pages 13, 56
Transition risks	Group	• Percentage of renewable energy (%) • Energy consumed	No	Impacts of carbon pricing mechanisms on AB Sugar and Primark	See pages 13, 75
GHG emissions	Group	• Scope 1 and 2 emissions: absolute emissions ('000 tCO_2e) and tonnes of CO_2e per £1m of revenue	No	Impacts of carbon pricing mechanisms on AB Sugar and Primark	See pages 13, 74
	AB Sugar	• GHG emissions: absolute Scope 1 and 2 emissions ('000t CO_2e)	Target to reduce Scope 1 and 2 absolute emissions by 30% by 2030 vs a 2017/18 baseline	Impacts of carbon pricing mechanisms on AB Sugar	2,014 ('000t CO_2e) See ESG Insights and page 92
	Primark	• GHG emissions: Scope 1, 2 and 3 emissions ('000t CO_2e)	Primark is aligned with the UNFCCC Fashion Industry Charter goal of net zero emissions across all three Scopes by 2050. It also has an interim target to halve its absolute carbon footprint across all three Scopes by 2030 against a 2018/19 baseline	Impacts of carbon pricing mechanisms on Primark	See pages 13, 53
Climate-related opportunities	Primark	• Proportion of clothing sales (units) containing recycled or more sustainably sourced materials (%)	Target to ensure 100% of clothing sales contain recycled or more sustainably sourced materials by 2030		See pages 13, 53

EY has provided limited independent assurance over this metric. See the ABF Responsibility Report 2022, page 98, for EY's assurance statement.

Actions we will take in 2023

- Disclose in line with the Financial Conduct Authority's additional guidance applicable to years beginning on or after 1 January 2022, including new guidance on metrics, targets and transition plans and an updated TCFD implementation annex (released October 2021).
- Undertake further work to understand the impact of climate change on people and productivity. We have completed analysis which considers how Wet Bulb Globe Temperature, a heat index taking into account humidity, temperature and solar radiation, could impact farmers in Bangladesh, India and Pakistan. The analysis suggests that excluding mitigating actions, heat stress impacts could be potentially significant, particularly under more extreme climate scenarios to 2050. Next year we will consider how to integrate local understanding into this analysis to enable us to report in more detail on risks and mitigation.
- Track and report on progress against external targets.

Other information

Please refer to ABF's 2022 website, Responsibility Report or ESG Insights for further detail on our approach to climate and other ESG issues.

Managing our risks

Our approach to risk management

The delivery of our strategic objectives *and the sustainable growth (or long-term* shareholder value) of our business, is dependent on effective risk management. We regularly face business uncertainties and it is through a structured approach to risk management that we are able to mitigate and manage these risks and embrace opportunities when they arise. These disciplines remain effective as we face increased economic volatility resulting from the aftermath of COVID-19, which has been exacerbated by geopolitical uncertainty triggered by the war in Ukraine.

The diversified nature of our operations, geographical reach, assets and currencies *are important factors in mitigating the risk* of a material threat to the Group's sustainable growth and long-term shareholder value. However, as with any business, risks and uncertainties are inherent in our business activities. These risks may have a financial, operational or reputational impact.

The Board is accountable for effective risk management, for agreeing the principal, including emerging, risks facing the Group and ensuring they are successfully managed. The Board undertakes a robust annual assessment of the principal risks, including emerging risks, that would threaten the business model, future performance, solvency or liquidity. The Board also monitors the Group's exposure to risks as part of the business performance reviews conducted at each Board meeting. Financial risks are specifically reviewed by the Audit Committee.

Our decentralised business model empowers the management of our businesses to identify, evaluate and manage the risks they face, on a timely basis, to ensure compliance with relevant legislation, our business principles and Group policies.

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

Emerging risks are identified and considered at both a Group and individual business level, with key management being close to their geographies. These risks are identified, as part of the overall risk management process, through a variety of horizon-scanning methods including: geopolitical insights, ongoing assessment of competitor activity and market factors; workshops and management meetings focused on risk identification, analysis of existing risks using industry knowledge and experience to understand how these risks may affect us in the future, and representation and participation in key industry associations.

The Group's Director of Financial Control receives the risk assessments on an annual basis and, with the Finance Director, reviews and challenges them with the divisional chief executives, on an individual basis.

These discussions are wide-ranging and consider operational, environmental and other external risks. These risks and their impact on business performance are reported during the year and are considered as part of the monthly management review process.

Group functional heads including Legal, Treasury, Tax, IT, Pensions, HR, Procurement and Insurance also provide input to this process, sharing with the Director of Financial Control their view of key risks and what activities are in place or planned to mitigate them. A combination of these perspectives with the business risk assessments creates a consolidated view of the Group's risk profile. A summary of these risk assessments is then shared and discussed with the Finance Director and Chief Executive at least annually.

The Director of Financial Control holds meetings with each of the non-executive directors seeking their feedback on the reviews performed and discussing the key risks, which include emerging risks, and mitigating activities identified through the risk assessment exercise. Once all non-executive directors have been consulted, a Board report is prepared summarising the full process and providing an assessment of the status of risk management across the Group. The key risks, mitigating controls and relevant policies are summarised and the Board confirms the Group's principal risks. These are the risks which could prevent Associated British Foods (ABF) from delivering our strategic objectives. This report also details when formal updates relating to the key risks will be provided to the Board throughout the year.

Key areas of focus this year

Effective risk management processes and internal controls

We continued to seek improvements in our risk management processes to ensure the quality and integrity of information and the ability to respond swiftly to direct risks. During the year, the Audit Committee on behalf of the Board conducted reviews on the effectiveness of the Group's risk management processes and internal controls in accordance with the 2018 UK Corporate Governance Code. Our approach to risk management and systems of internal control is in line with the recommendations in the Financial Reporting Council's (FRC) revised guidance 'Risk management, internal control and related financial and [illegible]

The Board is satisfied that internal controls were properly maintained [illegible]

Geopolitical uncertainty and Russia's war in Ukraine

The global inflationary impacts of COVID-19 have been exacerbated by the geopolitical uncertainty caused by Russia's war in Ukraine. This has resulted in economic uncertainty in almost all of the markets in which we operate, and has adversely impacted energy pricing, commodity costs and supply chains. Our management teams are monitoring the situation closely and continue to demonstrate agility and an ability to take appropriate mitigating actions to secure raw materials, maintain production and provide a reliable supply to our customers. This is an ongoing challenge and its impacts will depend on the duration of the current crisis and the geopolitical repercussions.

Household budgets

Household budgets, in a number of markets in which we operate, are facing real pressures as a result of high inflation, increased interest rates and general *economic uncertainty. This means that* some consumers are having to make challenging and difficult choices in respect of what they spend and where they spend it. Whilst we continue to offer safe, nutritious and affordable food and affordable, quality clothes to our customers, the full consequences of the current cost of living crisis remains *uncertain. The impact on our businesses* will depend on the extent of government intervention and the duration of any economic downturns.

Recent global financial data suggests that there is an increasing risk of recession across a number of the key economies in which we operate and the possibility of a prolonged period of stagnation. All of our businesses have developed strategies considering the potential changes in both end consumer and our customer behaviours and demands, the implications for the business and where investment or changes to business models may be appropriate.

Regulatory changes

Our businesses continue to face a large number of regulatory changes with new requirements being developed in a number of areas including the Task Force on Climate-related Financial Disclosures (TCFD), Environmental, Social and Governance (ESG), and extended producer responsibility regarding packaging and plastics. For each of these areas, groupwide initiatives are well advanced to meet the specific requirements. The extent of change will have an impact on the capacity of *management at the time when they are* dealing with the ongoing challenges resulting from economic uncertainty, alongside the day-to-day growth of [illegible]

In response to Task Force on Climate-related Financial Disclosures (TCFD) requirements we have conducted a comprehensive risk assessment across the whole supply chain, focused on climate related risks and opportunities at a divisional level, aligned with the risk management processes at ABF and our *decentralised structure. Details of this* [illegible]

In anticipation of the government's response to the BEIS white paper Restoring trust in Audit and Corporate Governance published in 2021, we are nearing the completion of a business *wide programme, supported by external* consultants. The programme formalises our approach to internal control matters and to provide a documented trail to support our assessment of the effectiveness of key controls which minimise the risk of a material misstatement in our financial statements.

Environment

ABF has a clear sense of social purpose: it exists to provide safe, nutritious and affordable food, and clothing that is great value for money, to hundreds of millions of customers worldwide. ABF is set on a mission: to continue to make food and clothes available and affordable and also carbon neutral as quickly as we can. The *people in our businesses are motivated* by the excitement that comes from driving social and environmental improvement. ESG isn't simply a matter of risk mitigation. ESG factors, including the potential implications of climate change, are considered as part of our well established risk management framework and they also frame *opportunities for our businesses to* become better. Our leaders are empowered to include the prioritisation of mitigation of environmental impacts as a central aspect of their business plans, sharing learnings from other ABF businesses and applying industry best practice. The Board reviews each business segment in depth every year, *and ESG factors are central to the* analysis and discussion.

Our culture and values, and particularly our devolved decision-making model, empowers *the people closest to risks to* make the right judgements to mitigate risks. In respect of ESG, each of our businesses has prioritised and is devoting most resources to those ESG factors which are of greatest relevance and will make the greatest long-term difference. They are also challenged by the centre through detailed reviews of the Group's *environmental performance, health and* safety performance, and its diversity, equity and inclusion and workforce engagement programmes.

Our principal risks and uncertainties

The directors have carried out an assessment of the principal risks facing ABF, including emerging risks, that would threaten our business model, future *performance, solvency or liquidity.* Outlined below are the Group's principal risks and uncertainties and the key mitigating activities in place to address them. These are the principal risks of the Group as a whole and are not in any order of priority.

ABF is exposed to a variety of other [illegible] development and retention of people, community relations, the regulatory environment and competition. These are *managed as part of the risk process and* [illegible] 2022 Responsibility Report. Here, [illegible] believe are likely to have the greatest current or near-term impact on our strategic and operational plans [illegible]

They are grouped into external risks, which may occur in the markets or environment in which we operate, and operational risks, which are related to internal activity linked to our own operations and internal controls.

The 'Changes since 2021' describe our experience and activity over the last year.

External risks

Movement in exchange rates

Context and potential impact
Associated British Foods is a multinational Group with operations and transactions in many currencies.

Changes in exchange rates give rise to transactional exposures within the businesses and to translation exposures when the assets, liabilities and results of overseas entities are translated into sterling upon consolidation.

Mitigation
Our businesses constantly review their currency exposures and their hedging instruments and, where necessary, ensure appropriate actions are taken to manage the impact of currency movements.

Board-approved policies require businesses to hedge all transactional currency exposures and committed long-term supply or purchase contracts which are denominated in a foreign currency, using foreign exchange forward contracts. Cash balances and borrowings are largely maintained in the functional currency of the local operations.

Cross currency swaps have been used to align part of the Group's borrowings with the underlying currencies of the Group's net assets (refer to note 26 to the financial statements for more information).

Changes since 2021
Sterling has weakened against most of our trading currencies this year, resulting in an operating profit gain on translation of £15m.

Primark covers its currency exposure on purchases of merchandise denominated in foreign currencies at the time of placing orders, with an average tenor of Primark's hedging activity of between three and four months. There was a negative transactional effect from the appreciation of the US dollar exchange rate against both the sterling and euro on Primark's largely dollar denominated purchases for the year.

There has been a greater level of volatility in sterling exchange rates against our major trading currencies during the financial year, caused by global inflationary and growth challenges.

Fluctuations in commodity and energy prices

Context and potential impact
Changes in commodity and energy prices can have a material impact on the Group's operating results, asset values and cash flows.

Mitigation
The Group purchases a wide range of commodities in the ordinary course of business. We constantly monitor the markets in which we operate and manage certain of these exposures with exchange traded contracts and hedging instruments.

The commercial implications of commodity price movements are continuously assessed and, where appropriate, are reflected in the pricing of our products.

Changes since 2021
Commodity price inflation has been a global factor throughout the year. A number of our food and agriculture businesses have experienced increased input costs driven by the appreciation of energy and agricultural commodity prices in the financial year.

Energy prices, particularly in the UK and Europe, have increased materially as a result of significant market uncertainty and supply concerns since the Russian invasion of Ukraine. The increase in energy prices has impacted all of the Group's businesses. Businesses continue to manage commodity price risk under their existing risk management frameworks and, where appropriate, reflect this in pricing of products.

Increased
Unchanged
Decreased

Operating in global markets

Context and potential impact

Associated British Foods operates in 53 countries with sales and supply chains in many more, so we are exposed to global market forces, fluctuations in national economies; societal unrest and geopolitical uncertainty; a range of consumer trends, evolving legislation and changes made by our competitors.

Failure to recognise and respond to any of these factors could directly impact the profitability of our operations.

Entering new markets is a risk to any business.

Mitigation

Our approach to risk management incorporates potential short-term market volatility and evaluates longer-term socio-economic and political scenarios. The Group's financial control framework and Board-adopted tax and treasury policies require all businesses to comply fully with relevant local laws.

Provision is made for known issues based on management's interpretation of country-specific tax law, EU cases and investigations on tax rulings and their likely outcomes.

By their nature socio-political events are largely unpredictable. Nonetheless our businesses have detailed contingency plans which include site-level emergency responses and improved security for employees.

We engage with governments, local regulators and community organisations to contribute to, and anticipate, important changes in public policy.

We conduct rigorous due diligence when entering or commencing business activities in new markets.

Changes since 2021

There is continued uncertainty as a result of the COVID-19 pandemic. Authorities, particularly in China, continue to impose restrictions on both a regional and local basis.

The increased geopolitical risks induced by the Russian invasion of Ukraine is weighing adversely on global economic conditions throughout 2022; particularly impacted are energy pricing, commodity costs and supply chains. Recent global financial data suggests that there is an increasing risk of recession across a number of the key economies in which we operate and the possibility of a prolonged period of stagnation.

Supply chains risks are increasing and are vulnerable to energy and wage inflation as well as a greater risk of a move towards protectionism and heightened disruption exacerbated by the war in Ukraine. Geopolitical tensions continue to arise in a number of countries in which we operate and this is having an impact on sourcing and supplier management. For example, the situation in Myanmar, a country that supplies Primark, remains extremely concerning and very complex.

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

Health and nutrition

Context and potential impact

Failure to adapt to changing consumer health choices or to address nutrition concerns in the formulation of our products, related to consumer preferences or government public health policies, could result in a loss of consumer base and impact business performance. This year we have provided a more detailed breakdown of our UK Grocery product portfolio in the context of nutrition within the ABF Corporate Responsibility Report.

Mitigation

All of our food businesses are individually responsible for managing their product portfolio. Consumer preferences, regulation and market trends are monitored continually. Recipes are regularly reviewed and, where technically feasible, are considered for reformulation to improve their overall nutritional value.

All of our grocery products are labelled with nutritional information, including in many cases front of pack nutrition labelling on our branded grocery products.

We actively consider consumer health in the context of brand development and merger and acquisition activity: for example, the launch of the Twinings wellness range. Branded grocery acquisitions over the past decade include Acetum, producers of Balsamic Vinegar of Modena, that is typically consumed as an accompaniment to salads, and Dorset Cereals, producers of high-fibre breakfast cereals made from whole grains and dried fruits, nuts and seeds. Likewise, the HIGH5 and Reflex range of sports nutrition products. Our specialist sports-nutrition brand HIGH5 typically supports over 500 events annually, which promote exercise across the UK.

We invest in research with experts to improve our understanding of the science and societal trends. Both ABF UK Grocery and British Sugar support the charitable work of the British Nutrition Foundation to promote understanding of nutrition science in the context of healthy and sustainable diets.

Changes since 2021

Our Sugar and Grocery businesses have continued to focus on nutrition and health during the year to help consumers improve their diet.

Notable examples include AB World Foods, which has reformulated nine of its core UK Patak's sauce products to reduce fat, sugar and salt. The businesses have also added colour coded traffic light labelling to the front of the packaging. Likewise, Jordans Dorset Ryvita has reformulated the Dorset cereals granola range.

In addition, our Sugar business's campaign 'Making Sense of Sugar' has continued to develop into a global platform. The aim is to provide factual information based on robust science to help inform and educate people about sugar and their diet.

Our businesses continue to assess the nutritional content of their products on an ongoing basis, and engage with stakeholders, directly and through trade associations, in relation to nutrition science and changes to the regulatory and consumer operating environment.

Operational risks

Workplace health and safety

Context and potential impact
Many of our operations, by their nature, have the potential for loss of life or workplace injuries to employees, contractors and visitors.

We are saddened that since the start of the pandemic in March 2020, we have lost 43 colleagues to COVID-19 of which 42 were in the year to September 2021 and one very early in this reporting year. We deeply mourn their passing and our hearts go out to their families and colleagues.

Mitigation
Safety continues to be one of our main priorities. The chief executives of each business, who lead by example, are accountable for the safety performance of their business.

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

Best practice safety and occupational health guidance is shared across the businesses, co-ordinated from the corporate centre, to supplement the delivery of their own programmes.

Changes since 2021
The safety performance of the Group is reported in the 2022 Responsibility Report at www.abf.co.uk/responsibility.

We are deeply saddened to report that in the year there were four work-related fatalities: one to an employee and three to contractors. They occurred in South Africa, Australia, Mexico and Spain. Our businesses have conducted thorough root cause analyses, have implemented safety changes and communicated the findings to the other businesses.

This year over £35m was invested in reducing the safety and health risks across a wide range of operational hazards. As part of this, we invested £9.3m dedicated to COVID-19 safety measures for employees, customers and other visitors to our stores and manufacturing sites.

Product safety and quality

Context and potential impact
As a leading food manufacturer and retailer, it is vital that we manage the safety and quality of our products throughout the supply chain.

Mitigation
Product safety is put before economic considerations.

We operate strict food safety and traceability policies within an organisational culture of hygiene and product safety to ensure consistently high standards in our operations and in the sourcing and handling of raw materials and garments.

Food quality and safety audits are conducted across all our manufacturing sites, by independent third parties and customers, and a due diligence programme is in place to ensure the safety of our retail products.

Our sites comply with international food safety and quality management standards and our businesses conduct regular mock product incident exercises.

All businesses set clear expectations of suppliers, with relevant third-party certification or other assessment a condition of doing business. Product testing and trials are undertaken as required and where bespoke raw materials are purchased, the businesses will work closely with the supplier to ensure quality parameters are suitably specified and understood.

All Primark's products are tested to, and must meet, stringent product safety specifications in line with and in some instances above legal requirements. Primark continues to drive and improve product performance for quality and compliance purposes through its product approval processes, in country inspections centres and management of its supply base.

Changes since 2021
We did not have any major product recalls.

Businesses have continued to define and refine KPIs in this area.

Increased
Unchanged
Decreased

Breaches of IT and information security

Context and potential impact

To meet customer, consumer and supplier needs, our IT infrastructure needs to be flexible, reliable and secure to allow us to interact through technology.

Our delivery of efficient and effective operations is enhanced using relevant technologies and the sharing of information. We are therefore subject to potential cyber-threats such as social engineering attacks, computer viruses and the loss or theft of data.

There is the potential for disruption to operations from data centre failures, IT malfunctions or external cyber-attacks.

Mitigation

In parallel to building IT roadmaps and developing our technology systems, we invest in developing the IT skills and capabilities of our people across our businesses.

We continue to actively monitor and mitigate any cyber-threats and suspicious IT activity.

We have established Group IT security policies, technologies and processes, all of which are subject to regular internal audit.

Access to sensitive data is restricted and closely monitored.

Robust disaster recovery plans are in place for business-critical applications and are adequately tested.

Cyber incident response testing is done at all levels of the business to ensure we have adequate and effective processes to respond to a cyber incident.

Technical security controls are in place over key IT platforms with the Chief Information Security Officer tasked with identifying and responding to potential security risks.

Changes since 2021

Due to the changes in how people have worked since the COVID-19 pandemic, the delivery of our IT services and systems has changed. A large proportion of our employees work in a hybrid fashion and the IT services, including the information security controls and measures, have been developed to support this.

There is an ongoing programme of investment in both technology and people to enhance the longevity of our IT environments for both on-site and remote working.

To maintain the support for seamless hybrid working we continue to improve our IT infrastructure, manage bandwidth with our telecommunications partners and improve our collaboration tools.

In response to an increased level of phishing attacks, we have developed and improved our user awareness training programmes.

As cybersecurity risks evolve, we continue to invest in our security capabilities at a Group level and across the businesses allowing us to more effectively detect, respond to and recover from disruptive cyber-threats.

We have improved and developed the existing disciplines to ensure that user devices are regularly patched and upgraded to reflect changing IT security threats. Revised guidance for laptop and desktop patching has been issued to all businesses to ensure that systems are up to date and secure.

During the year we have reviewed and tested both IT disaster recovery plans and cyber incident response plans across the businesses.

Our use of natural resources and managing our environmental impact

Context and potential impact

Our businesses and their supply chains rely on a secure supply of finite natural resources, some of which are vulnerable to external factors such as natural disasters and climate change and others are vulnerable based on the operational choices we take. Our material environmental impacts come from: fuel and energy use; agricultural operations giving rise to GHG emissions; use of land related to agricultural operations; the abstraction and management of water and wastewater especially in water-stressed areas; and waste which is not yet eliminated at source, reused or recycled, including single-use plastics.

We recognise that climate change represents a material risk throughout our supply chains and poses challenges to some of our businesses. Many of our businesses rely on agricultural crops with complex supply chains. Long-term climate change will impact agricultural crops and workers while extreme weather events have the potential to cause disruption across value chains.

In our assessment of climate-related business risks we recognise that the cumulative impacts of changes in weather and water availability could affect our operations at a Group level. However, the diversified and decentralised nature of the Group means that mitigation or adaptation strategies are considered and implemented by the individual businesses.

In addition to GHG emissions, our operations generate a range of other emissions such as dust, wastewater and waste which, if not controlled, could pose a risk to the environment and local communities, potentially creating risk to our licence to operate and resulting in additional costs.

Mitigation

We continuously seek ways to improve the efficiency of our operations, using technologies and techniques to reduce our use of natural resources and minimise waste and the subsequent impact on the environment.

The Audit Committee and the Board have received specific briefings on climate change matters and on our approach to achieving TCFD compliance. We have engaged external experts to support our TCFD implementation and established a steering committee sponsored by the Finance Director, to oversee its governance, which reports to the Audit Committee.

The steering committee comprises senior functional leaders from Corporate Social Responsibility, Environment, Finance, Risk Management, and HR, together with senior representation from AB Sugar and Primark. Our 2022 Climate-related Financial Disclosure (TCFD) can be found on page 62 of the Annual Report.

Our use of natural resources and managing our environmental impact *continued*

Within our Sugar business, Illovo Sugar in Africa is already managing significant climate variability so their responses to extreme weather events are already well developed. They are also improving irrigation efficiency to reduce the risk of drought, including investing in drip irrigation, and river defences to reduce storm damage.

Primark and Twinings Ovo sourcing strategies focus on geographical diversification for sourcing products and developing risk mitigation strategies to increase flexibility and agility when unexpected events occur.

Currently 40% of Primark's' clothing sales by volume contain cotton, either organic, recycled or from its Sustainable Cotton Programme (PSCP). Launched in 2013, the PSCP has to date some 250,000 farmers in the programme in India, Bangladesh and Pakistan, with 275,000 farmers targeted to have completed or be in the process of being trained by the programme by the end of 2023.

In regard to GHG emissions, our businesses are committed to cutting Scope 1 and Scope 2 carbon emissions from their operations.

AB Sugar has developed a detailed plan to reduce their Scope 1 and 2 carbon emissions by 30% by 2030 from a 2018 baseline. They will do this through a range of fuel substitution and energy efficiency programmes that are both affordable and commercially attractive.

AB Sugar and Primark are committed to setting a near-term science based emission reduction target in consultation with The Science Based Targets Initiative (SBTi).

Primark also has a detailed plan to achieve a 50% reduction in GHG emissions across Scope 1,2 and 3 against a 2018 baseline by 2030. This is an integral part of the Primark Cares strategy.

Twinings has set a target of carbon neutrality 'from bush to shelf' for tea and herbal infusions by 2030.

Twinings' own operations, located in the UK and Poland, have now been certified carbon neutral as a result of energy efficiency projects, the greater use [illegible] offsetting. These have involved a range of measures, including switching to LED lighting, updating building management systems and embedding a culture that prioritises saving energy. In Poland, solar panels have also been installed. After reducing emissions in this way, the residual emissions have been offset through projects carried out by Climate Impact Partners, who support access [illegible]

Regarding packaging and plastic, our [illegible] signatories to the WRAP UK Plastics Pact commitment since 2018. Through this commitment they have pledged to stop using a number of plastics, including PVC and polystyrene, by 2025. They have [illegible] packaging 100% recyclable, reusable [illegible]

George Weston Foods, our Australian Grocery business, is a member of the Australian Packaging Covenant Organisation (APCO). As part of this membership, it has committed to national packaging targets that require all packaging to be 100% recyclable, reusable or compostable, with 70% of plastic packaging being recycled or composted and comprise 50% average recycled content by 2025.

Primark has set a goal is to eliminate all single-use plastic in its business by 2027.

AB Sugar has committed to ensure that all plastic packaging is reusable, recyclable, biodegradable or compostable by 2030.

Changes since 2021

The environmental performance of the Group is reported in the 2022 Responsibility Report and the ESG Insights at www.abf.co.uk/responsibility.

This year the Group has complied with the requirements of Listing Rule 9.8.6.R by including climate-related financial disclosures consistent with the four TCFD recommendations and the 11 recommended disclosures, published [illegible] supplemental guidance for all sectors. Our 2022 Climates Related Financial Disclosure (TCFD) can be found on [illegible]

Increased
Unchanged
Decreased

Our supply chain and ethical business practices

Context and potential impact

We understand the potential for many of our businesses, through their scale and scopes, to have a positive impact on the Sustainability Agenda of the United Nations as set out in the UN's Sustainable Development Goals (SDGs).

We also recognise the expectations on businesses to abide by internationally recognised frameworks such as the United Nations Guiding Principles on Business and Human Rights; operating within the parameters of what has become recognised as responsible business conduct.

Our businesses work closely with their suppliers to help them understand and meet the standards we expect in our supply chains, as detailed in our Supplier Code of Conduct.

The supply chain due diligence is risk-based, focusing on the needs of those working in our supply chains and the environment in which we operate. Potential supply chains ethical business practice rules include From the perspective of supply chain due diligence, the most critical challenges we currently face include:

- the vulnerability of workers in our supply chains and the amplification of this as a result of the ongoing impacts of COVID-19;
- ensuring due diligence is consistent across a wide range of diversified suppliers; and
- ensuring we have the leverage to prevent, avoid or mitigate issues

Mitigation

ABF has a Supplier Code of Conduct which outlines the standards we expect in our supply chains. The Code is based on the International Labour Organization's (ILO) standards as well as the Ethical Trading Initiative's Base Code.

As our Code and our position on modern slavery are common across all businesses, we have developed online training modules to facilitate internal awareness across the Group. These resources are also used to support knowledge of our approach and expectations amongst our suppliers.

Some of our businesses have developed their own code of conduct based on the standards outlined in ABF's Code. Primark has recently updated its code of conduct and has also strengthened its policies around modern slavery. Primark's code is tailored specifically to some of the risks in the apparel and textile sector. Primark is a member of the Ethical Trading Initiative and is also internationally recognised for its Ethical Trade and Environmental Sustainability programme.

More information is available at https://corporate.primark.com.

Our businesses work to understand the issues specific to the communities through which their respective supply chains flow. For example, Twinings uses a comprehensive Community Needs Assessment Framework, developed in consultation with expert external stakeholders. In addition to labour rights, this framework covers housing, water and sanitation, health and nutrition, land, gender and children's rights, farming practices and more.

Three of our businesses, AB Sugar, Primark and Twinings, have published interactive sourcing maps. These help our businesses to both prove and improve due diligence activity. These sourcing maps can also be used to identify where there is overlap with the supply chains of other businesses.

Changes since 2021

Our Modern Slavery Statement 2022, together with the steps we take to try to ensure that any forms of modern slavery are not present within our own operations or supply chains, are reported in detail on our website and in the 2022 Responsibility Report at www.abf.co.uk/responsibility.

AB Agri's Human Rights Policy addresses modern slavery and other issues in line with the Universal Declaration of Human Rights.

AB Sugar has further developed its modern slavery policy and created its *'We Listen, We Act, We Remedy'* toolkit.

Primark has revised and updated its Code of Conduct, further strengthening the requirements that guard against forced labour and has added in a new clause that requires all suppliers to have effective grievance procedures for workers.

Primark launched its "Primark Cares" strategy, underpinned with ESG targets based on its long-standing ethical trade and environmental sustainability programmes. Primark also published a supply chain human rights policy, available on its website.

Twinings revised its Human Rights Policy in 2022. In 2016 Twinings set a target to positively impact 500,000 people through their Sourced with Care programme which has now reached more than 500,000 people and delivered lasting change.

Viability statement and going concern

Viability statement

The directors have determined that the most appropriate period over which to assess the Company's viability, in accordance with the 2018 UK Corporate Governance Code, is three years. This is consistent with the Group's business model which devolves operational decision making to the businesses. Each business sets a strategic planning time horizon appropriate to its activities and which are typically of a three to five year duration. The directors also considered the diverse nature of the Group's activities and the degree to which the businesses change and evolve in the relatively short term.

The directors considered the Group's profitability, cash flows and key financial ratios over this period and the potential impact that the Principal Risks and Uncertainties set out on pages 94 to 101 could have on future performance, solvency or liquidity of the Group and its resilience to threats to its viability posed by severe but plausible scenarios. Sensitivity analysis was applied to these metrics and the projected cash flows were stress tested against a range of scenarios.

The directors considered the level of performance that would cause the Group to exhaust its available liquidity, the financial implications of making any strategic acquisitions and a variety of additional factors that have the potential to reduce profit or to consume cash substantially. The directors considered actions which could damage the Group's reputation for the long term, macro-economic influences such as fluctuations in commodity markets and climate-related business risks. Specific consideration has been given to the potential ongoing risks associated with [illegible] recession, reducing demand for goods in both the Food businesses and Primark, and continuing inflationary [illegible]

The Board's treasury policies are in place to maintain a strong capital base and manage the Group's balance sheet and liquidity to ensure long-term financial stability. These policies are the basis for investor, creditor and market confidence and enable the successful development of the business. The events of the last two years demonstrated the importance of sufficient financial resources and credit strength to meet any operational challenges or business disruption events. The financial leverage policy requires that, in the ordinary course of business, the Board prefers to see the Group's ratio of net debt including lease liabilities to adjusted EBITDA to be well under 1.5x. At the end of this financial year, the financial leverage ratio was 0.8x and the Group had net cash before lease liabilities of £1,468m and an undrawn committed Revolving Credit Facility of £1,500m.

In November last year, S&P Global Ratings announced they had assigned the Group an 'A' grade long-term issuer credit rating. In February this year, the Group announced its inaugural £400m public bond, due in 2034, further diversifying its funding base. Furthermore the Group's committed Revolving Credit Facility, due to expire in 2023, was renewed in June. The new facility is for £1.5bn, up from £1.1bn previously, is now free of performance covenants and [illegible]

The diversity of the Group is such that we have some 60 different businesses operating in different markets, sectors, customer groups, geographies and products. While the principal risks considered all have the potential to affect future performance, none of them are considered individually or collectively to threaten the viability of the Company for the period of the assessment.

The Group has a track record of delivering strong cash flows, with in excess of £1bn of operating cash being generated in each of the last ten years. This has been more than sufficient to meet not only our ongoing financing obligations but also to fund the Group's expansionary capital investment.

Even in a worst-case scenario, with risks modelled to materialise simultaneously and for a sustained period, the possibility of the Group having insufficient resources to meet its financial obligations is considered remote. Based on this assessment, the directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 13 September 2025.

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

The forecast for the going concern assessment period to 2 March 2024 has been updated for the business's latest trading in October and is the best estimate of cash flow in the period. Having reviewed this forecast and having applied a downside sensitivity analysis and performed a reverse stress test, the directors consider it a remote possibility that the financial headroom could be exhausted.

The Board's treasury policies are in place to maintain a strong capital base and manage the Group's balance sheet and liquidity to ensure long-term financial stability. These policies are the basis for investor, creditor and market confidence and enable the successful development of the business. The events of the last two years demonstrated the importance of sufficient financial resources and credit strength to meet any operational challenges or business disruption events. The financial leverage policy states that, in the ordinary course of business, the Board prefers to see the Group's ratio of net debt including lease liabilities to adjusted EBITDA to be well under 1.5x. At the end of this financial year, the financial leverage ratio was 0.8x and the Group had net cash before lease liabilities of £1,468m and an undrawn committed [illegible]

In November last year, S&P Global Ratings announced they had assigned the Group an 'A' grade long-term issuer credit rating. In February this year, the Group announced its inaugural £400m public bond, due in 2034, further diversifying its funding base. Furthermore, the Group's committed Revolving Credit Facility, due to expire in 2023, was renewed in June. The new facility is for £1.5bn, up from £1.1bn previously, is now free of performance covenants and runs for five years to 2027, with two 1-year extension options.

In reviewing the cash flow forecast for the period, the directors reviewed the trading for both Primark and the Food businesses in light of the experience gained from events of the last two years of trading and emerging trading patterns. The directors have a thorough understanding of the risks, sensitivities and judgements included in these elements of the cash flow forecast and have a high degree of confidence in these cash flows.

As a downside scenario the directors considered the adverse scenario in which inflationary costs are not fully recovered and in which energy costs are twice the forecasted increase and other inflationary cost pressures are 25% higher. It also includes further adverse foreign exchange impacts combined with a global recession, reducing demand for goods further than the base levels forecast. This downside scenario was modelled without taking any mitigating actions within their control. Under this downside scenario the Group forecasts liquidity throughout the period and compliance with financial covenants in the remaining $100m of outstanding private placement notes (due March 2024).

In addition, the directors also considered the circumstances which would be needed to exhaust the Group's total liquidity over the assessment period – a reverse stress test. This indicates that increasing inflation (rising energy costs and other inflationary cost pressures; and adverse foreign exchange impacts) combined with a global recession, reducing demand for goods, would need to exceed £2.4 billion more than the level forecasted by the Group, without any mitigating actions being taken before total liquidity is exhausted. The likelihood of these circumstances is considered remote for two reasons. Firstly, over such a long period, management could take substantial mitigating actions, such as reviewing pricing, cost cutting measures and reducing capital investment. Secondly, the Group has significant business and asset diversification and would be able to, if it were necessary, dispose of assets and/or businesses to raise considerable levels of funds.

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

Michael McLintock
Chairman

George Weston
Chief Executive

John Bason
Finance Director

Chairman's introduction

Michael McLintock
Chairman

We continue to operate a devolved decision-making model. This is a distinctive characteristic of ABF, and one which we believe empowers management of our businesses to take decisions at the level we consider to be the most effective – in other words, closest to the markets, customers and stakeholders relevant to each business.

Dear fellow shareholders

I am pleased to present the Associated British Foods plc Corporate Governance Report for the year ended 17 September 2022.

Your Company's clear sense of social purpose, to provide safe, nutritious and affordable food, and clothing that is great value for money, feels more relevant than ever. As I stated last year, the belief that businesses do well when they act well is ingrained throughout the Group and management continue to be encouraged to take a long-term view and to continue investing in the future.

We continue to operate a devolved decision-making model. This is a distinctive characteristic of ABF, and one which we believe empowers management of our businesses to take decisions at the level we consider to be the most effective – in other words, closest to the markets, customers and stakeholders relevant to each business. The senior management of the businesses are supported with resources and expertise from throughout the Group and, as we announced in July 2022, we will be adding additional advisory expertise to Primark next year through the creation of a Primark Strategic Advisory Board.

The Board continues to be kept informed about, and engaged with, the individual businesses through regular updates by the executive directors and through the annual updates and these avenues provide opportunities for Board members to provide guidance and challenge.

The annual business updates are an area that we have identified in this year's internal Board evaluation as a subject for greater focus and improvement.

Succession planning, both at Board level and executive level, has continued to be firmly on the agenda. During the summer we announced that John Bason would be stepping down as Finance Director next April after a long and distinguished period of service. John took up the post of Finance Director in May 1999 and his tenure has been marked by clear analysis, excellent judgement and tireless commitment to the ABF cause. We will miss him enormously, both as a colleague and as a friend, whilst at the same time being delighted that we will continue to benefit from his expertise when he becomes Chair of the Primark Strategic Advisory Board from May 2023.

We were very pleased to be able to announce in July that John would be succeeded by Eoin Tonge, currently Chief Finance Officer and Chief Strategy Officer at Marks and Spencer Group Plc, and we look forward to welcoming Eoin by no later than February 2023.

I am also happy to report that the Board continues to meet the recommendations of the Parker Review and plans to meet more recently announced targets set by the FTSE Women Leaders Review and the FCA going forward.

During the summer we announced that John Bason would be stepping down as Finance Director next April after a long and distinguished period of service. We were very pleased to be able to announce in July that John would be succeeded by Eoin Tonge and we look forward to welcoming Eoin by no later than February 2023.

The Company takes its compliance with the 2018 UK Corporate Governance Code (the '2018 Code') seriously. In respect of the 2018 Code provision relating to alignment of executive director pension contributions with the workforce, an explanation of our progress to date and our plans to bring the Company into line with the 2018 Code is set out on pages 127, 129, 131 to 133 and 141 of the Directors' Remuneration Report.

This year we held our third ESG (environmental, social and governance) investor day in response to increasing requests from investors to understand more about what we do as a Group in respect of ESG matters. This third event focused on the most material environmental factors across a broad range of companies in the Group. As was the case with the previous two ESG investor days, the feedback received has been very positive.

Richard Reid is our Non-Executive Director who is designated for engagement with the workforce. Further details on progress on workforce engagement are provided in Richard's letter on pages 110 to 111 and 107. Directors' visits to sites, business divisions' updates to the Board on workforce engagement, input from our Speak Up programme and Richard's activities are key ways that we continue to assess and monitor culture.

We will hold a physical AGM in December 2022 but, as was the approach taken last year, will also stream the event online for those shareholders who are not able to attend in person. Should you not be able to attend the 2022 AGM in person, with your proxy form you will have received details of how to register to follow proceedings at the 2022 AGM through an internet stream on the AGM website and how to vote by proxy in advance of the meeting. Details are also provided of how you can put any questions to the Board in advance of the meeting (or during the meeting if you join via the AGM website). Please note that you will not be able to vote on the day if you do not attend in person, so please vote in advance by proxy if you cannot attend in person.

Our four values, namely respecting everyone's dignity, acting with integrity, progressing through collaboration, and delivering with rigour, are illustrated through the various case studies in this Annual Report, through our Section 172 Statement on pages 64 to 68 and through the Responsibility section on pages 69 to 82. Further examples can be found in our 2022 Responsibility Report and in our ESG Insights which are available on the Company's website at: www.abf.co.uk/responsibility.

Michael McLintock
Chairman

Compliance with the UK Corporate Governance Code

As a premium listed company on the London Stock Exchange, the Company is reporting in accordance with the 2018 Code. The 2018 Code sets out standards of good practice in relation to: (i) board leadership and company purpose; (ii) division of responsibilities; (iii) board composition, succession and evaluation; (iv) audit, risk and internal control; and (v) remuneration. The 2018 Code is published by the UK Financial Reporting Council ('FRC') and a copy is available from the FRC website: www.frc.org.uk.

The Board considers that the Company has, throughout the year ended 17 September 2022, applied the principles and complied with the provisions set out in the 2018 Code except provision 38 in relation to alignment of executive director pension contributions with the workforce. In this regard, please see the explanation on pages 127, 129, 131 to 133 and 141 of the Directors' Remuneration Report, which explains our plans to bring the Company into line with the 2018 Code.

The Company's disclosures on its application of the principles of the 2018 Code can be found on the following pages:

Board leadership and Company purpose

→ See pages 104 to 112

Chairman's introduction

→ See pages 104 to 105

Leadership, values, culture and purpose

→ See pages 8 to 11; 69 to 71; 108 to 112

Strategy

→ See pages 8 to 11; 108

Stakeholder and shareholder engagement

→ See pages 64 to 68; 69 to 82; 108 to 112; 114

Division of responsibilities

→ See pages 113 to 114

Commitment, development and information flow

→ See pages 110 to 111 and 113 to 114

Composition, succession and evaluation

→ See pages 115 to 118

Board evaluation

→ See pages 115 to 116

Nomination Committee Report

→ See pages117 to 118

Audit, risk and internal control

→ See pages 119 to 125

Risks, viability and going concern

→ See pages 94 to 103; 120

Audit Committee Report

→ See pages 121 to 125

Remuneration

Directors' Remuneration Report

→ See pages 126 to 153

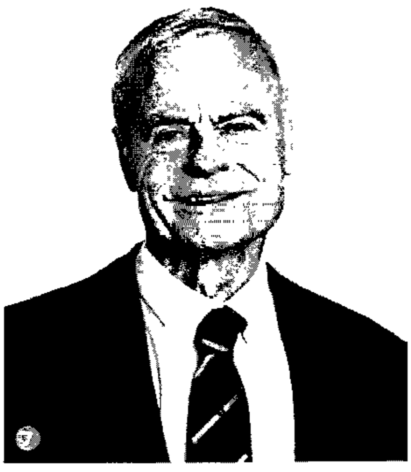
Directors' Remuneration Policy

→ See pages 129 to 130; 133 to 140

Board of Directors

Key to Board Committees

- N Nomination Committee
- A Audit Committee
- Remuneration Committee
- Committee Chair



1. Michael McLintock N
Chairman

Michael was appointed a director in November 2017 and Chairman in April 2018. He was formerly Chief Executive of M&G, retiring in 2016, having joined the company in 1992 and been appointed Chief Executive in 1997. In 1999 he oversaw the sale of M&G to Prudential plc where he served as an Executive Director from 2000 until 2016. Previously he held roles in investment management at Morgan Grenfell and in corporate [illegible]

Other appointments:
- Trustee of the Grosvenor Estate
- Non Executive Chairman of Grosvenor Group Limited
- Chairman of The Investor Forum CIC
- Member of the Advisory Board of Bestport Private Equity Limited
- Member of the Takeover Appeal Board
- Member of the MCC Committee

2. George Weston
Chief Executive

George was appointed to the Board in 1999 and took up his current appointment as Chief Executive in April 2005. In his former roles at Associated British Foods, he was Managing Director of Westmill Foods, Allied Bakeries and George Weston Foods Limited (Australia).

Other appointments:
- Non-Executive Director of Wittington Investments Limited
- Trustee of the Garfield Weston Foundation
- Trustee of the British Museum

3. John Bason
Finance Director

John was appointed as Finance Director in May 1999. He has extensive international business experience and an in-depth knowledge of both the food and retail industries. He was previously the Finance Director of Bunzl plc, was Senior Independent Director at Compass Group PLC and is a member of the Institute of Chartered Accountants in England and Wales.

Other appointments:
- Non-Executive Director of Bloomsbury Publishing Plc
- Non Executive Director of SSE plc
- Chairman of FareShare

4. Ruth Cairnie N R
Independent Non-Executive Director

Ruth was appointed a director in May 2014 and has been Senior Independent Director since 7 December 2018. Ruth was formerly Executive Vice President Strategy & Planning at Royal Dutch Shell plc. This role followed a number of senior international roles within Shell, including Vice President of its Global Commercial Fuels business. Ruth has also held a number of non-executive directorships including on the boards of Keller Group plc, ContourGlobal plc and Rolls-Royce Holdings plc.

Other appointments:
- Director and Chair of Babcock International Group PLC
- Trustee of Windsor Leadership
- Trustee of the White Ensign Association
- Patron of the Women in Defence Charter

5. Emma Adamo
Non-Executive Director

Emma was appointed a director in December 2011. She was educated at Stanford University and has an MBA from INSEAD. She has served as a director/trustee on a number of non-profit and Foundation boards in the UK and Canada.

Other appointments:
- Director of Wittington Investments Limited
- Director of Wittington Investments Limited (Canada)
- Chair of the Weston Family Foundation

6. Graham Allan N R
Independent Non-Executive Director

Graham was appointed a director in September 2018. Graham was formerly the Group Chief Executive of Dairy Farm International Holdings Limited, a pan-Asian retailer. Prior to joining Dairy Farm, he was President and Chief Executive Officer at Yum! Restaurants International. Graham has previously held various senior positions in multinational [illegible]

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

7. Wolfhart Hauser N R
Independent Non-Executive Director

Wolfhart was appointed a director in January 2015. Starting his career with various research activities, he went on to establish and lead a broad range of successful international service industry businesses. He was Chief Executive of Intertek Group plc for 10 years until he retired from that role and the board in May 2015. He was previously Chief Executive Officer and President of TÜV Süddeutschland AG for four years and Chief Executive Officer of TÜV Product Services for 10 years. He has also held other directorship roles, including as a Non-Executive Director of Logica plc from 2007 to 2012 and Chair of FirstGroup plc for four years from 2015 to July 2019.

Other appointments:
- Senior Independent Director of RELX PLC

8. Dame Heather Rabbatts N R
Independent Non-Executive Director

Dame Heather Rabbatts was appointed a director on 1 March 2021. Heather has held a number of executive and non-executive roles including in local government, infrastructure, media and sports. She has previously been a Non-Executive Director of Grosvenor Britain & Ireland and was the first woman on the Board of the Football Association in over 150 years. She continues to work in film and sports.

Other appointments:
- Non-Executive Director of Kier Group plc
- Chair of Soho Theatre
- Chair of Four Communications

9. Richard Reid N A
Independent Non-Executive Director

Richard was appointed a director in April 2016. He was formerly a partner at KPMG LLP ('KPMG'), having joined the firm in 1980. From 2008, Richard served as London Chairman at KPMG until he retired from that role and KPMG in September 2015. Previously, Richard was KPMG's UK Chairman of the High Growth Markets group and Chairman of the firm's Consumer and Industrial Markets group.

Other appointments:
- Chairman of National Heart and Lung Foundation
- Deputy Chairman of Berry Bros & Rudd
- Senior Advisor to Bank of China UK
- Chairman of Thermis International Services Limited

Board leadership and company purpose

The Board

The Board is collectively responsible [illegible] direction and oversight of the Company to ensure its long-term success. This includes setting the Company's purpose, which is described in the Strategic Report. The Board met regularly throughout the year, sometimes with individual members attending virtually, to approve the Group's strategic objectives, to lead the Group within a framework of [illegible] assessed and managed, and to ensure that sufficient resources are available to meet the objectives set.

There are a number of matters which [illegible] approval. These are set out in a clearly defined schedule which is available to view on the corporate governance section of the Company's website: www.abf.co.uk.

Certain specific responsibilities are delegated to the Board Committees, being the Nomination, Audit and Remuneration Committees, which operate within clearly defined terms of reference and report regularly to the Board. Membership of these Committees is reviewed annually. Minutes of Committee meetings are made available to all directors on a timely basis. For further details, please see the Reports of each of these Committees below.

Purpose, business model and strategy

The purpose of the Company is to provide safe, nutritious and affordable food, and clothing that is great value for money. A description of the Company's business model for sustainable growth in support of this purpose is set out in the Group business model and strategy section on pages 8 to 11. These sections provide an explanation of the basis on which the Group generates value and preserves it over the long term and its strategy for delivering its objectives.

The work of the Board during the year

During the financial year, key activities of the Board included:

Strategy

- conducting regular strategy update sessions with the divisions in Board meetings; and
- receiving a strategy update from the Director of Business Development.

Acquisitions/disposals/projects

- considering/approving various acquisitions including the acquisitions of: Fytexia Group, which develops scientifically supported active nutrients for human health; the Greencoat animal supplement and care business; Dad's Pies, a premium pie producer in New Zealand; and a small agriculture business in Finland;
- considering and approving various capital investment projects including in relation to new stores, automation at depots and LED lighting upgrades for Primark; and
- receiving regular updates on proposed acquisitions and disposals.

Financial and operational performance

- receiving regular reports to the Board from the Chief Executive;
- receiving, on a rolling basis, senior management presentations from each of the Group business segments;
- considering the Group budget for the 2022/23 financial year;
- approving the Company's full year and interim results;
- deciding to recommend payment of a 2021 final dividend and a special dividend (both paid in January 2022) and deciding to recommend payment of a 2022 interim dividend, paid in July 2022;
- approving the issue of an inaugural public bond; and
- approving banking mandate updates and various other treasury-related matters.

Governance and risk

- reviewing of the material financial and non-financial risks facing the Group's businesses;
- receiving regular updates on corporate governance and regulatory matters;
- participation in, as well as review and discussion of recommendations from, the internal Board evaluation;
- receiving reports from the Board Committee Chairs as appropriate;
- confirming directors' independence and conflicts of interest;
- reviewing and approving gender pay reporting and the Modern Slavery and Human Trafficking Statement; and
- undertaking appropriate preparations for the holding of the AGM including considering and approving an 'outlook' statement and, subsequently, discussing any issues arising from the AGM.

Corporate responsibility

- continuing to support the enhanced activity on ESG matters;
- receiving regular management reports as well as annual presentations on health and safety and on environmental issues; and
- receiving an update on ESG matters including priorities, commitments, risks and opportunities, and on the Task Force on Climate-related Financial Disclosures.

Investor relations and other stakeholder engagement

- one or more of the Chairman, Chair of the Remuneration Committee, Chief Executive and Finance Director attending meetings with institutional investors to hear their views; and
- receiving reports on investor relations activities and regular feedback on directors' meetings held with institutional investors.

People

- deciding to appoint Eoin Tonge as the new Finance Director of the Company to commence in 2023;
- Richard Reid, Non-Executive Director for engagement with the workforce, continuing to work with the businesses to ensure that the voice of the workforce is heard and acted upon – see further details on pages 110 to 111;
- receiving updates from senior management of the businesses on how they have engaged with their workforces and the outcomes of such engagement; and
- receiving and considering presentations on succession planning and talent management from the Chief People and Performance Officer.

Culture and values

Our culture and our values (respecting everyone's dignity, acting with integrity, progressing through collaboration, and delivering with rigour) essentially centre around doing the right thing. Our devolved decision-making model empowers the people closest to risks to make the right judgements to mitigate those risks and to find opportunities, but importantly with encouragement, engagement and support from the centre. That support can take the form of resources and expertise or it can be provided through challenge. We believe the route to enduring value creation lies in our focus on building objectives from the bottom up rather than from the [illegible]

Culture is monitored by the Board through a number of different approaches. Richard Reid's work on workforce engagement (described in more detail on pages 110 and 111), with the support of the Chief People and Performance Officer, is a key approach. This is supported by business presentations from senior management of each business division to the Board (which include information on safety performance and health and wellbeing initiatives, as well as the individual business' workforce engagement initiatives, including results and actions arising from people surveys and other listening and engagement interactions). In addition, there are site visits and other engagement events attended by the [illegible]

The introduction of the new Speak Up Policy and processes in September 2021 has helped to ensure that workforce policies and practices are consistent with the Company's values and that they support the long-term success of the Company by providing an easy way for the workforce to raise any matters [illegible]

Whistleblowing

The Group's Speak Up Policy contains arrangements for an independent external service provider to receive, in confidence (where legally permitted), reports of any inappropriate, improper, dishonest, illegal or dangerous behaviour for reporting to the Audit Committee as appropriate. The Audit Committee reviews reports from internal audit and the actions arising from these and reports on these to the Board.

The Audit Committee reports to the full Board on (or all Board members attend the relevant parts of the Audit Committee meeting to obtain details of) the analysis of reported allegations which is compiled by the Director of Financial Control. Arrangements are in place for proportionate and independent investigations of allegations and for follow-up action. Further details of the Speak Up Policy and processes in place, as well as information on the status of notifications received in the year to June 2022 are provided on page 80.

Conflicts of interest procedure

The Company has procedures in place to deal with the situation where a director has a conflict of interest. As part of this process, the Board:

- considers each conflict situation separately on its particular facts;
- considers the conflict situation in conjunction with the rest of the conflicted director's duties under the Companies Act 2006;
- keeps records and Board minutes as to authorisations granted by directors and the scope of any approvals given; and
- regularly reviews conflict authorisation.

Engagement with stakeholders

Our scale, employing 132,000 people and with operations in 53 countries across the world, means that our activities matter to, or have an impact on, many people. As a result, the Company engages regularly with its stakeholders at Group and/or business level, depending on the particular issue.

At a Group level we engage with a variety of stakeholder groups including shareholders, governments, media and investors through a range of methods. [illegible] and through structured processes, our businesses routinely engage with customers, suppliers, regulators and industry bodies.

Detailed information about our approach to stakeholder engagement and specific activities this year can be found on pages 64 to 68 (which contain our Section 172 Statement on engaging with our stakeholders), pages 69 to 82 (on responsibility) and in the following [illegible] Executive Director for engagement with the workforce.

We believe the route to enduring value creation lies in our focus on building objectives from the bottom up rather than from the top down.

Board leadership and company purpose *continued*

Non-Executive Director for engagement with the workforce

Our devolved operating model has people at its core. I am passionate about our responsibility, at a Board level and through the leadership teams, to ensure the voices of our employees are heard and present in Board discussions and business decisions.

The complexity, size and scale of our Group require our leadership teams to connect with their people in a variety of ways depending on location, workplace and style of operation, ensuring they are listening to views and responding accordingly. My role as Non-Executive Director for engagement with the workforce is to make certain these processes are in place and that the culture of the businesses is one where employees are listened to and feedback acted upon. This role continues to evolve due to the Workforce Engagement Initiative overall, and as our businesses develop.

I believe this year we have made significant progress in ensuring engaging with our workforce is at the heart of leaders' activities and that we have enhanced the processes in place both to get feedback and to act on it.

In my last letter I spoke of strengthening the divisional updates to the Board and enhancing the flow of conversation between the Board and leadership teams. I have spent more time this year with the divisional People/HR directors as a group to understand their views and to ensure that the conversations we have are valuable and drive workforce engagement in our businesses. I have regular discussions with our divisional chief executives and People/HR directors to understand their actions on workforce engagement and to share feedback and insights from my own interactions with our people across the Group.

In addition to the information shared with the Board, this year we have asked leaders to explore and understand not just our current workforce engagement, but also pay attention to the insights from those that have chosen to continue their career elsewhere. This insight and perspective is now part of the Board's conversations with the businesses.

We continue to expect our leaders to find ways to expand the remit of their engagement surveys, exploring how best to overcome cultural and technological barriers they face in getting the views and opinions of our employees. The Board fully supports leaders' focus on ensuring all employees are reached and that the voices of minority groups in ABF are heard. I am pleased for example that our leadership team in Mozambique has found a way to get feedback from all 5,000 employees, be they working in sugar cane fields, factory or office.

Since my last update in 2021 I have visited a variety of our businesses across our Group, speaking with our people to ensure they know how to, and feel they can, share their views and opinions and have them listened to and addressed appropriately. This year it has been wonderful to return to face-to-face conversations with our people at their place of work. My visits have included:

- retail assistants, new store leadership teams and head office teams in Primark in Italy and Ireland;
- operations and customer services teams from AB Neo in our AB Agri division;
- operations, technical, and early career employees in Acetum, our balsamic vinegar business;
- a range of employees working within the ABF Centre;
- employees at the Intellync Technical Centre in Ireland, part of our AB Agri division; and
- agriculture and operations employees in our Illovo sugar businesses in Malawi, Mozambique and Eswatini.

During all my visits I have generally found a positive, supportive and inclusive culture where we discussed an extensive range of issues and, in the main, our employees were aware of where, when and how to give opinions. Where specific local issues have emerged, I have discussed these with the relevant chief executive and People/HR director and local leadership teams.

Other Board directors also interact directly with our businesses and employees, details of which can be found on page 114.

Workforce engagement is discussed in depth at two of the Board meetings, with the Chief People and Performance Officer presenting a group view of progress on workforce engagement, including metrics, process enhancements, and stories from across the Group that highlight the 'we asked, you said, we listened, we did' feedback loop. There is also an annual Board session focused on talent, succession and progress on inclusion. In addition, at every Board meeting there are chief executive presentations or papers submitted covering workforce engagement to ensure all areas of the business are reviewed in depth during the year. The Chief Executive and Chief People and Performance Officer also meet twice a year with each divisional chief executive and People/HR director for in-depth discussions on organisation and talent that include workforce engagement. The divisional People/HR directors, facilitated by the Chief People and Performance Officer, also come together regularly to learn and share with each other across a variety of topics, including workforce engagement.

As a result of the ongoing focus and expectations of myself and the Board, and the commitment of business leadership, I have been pleased to see a range of examples from across the Group where our people have voiced ideas, suggestions, issues and concerns, and these being acted on promptly. Such as:

- AB World Foods has introduced support and training on Effective Meetings;
- ACH US & Canada has run a series of webinars for all its people covering mental health, stress management, healthy eating, emotional intelligence, personal investing and estate planning;
- GWF's Mauri business has developed and introduced a range of communications, including podcasts and briefings, to help people feel more connected to the business strategy;
- GWF's Tip Top business has adopted wellbeing checks and support, as well as workload and resourcing adjustments;
- GWF's Tip Top business also launched an e-book and videos to explain the strategy for its employees, enabling digital engagement with the purpose, key initiatives and outcomes;
- Silver Spoon has used the feedback in its engagement survey to implement changes at a team level targeting the needs of that group, for example improving recognition in the sales team, which is now an area of focus at each team meeting;
- Twinings in Australia, SEADM (South East Asia Developing Markets), Tea Supply Chain and Central Europe have enhanced their communal and informal breakout spaces in the office;
- Twinings Tea Supply Chain teams have held workshops to explain the pay process to employees;
- Westmill continues to use its 'Westmill Says' engagement survey to listen to and respond to feedback in its business in a variety of ways, such as its monthly 'Westmail' magazine keeping employees up to date on initiatives in the business;
- Azucarera has increased internal communication with regular updates from its Board and Managing Director;
- Illovo has implemented the Lumina Leadership Development & Team Effectiveness Training to drive line manager effectiveness – 65% of leaders have completed the training so far with excellent feedback;
- AB Agri has formed a project team of employees to create an engagement plan and toolkit, with the aim of more consistent communication of strategy and goals across the business;
- ABFI has started a technical careers project in response to feedback on career development;
- ABFI is working to develop an approach to recognition to address the needs of its employees;
- our European AB Mauri businesses have implemented line management training on performance management and return to work discussions;
- AB Mauri in the Netherlands has introduced a consistent employee Wellbeing Programme;
- AB Mauri in Sri Lanka has a new process for allocating duties with its employees;
- AB Mauri in Brazil is making improvements to publication of internal vacancies to increase the likelihood of internal applicants;
- Primark has set up priority champion groups for themes identified in its engagement survey;
- Primark has launched Zing, an internal social media platform, providing information to all colleagues, including articles and messages from senior leaders. In addition, it is developing plans to increase the focus on recognition through internal communication;
- Primark is developing the new Fwd Th!nk platform to encourage innovation and to allow employees to share their ideas; and
- ABF Centre is supporting line managers to work with their teams to drive their chosen actions to address Wellbeing and DEI.

Despite the energy and effort from the Board and all our leaders to give our people a voice, there may be occasions when employees do not feel comfortable to raise issues directly. Our new Speak Up Policy launched last year is now embedded in our businesses and provides an alternative route for our employees to raise concerns. You can read more on page 80 about how Speak Up has been used since it was launched.

In the year ahead we continue to expect our businesses to widen their mechanisms for understanding workforce engagement wherever they can, and to understand this information through a variety of lenses, such as under-represented groups or frontline workers, so they can target their actions to enhance workforce engagement overall.

The Board and I will continue to approach the area of workforce engagement with focus and rigour, finding opportunities to further deepen and enhance our understanding of our people's experience of ABF, and in turn ensuring that our leaders are acting on their feedback.

Richard Reid
Non-Executive Director

Board leadership and company purpose *continued*

Engagement with shareholders

Individual shareholders

We have a number of individual shareholders. All shareholders are invited to attend the AGM in person, have access to our website and receive electronic communications.

We have a dedicated in-house team to manage communications with our shareholders, making sure we respond directly, as appropriate, to any matters regarding their shareholdings. We also have a dedicated team at Equiniti (our share registrar) which looks after their needs. To improve security and efficiency of communications and to reduce the amount of paper we use, we seek to use e-communications to communicate with shareholders wherever possible and encourage shareholders to switch to e-communications in order to reduce further our paper usage. We also encourage the direct payment of dividends into bank or building [illegible]

Institutional investors

During the year, the Board has maintained an active programme of engagement with institutional investors, the purpose of which is both to develop shareholders' understanding of the Company's strategy, operations and performance and to provide the Board with an awareness of the views of significant shareholders. There has been significant engagement with institutional investors on the Remuneration Policy, further details of which is included in the Directors' Remuneration Report starting on page 126. At each Board meeting, the directors are briefed on shareholder meetings that have taken place and on feedback received, including any significant concerns raised.

AGM

The AGM provides an opportunity for directors to engage with shareholders, answer their questions and to meet them informally. The AGM will be held on Friday 9 December 2022 at 11.00 am at the Congress Centre, 28 Great Russell Street, London WC1B 3LS. It is planned that shareholders will be able to attend in person. There will also be the possibility for registered shareholders to follow proceedings through a livestream on the AGM website. We encourage all shareholders not attending in person on the day to vote by proxy in advance of the meeting on all resolutions put forward as shareholders will not be able to vote on the day if they are not attending in person. It is intended that shareholders will have the opportunity to put their [illegible] meeting (if attending in person or logged on via the AGM website) or in advance of the meeting. Registered shareholders who log in to follow proceedings through the livestream on the AGM website will be able to submit questions during the AGM. Further details are included in the Notice of AGM and documentation accompanying the proxy form. All votes are taken by a poll. In 2021, voting levels at the AGM were over 80% of the Company's issued share capital.

Annual Report

We publish a full Annual Report and Accounts each year which contains a Strategic Report, responsibility section, corporate governance section and financial statements. The Annual Report is available in paper format for those who request it and on our website, www.abf.co.uk.

Responsibility/ESG

We publish a Responsibility Report and ESG Insights on the issues most material to the businesses within our Group. The Company Secretary acts as a focal point for communications on matters of corporate responsibility. During the year, the Company responded to requests for meetings, telephone meetings or written information from both existing and potential shareholders and research bodies on a broad range of environmental, social and governance risk matters, including matters related to climate change, water and greenhouse gas risk management, supply chain management, animal welfare, sustainable agriculture, human rights, employee welfare, gender balance and human capital development.

Meetings

The Chairman meets with the Company's largest institutional shareholders to hear their views and discuss any issues or concerns. During the year, the Chairman held meetings with a number of institutional shareholders (either in person or virtually) and discussed a range of topics including the Company's strategy and approach to governance, ESG and remuneration-related matters.

On the day of the announcement of the interim and final results, the Company's largest shareholders, together with financial analysts, are invited to a presentation with a question and answer session by the Chief Executive and Finance Director, with webcast presentations of the results available for all shareholders through the Company's website. Following the results, the Executive team holds one-to-one and group meetings (virtually where necessary) with institutional shareholders and potential investors. These views are [illegible] whole at the following Board meeting to ensure that they are aware of any issues that the Company's largest shareholders are concerned with.

Website (www.abf.co.uk)

Our website is regularly updated and contains a comprehensive range of information on our Company. There [illegible] financial results, presentations, press releases and contact details. The area dedicated to individual shareholders is [illegible] news, administrative services and contact information.

Division of responsibilities

Board composition

At the date of this report, the Board comprises the following directors:

Chairman
Michael McLintock

Executive directors
George Weston (Chief Executive)
John Bason (Finance Director)

Non-executive directors
Ruth Cairnie (Senior Independent Director)
Emma Adamo
Graham Allan
Wolfhart Hauser
Dame Heather Rabbatts
Richard Reid

→ **Biographical and related information about the directors is set out on pages 106 to 107.**

We consider the size of the Board to be large enough to ensure diversity and an appropriate variety of skills whilst still being small enough to ensure a good quality of debate. This view was supported by the external Board evaluation in 2021, as well as the internal Board evaluation carried out in 2022, further details of which are set out on pages 115 and 116.

Chairman and Chief Executive

The roles of the Chairman and the Chief Executive are separately held and the division of their responsibilities is clearly established, set out in writing, and agreed by the Board to ensure that no one has unfettered powers of decision. Copies are available on request.

The Chairman is responsible for the operation and leadership of the Board, ensuring its effectiveness and setting its agenda. The Chairman works with the Company Secretary to set the agenda for Board meetings. The Chairman promotes a culture of openness and debate, which has been a key factor in seeking to keep the size of the Board relatively small, and facilitates constructive Board relations and contribution from all non-executive directors, as well as ensuring that directors receive accurate, timely and clear information. The Chairman was independent on appointment.

The Chief Executive is responsible for leading and managing the Group's business within a set of authorities delegated by the Board and for the implementation of Board strategy and policy. Authority for the operational management of the Group's business has been delegated to the Chief Executive for execution or further delegation by him for the effective day-to-day running and management of the Group. The chief executive of each business within the Group has authority for that business and reports directly to the Chief Executive.

Attendance of directors at Board and Committee meetings

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Michael McLintock	9/9		1/1	8/8
George Weston	9/9			
John Bason	9/9			
Emma Adamo	9/9			
Graham Allan	8/9	4/4	1/1	7/8
Ruth Cairnie	9/9	4/4	1/1	8/8
Wolfhart Hauser	9/9	4/4	1/1	8/8
Dame Heather Rabbatts	8/9	4/4		8/8
Richard Reid	9/9	4/4	1/1	8/8

Senior Independent Director

The purpose of this role is to act as a sounding board for the Chairman and directors where necessary. The Senior Independent Director is also available convey concerns to the Board which they have been unable to convey through the Chairman or through the executive directors. The role of the Senior Independent Director is set out in writing and a copy is available on request.

In addition to meeting with non-executive directors without the Chairman present to appraise the Chairman's performance (for which, see further details on page 116), the Senior Independent Director meets with the non-executive directors on other occasions as necessary.

The non-executive directors

The non-executive directors, in addition to their responsibilities for strategy and business results, play a key role in providing a solid foundation for good corporate governance and ensure that no individual or group dominates the Board's decision-making. They each occupy, or have occupied, senior positions in industry which, taken together, cover a broad range of jurisdictions, bringing valuable external perspectives to the Board's deliberations through their experience and insight from different sectors and geographies. This enables them to contribute significantly to Board decision-making by providing constructive challenge and holding to account both management and individual executive directors against agreed performance objectives. The Board is of a sufficiently small size to be conducive to open and candid discussions. The formal letters of appointment of non-executive directors are available for inspection at the Company's registered office.

Board Committees

The written terms of reference for the Nomination, Audit and Remuneration Committees are available on the Company's website, www.abf.co.uk, and hard copies are available on request. Further details on the work of each of the Committees is included later in this Corporate Governance Report.

Board independence

Emma Adamo is not considered by the Board to be independent in view of her relationship with Wittington Investments Limited, the Company's majority shareholder. Emma was appointed in December 2011 to represent this shareholding on the Board. The Board considers that the other non-executive directors are independent in character and judgement and that they are each free from any business or other relationships which would materially interfere with the exercise of their independent judgement. Further details of their independence are included in the Notice of AGM.

At least half the Board, excluding executive directors.

Commitment

The letters of appointment for the Chairman and the non-executive directors set out the expected time commitment required of them and are available for inspection by any person during normal business hours at the Company's registered office and at the AGM. Other significant commitments of the Chairman and non-executive directors are disclosed prior to appointment and subsequent appointments require prior approval.

John Bason stepped down from at Compass Group plc in February 2022 prior to taking a Non-Executive Director role at Bloomsbury Publishing Plc with effect from 1 April 2022 and a Non-Executive Director role at SSE plc from 1 June 2022. The Board not impact his ability to discharge his

Division of responsibilities *continued*

Board meetings

The Board held nine meetings during the financial year. Periodically, Board meetings are held away from the corporate centre in London.

The attendance of the directors at Board and Committee meetings during the year is shown in the table on page 113. If a director is unable to participate in a meeting either in person or remotely, the Chairman will solicit their views on key items of business in advance of the relevant meeting and share these with the meeting so that they are able to contribute to the debate.

All of the directors attended those meetings that they were eligible to attend save for two exceptions. Graham Allan and Dame Heather Rabbatts were unable to attend a non-routine Board meeting scheduled in December 2021, although were taken through the papers in advance and their views solicited. Also, Graham Allan was unable to attend one Remuneration Committee meeting during the year that was scheduled at short notice. The Remuneration Committee Chair engaged with him in advance of the meeting to ensure that his views were taken into account.

Senior executives below Board level are invited, when appropriate, to attend Board meetings and to make presentations on the results and strategies of their business units.

Papers for Board and Committee meetings are generally provided to directors a week in advance of [illegible]

Information flow

The Company Secretary manages the provision of information to the Board at appropriate times in consultation with the Chairman and Chief Executive and ensures that the Board has the policies, processes, time and resources it needs in order to function effectively and efficiently. This includes the provision of corporate governance updates to all Board members in the Board pack for each meeting. In addition to formal meetings, the Chairman and Chief Executive maintain regular contact with all directors. The Chairman holds informal meetings or calls with non-executive directors, without any of the executives being present, to discuss issues affecting the Group, as appropriate. All directors have access to the Company Secretary, who is responsible for advising the Board on all governance matters.

Board induction

The Company provides all non-executive directors with a tailored and thorough programme of induction, which is facilitated by the Chairman and the Company Secretary and which takes account of prior experience and business perspectives and the Committees on which he or she serves. This typically includes training, as well as site visits and meetings with management to get to know the businesses better.

Dame Heather Rabbatts, the newest non-executive director appointed to the Board, continued her induction with a visit to the AB World Foods factory in Leigh in February 2022. In May 2022, Dame Heather Rabbatts and Emma Adamo together visited the Acetum business in Modena, Italy, and met with some of the leadership team as well as completing a tour of the facilities to understand the process and the role of the different sites. Dame Heather Rabbatts also visited the newly opened Primark store in Milan with the rest of the Board, as referred to further below, and led the internal Board evaluation.

Training, development and engagement

The Chairman has overall responsibility for ensuring that the directors receive suitable training to enable them to carry out their duties and is supported in this by the Company Secretary. Directors are also encouraged personally to identify any additional training requirements that would assist them in carrying out their role. Training is provided in briefing papers, such as the regular update from the Company Secretary as part of the Board pack ahead of each meeting covering developments in legal, regulatory and governance matters, and by way of presentations and meetings with senior executives or other external sources. As part of the Board update on strategy at the Board meeting held in July 2022, the Board received a presentation from outside speakers offering an external perspective on how the Company is perceived in the market.

The Chief Executive encourages other Board members to visit operations either with him, with other directors, or on [illegible]

All of the Board together visited the newly opened Via Torino Primark store in Milan in May 2022 following the Board meeting. The Chairman and Wolfhart Hauser visited the Germains Seed Technology business in Kings Lynn in June 2022, attending an R&D tour and factory tours, as well as meeting with managers within the business, the lead scientist and health and safety adviser.

The Chairman also attended the Illovo Management Conference in South Africa in September 2022.

Graham Allan attended the Company's ESG Investor Day in person in May 2022.

For details of visits by Richard Reid to a variety of businesses across the Group, please see page 110

Composition, succession and evaluation

Board succession

There is a formal and transparent procedure for the appointment of new directors to the Board. Details are available in the Nomination Committee Report on pages 117 to 118 which also provides details of the Committee's activities, including the [illegible] of Board and senior management succession plans and diversity.

Re-election of directors

[illegible]

Board evaluation

2021 external Board evaluation

As reported in our last Annual Report, an external Board evaluation was carried out in March to May 2021. A summary of the actions arising from the 2021 external Board evaluation and their outcome are set out below.

Actions from 2021 external evaluation	Outcome
Engaging the Director of Business Development to help develop a set of risk appetites and to consider better articulating the Board's tolerance for risk.	A set of risk appetites has been developed and shared with the Board.
Engaging the Director of Business Development to undertake a review of the information and presentations provided by the business divisions and to make proposals as to how these can better meet the needs of the Board.	There have been changes to the pre-read information provided in respect of each business division in the Board packs so as to comprise a primer section, a section on recent performance and a section on workforce engagement.
Arranging for the provision of more formal feedback to the Board of the views of external shareholders, particularly following results announcements.	Summaries of key issues and questions raised by investors are included in the Board pack for discussion as appropriate.

2022 internal Board evaluation

Following the external Board evaluation carried out in March to May 2021, an internal Board evaluation was carried out in May to August 2022. The objective of the review was to assess all aspects of the effectiveness of the Board as a whole and its Committees, the Chairman and the individual directors.

The Board evaluation was carried out at the request of the Chairman by Dame Heather Rabbatts, the newest Non-Executive Director, with the assistance of the Director of Corporate Governance.

How the Board evaluation was conducted

The main strands of work were as follows:

- one-to-one virtual or face-to-face interviews with all Board members as well as the Company Secretary and Director of Legal Services, the Chief People and Performance Officer, the Group Corporate Responsibility Director, the EA to the Chairman and the CEO of Primark; and
- preparation of the report including overall observations and recommendations for consideration.

The report was then included in the Board pack for the Board meeting in September 2022 and discussed by the [illegible]

The headline outcome of the review was that it was a learning Board and that the Board and its Committees continue to be well-functioning and very effective in providing oversight of the Company and its governance. Whilst some recommendations were made, these were primarily with a view to 'dialling up' the effectiveness of the Board, and in particular to better enable the Board to be in a position to provide input to the businesses on their key challenges and issues.

The key recommendations and actions from the 2022 internal Board evaluation are set out on the following page.

Composition, succession and evaluation *continued*

Key recommendations and actions from the 2022 internal Board evaluation are:

Recommendation	Action
To increase the provision of feedback to executives on their presentations to the Board and to encourage business divisions to focus on a few specific issues in their presentations such that the Board can provide input of most value to the business divisions.	Chief Executive to discuss with the Director of Business Performance and the Chief People and Performance Officer and agree approach.
To consider the interface between the Primark Strategic Advisory Board and the main Board.	Chairman, Chief Executive and Finance Director to consider the most appropriate model to meet requirements, including looking beyond usual corporate governance structures.
To further consider how the Nomination Committee/Board can most effectively carry out their roles in respect of the diversity pipeline and succession planning.	Chairman to consider in conjunction with the Chief People and Performance Officer.

The outcome of the evaluation will not have any impact on Board composition, taking into account that the composition of the Board had only recently changed with the appointment of Dame Heather Rabbatts as a director in March 2021. The importance was noted of successfully navigating the various impending changes to Board composition with John Bason's retirement from the Board in April 2023, the appointment of Eoin Tonge as John Bason's successor, and Ruth Cairnie, the Senior Independent Director and Chair of the Remuneration Committee, coming to the end of nine years' tenure in May 2023.

In addition to and separately from the external Board evaluation, the Senior Independent Director, with the input of the non-executive directors and without the Chairman present, carried out an appraisal of the performance of the Chairman during the year. This concluded that the Chairman is seen as highly skilful and effective in his leadership of the Board, shaping the agenda and bringing issues to the fore and progressing them in a balanced and considered way. From the non-executive directors' perspective the Chairman's relationships are seen as very effective, being constructive and informal but with appropriate stretch.

Views were also sought separately from the executive directors, for whom the Chairman is seen as a highly valued thinking partner who brings important insights and perspectives that help them in their thinking.