Anti-Bribery and Corruption Policy

Our approach to governance is to respect not simply the letter, but also the spirit, of our policy and always act with integrity. To ensure the effective implementation of our Policy and procedures, each business has its own designated Anti-Bribery and Corruption Officer and we have monitoring systems in place at various levels within the Group including global risk assessments.

In addition, all relevant employees are required to complete an e-learning course on the subject when they join the Group and at regular intervals thereafter and those who work in higher risk roles are required to attend regular face-to-face training.

A copy of the ABF Anti-Bribery and Corruption Policy is available on the ABF website.

Speak Up

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

Speak Up empowers our people to tell us whenever they see anything inappropriate, improper, dishonest, illegal or dangerous and ensures that their concerns will be handled confidentially and professionally. Speak Up includes both a telephone line and a web reporting device managed by a leading independent provider, People Intouch.

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

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

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

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

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

Carbon and climate

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

We wholly support policies that are aligned with the goals of the Paris Climate Agreement to limit the rise in global temperatures to well below 2˚C above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5˚C.

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

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

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

Reducing GHG emissions

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

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

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

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

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

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

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

Streamlined energy and carbon reporting

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

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

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

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

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

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

For more information please see our Responsibility Report 2023.

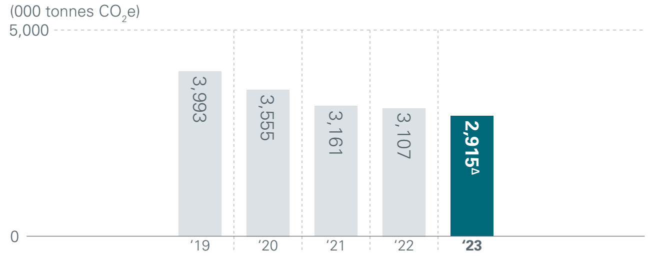
Providing products that help others reduce their GHG emissions

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

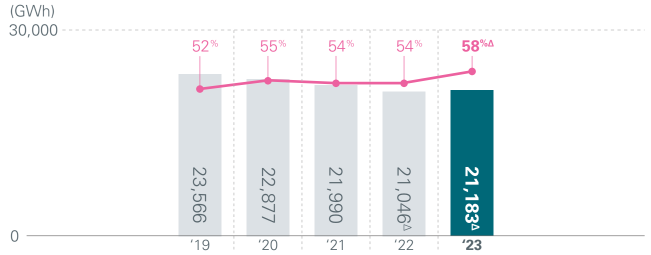
For more information please see our Responsibility Report 2023.

Our performance in 2023

Scope 1 and 2 GHG emissions



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



Efficient resource use

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

Waste and circularity

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

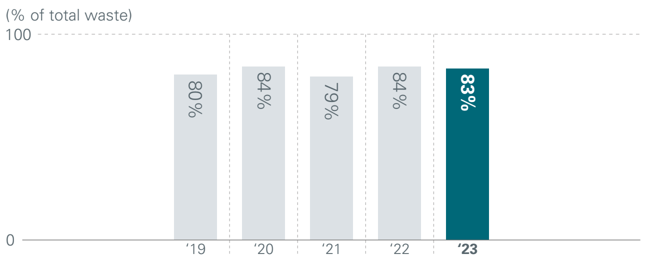
We are focused on making finite resources go further, believing that waste materials are often a resource that we can find a use for. With that in mind, our businesses are implementing practices to reuse, recycle or reduce food, plastic and/or textile waste. For example, we do not just make sugar. Our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

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

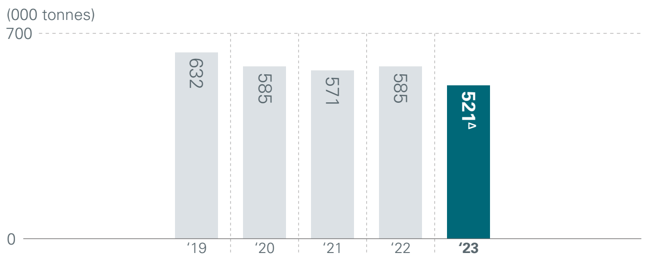
Our food businesses avoid products going to waste by donating surpluses to food banks, community groups and charities.

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

Proportion of total waste sent for recycling or other beneficial use



Total waste generated



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

For more information please see our 2023 Responsibility Report.

Plastic and packaging

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

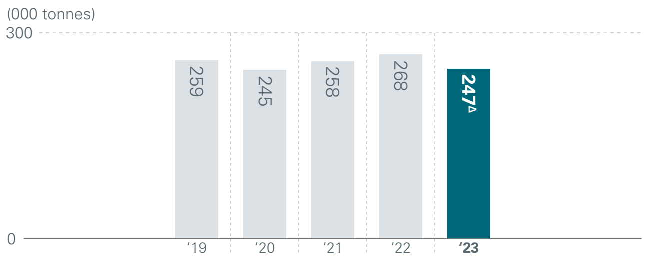
Though we fully recognise the harmful effects of plastic waste on ecosystems, plastic currently plays a vital role in both food safety and reducing food waste, by extending the shelf life of food. Our challenge is to use plastic materials responsibly and find solutions which balance the needs of our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

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

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

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

Quantity of packaging used



Water use

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

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

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

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

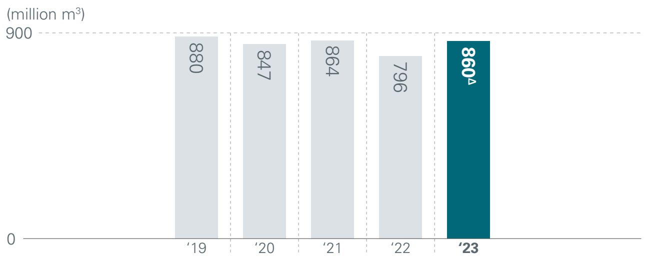
ABF Sugar accounts for a significant proportion of the water used in our own operations across the Group, at 97% of the total water abstracted. Water is used carefully and extensively throughout the sugar manufacturing operations compared with our other businesses; from the processing stage to extract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

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

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

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

Total water abstracted



Food and nutrition

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

Relevant businesses take nutritional factors into account across their product portfolio. Many of our food products already support healthier choices – from high-fibre breakfast cereals, wholemeal bread and crispbreads to specialist sports nutrition products. Product reformulation can also help to gradually shift consumer tastes towards foods that support better long-term nutrition, and our food businesses actively review their portfolios with this in mind.

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

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

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

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

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

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

For more information please see our Responsibility Report 2023.

Climate-related Financial Disclosures (TCFD)

Climate change continues to represent a material risk throughout our supply chains and presents ongoing risks and opportunities to some of our businesses, some of which we have been working on for many years. We remain committed to taking action and supporting policies aligned with the goals of the 2015 Paris Climate Agreement to limit the rise in global temperatures to well below 2° C above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5° C.

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

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

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

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

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

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

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

Background

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

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

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

Governance

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

Oversight by the Board and Audit Committee

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

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

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

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

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

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

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

Management's role

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

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

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

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

Risk management

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

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

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

Identifying, assessing and managing climate-related risks and opportunities

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

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

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

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

An Illovo sugar cane field in Malawi

Strategy and action, metrics and targets

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

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

Climate risks and opportunities

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

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

Scenario analysis

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

Knowledge in this area is growing and we expect models and pathways to evolve with time. Models have limitations, and some areas are challenging to model, for example the frequency and severity of extreme weather events. However, our businesses can still consider how they would mitigate or adapt to such events. Additionally, in certain situations different models can project contrasting results. In these situations, we have used our experience of current risks that may be exacerbated by climate change and then considered how different outcomes would impact our businesses.

We have used the following scenarios:

Warming trajectory by 2100	Transition scenarios[1]	Physical scenarios[2]
< 2° C	Net Zero Emissions by 2050 Scenario ('NZE') (1.5° C) Sustainable Development Scenario ('SDS')	RCP2.6
2-3° C	Stated Policies Scenario ('STEPS')	RCP4.5
~4° C		RCP8.5

1. The International Energy Agency's scenarios have been used to assess transition impacts with each scenario built on a set of assumptions on how the energy system might evolve. Each scenario has a different temperature outcome. We used scenarios covering 1.5° C, <2° C and <3° C.
2. We used the Intergovernmental Panel on Climate Change's Representative Concentration Pathways (RCP) to assess physical climate risk. RCPs are commonly used by climate scientists to assess physical climate risk, with each pathway representing a different greenhouse gas concentration trajectory which can then be translated into global warming impacts. We used climate data from the World Climate Research Programmes Coupled Model Intercomparison Project – Phase 5 (CMIP 5 adjusted for spatial resolution and bias corrected) to do this translation. RCPs feed into climate, crop and flood models. There are four RCP pathways with RCP8.5 representing the worst case scenario.

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

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

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

TCFD physical risk: concepts and frameworks

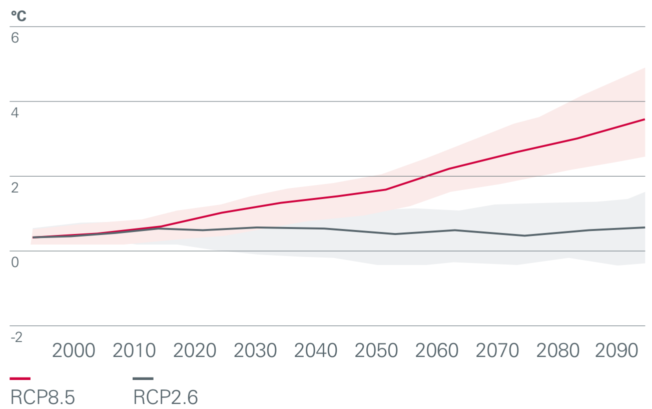
In all physical risk analysis, we have used the RCP8.5 scenario, which is widely considered to represent one of the worst-case climate scenarios with temperatures reaching some 4° C above pre-industrial levels by 2100. This scenario projects an extreme view of physical climate change impacts.

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

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

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

Global average surface temperature change



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

Use of scenario results to support strategy and financial planning

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

Impact assessment

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

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

1. Greater reliance is placed on actions already underway and where we have seen evidence of the success of those actions, for example the benefits seen by farmers in Primark's sustainable cotton programme and pest control in British Sugar.
2. Physical risks from a changing climate are already present, growing and being managed by our businesses. In many cases, risks may worsen but there is time to find innovative solutions to adapt to their impacts.

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

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

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

Results of the climate-related risks and opportunities assessment

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

Climate impact on cotton yields

2022 assessment

Low	2030	Medium	2050

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

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

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

2023 update

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

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

Projects addressing physical risks

Primark Sustainable Cotton Programme

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

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

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

2022 assessment

Low	2030	Medium	2050

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

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

2023 update

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

Projects addressing physical risks

Irrigation and drainage investment

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

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

Climate impact on tea yields

2022 assessment

Low	2030	Low	2050

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

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

2023 update

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

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

2022 assessment

Low	2030	Medium	2050

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

Assessment: Bangladesh (based on RCP4.5 and RCP8.5)
Bangladesh is exposed to both coastal and river flooding. The flood risk outcomes through to 2030 are minimal, but by 2050 there is a distinct increase.

China (based on RCP8.5)
The flood risk in China only changes minimally through to 2030 and 2050. Coastal flooding is projected at 1% in 2030 and less than 2% in 2050. River flooding is projected at less than 5% for 2030 and 2050. Primark has a large geographical spread of supplier factories which would require a large number of rivers and coastlines to flood simultaneously for there to be a material problem.

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

2023 update

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

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

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

Projects addressing physical risks

Structural Integrity Programme – Mott MacDonald flood pilot – Bangladesh

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

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

Impact of carbon pricing mechanisms on ABF Sugar

2022 assessment

Medium	2030

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

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

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

2023 update

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

See also the transition plan on pages 64 and 65.

Projects addressing physical risks

Technology adoption

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

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

Impact of carbon pricing mechanisms on Primark

2022 assessment

Medium	2030

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

Assessment
Incremental impact ranges from £55m to £155m in 2030, driven by hypothetical carbon taxes on Scope 3 upstream emissions. Scope 1 and 2 make up less than 2% of Primark's total emissions. Primark's decarbonisation programme is managed as an integral part of the Primark Cares strategy with a road map to reduce absolute emissions by 50% by 2030 and mitigate potential exposure to increased carbon taxation. The plan focuses on Primark's top five sourcing markets and support to suppliers with implementing energy-efficient measures and making a switch to renewable sources.
The plan does not assume the purchase of offsets.

Mitigation
- Primark has a worked-up plan to achieve a significant reduction in supplier emissions by the end of the decade and is aligned with the UNFCCC Fashion Industry Charter goal of net zero emissions across all three Scopes by 2050.

2023 update

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

See also the transition plan on pages 66 and 67.

Transition plans

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

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

ABF Sugar

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

Governance

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

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

Risk management

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

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

Strategy, metrics and targets

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

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

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

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

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

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

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

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

Projects supporting carbon reduction to date

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

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

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

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

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

Short term (present to 2025)

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

Medium and long term (2026 to 2050)

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

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

Primark

Governance

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

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

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

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

Risk management

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

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

Strategy, metrics and targets

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

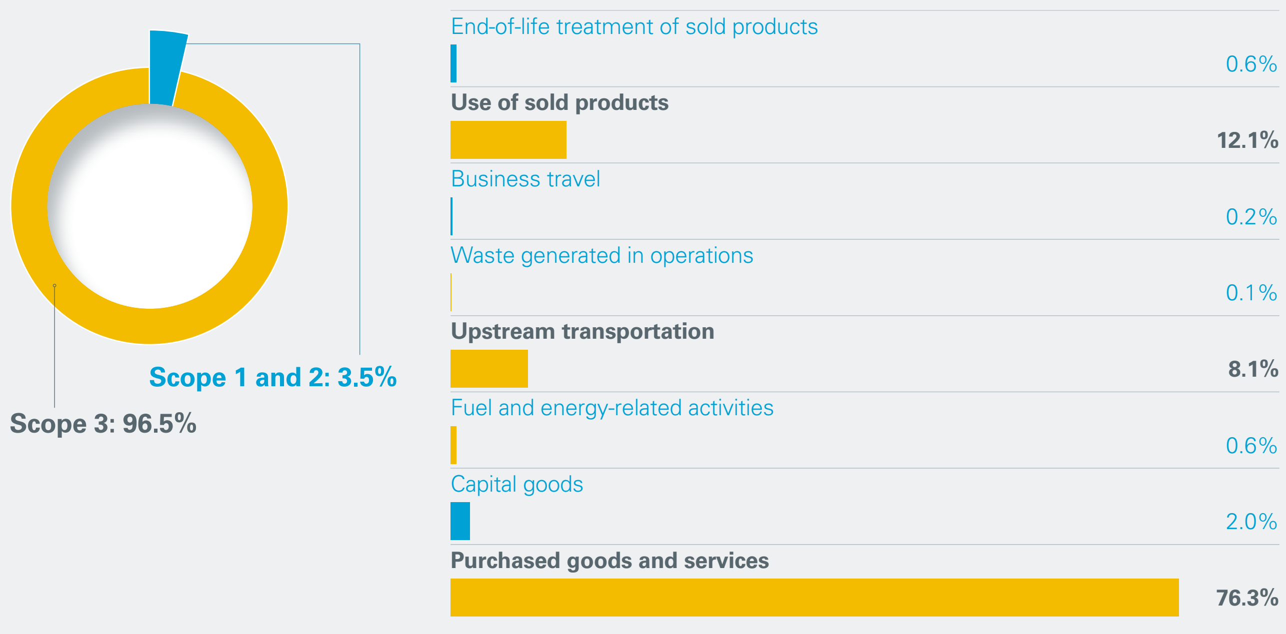
Short-term goals focus on maintaining current certifications, developing strategies for heat decarbonisation and energy efficiency. Medium-term goals focus on product-specific initiatives. Long-term goals are yet to be defined. Development of technology and innovations gaps in the market are constraints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

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

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

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

Primark's baseline emissions (2018)



Scope 1 and 2 emissions

Short term (present – 2025)
- Maintain ISO50001 certification for all stores, offices, and distribution centres.
- Develop appropriate regional pathways for heat decarbonisation in Primark properties.

Medium term (2026 – 2030)
- Reduce absolute Scope 1 and 2 GHG emissions by 50% by 2030, from a 2018/2019 baseline year.

Scope 3 emissions

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

Medium term (2026 – 2030)
- Develop all clothes to be recyclable by design by 2027.
- Develop all clothes from recycled or sustainably sourced materials by 2030.
- Further regenerative agricultural practices will be used in the Primark Sustainable Cotton Programme.
- Eliminate single-use plastics and all non-clothing waste by 2027.

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

Projects supporting carbon reduction to date

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

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

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

Managing our risks

Our approach to risk management

The delivery of our strategic objectives and the sustainable growth and long-term shareholder value of our business is dependent on effective risk management. We regularly face business uncertainties and it is through a structured approach to risk management that we are able to mitigate and manage these risks and embrace opportunities when they arise. These disciplines remain effective as the global environment continues to be uncertain in the face of increasingly complex global economic, geopolitical and environmental challenges. As a result of these, together with ongoing inflationary pressures, cost-of-living remains a real issue for consumers across a number of the markets in which we operate.

The diversified nature of our operations, geographical reach, assets and currencies are important factors in mitigating the risk of a material threat to the Group's sustainable growth and long-term shareholder value. However, as with any business, risks and uncertainties are inherent in our business activities. These risks may have a financial, operational and reputational impact.

The Board is accountable for effective risk management, for agreeing the principal, including emerging risks facing the Group and ensuring these are successfully managed. The Board undertakes a robust annual assessment of the principal risks that would threaten the business model, future performance, solvency or liquidity. The Board also monitors the Group's exposure to risks as part of the business performance reviews at each Board meeting, providing the Board with an opportunity to discuss risk mitigation actions with divisional senior management.

Our decentralised business model empowers the management of our businesses to identify, evaluate and manage the risks they face, on a timely basis, to ensure each business's compliance with relevant legislation, our business principles and Group policies.

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

Emerging risks are identified and considered at both a Group and business unit level, with key management being close to their markets and geographies. These risks are identified as part of the overall risk management process through a variety of horizon-scanning methods including: geopolitical insights; ongoing assessments of competitor activity and market factors; workshops and management meetings focused on risk identification; analysis of existing risks using industry knowledge and experience to understand how these risks may affect us in the future; and representation and participation in key industry associations.

The Group's Director of Financial Control receives the risk assessments on an annual basis and, with the Finance Director, reviews and challenges them with the divisional chief executives on an individual basis.

These discussions are wide-ranging and consider operational, environmental and other external risks. These risks and their impact on business performance are reported during the year and are considered as part of the monthly management review process.

Group functional heads including Legal, Treasury, Tax, IT, Pensions, HR, Procurement and Insurance also provide input to this process, sharing with the Director of Financial Control their view of key risks and what activities are in place or planned to mitigate them. A combination of these perspectives together with the business risk assessments creates a consolidated view of the Group's risk profile. A summary of these risk assessments is then shared and discussed with the Finance Director and Chief Executive at least annually.

The Director of Financial Control holds meetings with each of the non-executive directors seeking their feedback on the reviews performed and discussing the key risks, which include emerging risks, and mitigating activities identified through the risk assessment exercise. Once all non-executive directors have been consulted, a Board report is prepared summarising the full process and providing an assessment of the status of risk management across the Group. The key risks, mitigating controls and relevant policies are summarised and the Board confirms the Group's principal risks.

These are the risks which could prevent ABF from delivering our strategic objectives. This report also details when formal updates relating to the key risks will be provided to the Board throughout the year.

Key areas of focus this year

Effective risk management processes and internal controls

We continued to seek improvements in our risk management processes to ensure the quality and integrity of information and the ability to respond swiftly to direct risks. During the year, the Audit Committee on behalf of the Board conducted reviews on the effectiveness of the Group's risk management processes and internal controls in accordance with the 2018 UK Corporate Governance Code. Our approach to risk management and systems of internal control is in line with the recommendations in the Financial Reporting Council's (FRC) revised guidance 'Risk management, internal control and related financial and business reporting'.

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

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

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

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

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

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

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

Cost of living

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

Whilst consumer spending has proven to be more resilient than anticipated at the start of the financial year, household budgets continue to face real pressures as a result of high inflation and interest rates and general economic uncertainty. This means that some consumers are having to make challenging and difficult choices in respect of what they spend and where they spend it.

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

All of our businesses have developed strategies considering the potential changes in both end consumer and our customer behaviours and demands, the implications for the business and where investment or changes to business models may be appropriate.

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

Regulatory changes

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

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

Environmental, Social and Governance

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

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

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

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

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

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

Divisional chief executives have responsibility and are accountable for their ESG programmes, as well as for risks, opportunities and impacts in their divisions. They can draw on support from the Corporate Responsibility Hub and the Director of Legal Services and Company Secretary, the CPPO as well as specialist legal advice from the team led by the Associate General Counsel for ESG. The leaders of our businesses are also challenged by the centre through detailed reviews of the Group's environmental performance, health and safety performance, and its diversity, equity and inclusion and workforce engagement programmes.

Our principal risks and uncertainties

The directors have carried out an assessment of the principal risks facing ABF, including emerging risks, that would threaten our business model, future performance, solvency or liquidity.

Outlined below are the Group's principal risks and uncertainties and the key mitigating activities in place to address them. These are the principal risks of the Group as a whole and are not in any order of priority.

ABF is exposed to a variety of other risks related to a range of issues such as human resources and the attraction, development and retention of people, community relations, the regulatory environment and competition. These are managed as part of the risk process and a number of these are referred to in our 2023 Responsibility Report. Here, we report the principal risks which we believe are likely to have the greatest current or near-term impact on our strategic and operational plans and reputation.

They are grouped into external risks, which may occur in the markets or environment in which we operate, and operational risks, which are related to internal activity linked to our own operations and internal controls.

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

External risks

Operating in global markets

Context and potential impact
Associated British Foods operates in 55 countries with sales and supply chains in many more. For example, Primark has a complex supply chain, which is dependent on supplies from countries including China, Bangladesh, India and Turkey. We are therefore exposed to global market forces; fluctuations in national economies; societal unrest and geopolitical uncertainty; a range of consumer trends; evolving legislation; and changes made by our competitors.

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

Failure to recognise and respond to any of these factors could directly impact the profitability of our operations.

Entering new markets is a risk to any business.

Mitigation
Our approach to risk management incorporates potential short-term market volatility and evaluates longer-term socio-economic and political scenarios. The Group's financial control framework and Board-adopted tax and treasury policies require all businesses to comply fully with relevant local laws.

Provision is made for known issues based on management's interpretation of country-specific tax law, EU cases and investigations on tax rulings and their likely outcomes.

By their nature socio-political events are largely unpredictable. Nonetheless our businesses have detailed contingency plans which include site-level emergency responses and improved security for employees.

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

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

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

Changes since 2022
Whilst during the second half of the year, we have seen a reduction in energy prices and sea freight costs, which are significant costs for ABF, the ongoing war in Ukraine means that there is still a level of volatility in energy prices and a risk of further supply chain disruption. Russia's suspension of the Ukraine grain export agreement in July 2023 could result in further inflation in the medium term. An escalation of the recent hostilities in Gaza and the potential wider implications for the global economy are being closely monitored.

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

Geopolitical tensions continue to arise in a number of countries in which we operate and this is having an impact on sourcing and supplier management. For example, Primark are working through a responsible exit plan in consultation with partners and stakeholders in Myanmar and globally, in line with the UN Guiding Principles on Business and Human Rights and the ACT (Action, Collaboration and Transformation Responsible Exit Guidelines). Since the announcement to stop sourcing from Myanmar, Primark has doubled the size of its ethical team in its remaining sourcing locations enabling an increased number of supplier factory audits.

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

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

Fluctuations in commodity and energy prices

Context and potential impact
Changes in commodity and energy prices can have a material impact on the Group's operating results, asset values and cash flows.

Mitigation
The Group purchases a wide range of commodities in the ordinary course of business. We constantly monitor the markets in which we operate and manage certain exposures with exchange traded contracts and hedging instruments.

The commercial implications of commodity price movements are continuously assessed and, where appropriate, are reflected in the pricing of our products.

Changes since 2022
A number of our food and agriculture businesses have experienced increased input costs driven by the appreciation of energy and agricultural commodity prices in the financial year.

Energy prices, particularly in the first half of the year in UK and Europe, increased materially as a result of significant market uncertainty and supply concerns. Whilst wholesale energy prices have reduced from the peak, the market continues to experience levels of volatility. Businesses continue to manage commodity price risk under their existing risk management frameworks and, where appropriate, reflect this in pricing of products.

Increased
Unchanged
Decreased

Movement in exchange rates

Context and potential impact
Associated British Foods is a multinational Group with operations and transactions in many currencies.

Changes in exchange rates give rise to transactional exposures within the businesses and to translation exposures when the assets, liabilities and results of overseas entities are translated into sterling upon consolidation.

Mitigation
Our businesses constantly review their currency exposures and their hedging instruments and, where necessary, ensure appropriate actions are taken to manage the impact of currency movements.

Board-approved policies require businesses to hedge all transactional currency exposures and committed long-term supply or purchase contracts which are denominated in a foreign currency, using foreign exchange forward contracts. Cash balances and borrowings are largely maintained in the functional currency of the local operations.

Changes since 2022
On average, sterling has weakened against most of our trading currencies this year, resulting in an operating profit gain on translation of £17m.

Primark covers its currency exposure on purchases of merchandise denominated in foreign currencies at the time of placing orders, with an average tenor of Primark's hedging activity of between three and four months. There was a negative transactional effect from the appreciation of the US dollar exchange rate against both sterling and euro on Primark's largely dollar-denominated purchases for the year.

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

Health and nutrition

Context and potential impact
Failure to adapt to changing consumer health choices or to address nutrition concerns in the formulation of our products, related to consumer preferences or government public health policies, could result in a loss of consumer base and impact business performance. We have provided a detailed breakdown of our UK Grocery product portfolio in the context of nutrition within the ABF Responsibility Report.

Mitigation
All of our food businesses are individually responsible for managing their product portfolio. Consumer preferences, regulation and market trends are monitored continually. Recipes are regularly reviewed and, where technically feasible, are considered for reformulation to improve their overall nutritional value.

All of our grocery products are labelled with nutritional information, including in many cases front of pack nutrition labelling on our branded grocery products.

We actively consider consumer health in the context of brand development and merger and acquisition activity.

We invest in research with experts to improve our understanding of the science and societal trends. Both ABF UK Grocery and British Sugar support the charitable work of the British Nutrition Foundation to promote understanding of nutrition science in the context of healthy and sustainable diets.

Changes since 2022
Our Sugar and Grocery businesses have continued to focus on nutrition and health during the year to help consumers improve their diet.

Notable examples include AB World Foods, who have continued to roll out recipes with a reduction in fat, sugar and salt, and Jordans Dorset Ryvita who reduced the salt level in the Ryvita Thins range.

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

Operational risks

Workplace health and safety

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

Mitigation
Safety continues to be one of our main priorities. The chief executives of each business, who lead by example, are accountable for the safety performance of their business.

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

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

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

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

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

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

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

Product safety and quality

Context and potential impact
As a leading food manufacturer and retailer, it is vital that we manage the safety and quality of our products throughout the supply chain.

Mitigation
Product safety is put before economic considerations.

We operate strict food safety and traceability policies within an organisational culture of hygiene and product safety to ensure consistently high standards in our operations and in the sourcing and handling of raw materials and garments.

Food quality and safety audits are conducted across all our manufacturing sites, by independent third parties and customers, and a due diligence programme is in place to ensure the safety of our retail products.

Our sites comply with international food safety and quality management standards and our businesses conduct regular mock product incident exercises.

All businesses set clear expectations of suppliers, with relevant third-party certification or other assessment a condition of doing business. Product testing and trials are undertaken as required and where bespoke raw materials are purchased, the businesses will work closely with the supplier to ensure quality parameters are suitably specified and understood.

All Primark's products are tested to, and must meet, stringent product safety specifications in line with and, in some instances above, legal requirements.

Primark continues to drive and improve product performance for quality and compliance purposes through its product approval processes, in-country inspection centres and management of its supply base.

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

Businesses have continued to define and refine KPIs in this area.

Increased
Unchanged
Decreased

Breaches of IT and information security

Context and potential impact
To meet employee, customer, consumer and supplier needs, our IT infrastructure needs to be flexible, reliable and secure to allow us to interact through technology.

Our delivery of efficient and effective operations is enhanced using relevant technologies and the sharing of information. We are therefore subject to potential cyber-threats such as social engineering attacks, computer viruses and the loss or theft of data.

There is the potential for disruption to operations from data centre failures, IT malfunctions or external cyber-attacks.

Mitigation
There is an ongoing programme of investment in both technology and people to enhance the longevity of our IT environments for both on-site and remote working. This ongoing investment includes the control and protection of the IT and manufacturing environments being provided.

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

We have established Group IT security policies, technologies and processes, all of which are subject to regular internal audit.

Access to sensitive data is restricted and closely monitored.

Robust disaster recovery plans are in place for business-critical applications and are adequately tested.

Cyber incident response testing is done at all levels of the business to ensure we have adequate and effective processes to respond to a cyber incident.

Technical security controls are in place over key IT platforms with the Chief Information Security Officer tasked with identifying and responding to potential security risks.

Changes since 2022
As cybersecurity risks evolve, we continue to invest in our security capabilities at a Group level and across the businesses allowing us to more effectively detect, respond to and recover from disruptive cyber-threats.

We have improved and developed the existing disciplines to ensure that user devices and applications are regularly patched and upgraded to reflect emerging IT security threats.

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

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

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

Our supply chain and ethical business practices

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

The most critical risks in our supply chain are:

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

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

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

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

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

Our businesses work to understand the issues specific to the workers within their respective supply chains and where appropriate the communities in which they reside. For example, Twinings uses a comprehensive Community Needs Assessment Framework, developed in consultation with expert external stakeholders. In addition to labour rights, this framework covers housing, water and sanitation, health and nutrition, land, gender and children's rights, farming practices and more.

Some of our businesses – including Primark, Twinings and ABF Sugar – publish global sourcing maps and provide information about their processes, progress and challenges through corporate reports, websites, stakeholder engagement activities and submissions to benchmarks. This helps our understanding of human rights risks and, where necessary, supports collaboration both locally and across our sectors.

Our supply chain and ethical business practices *continued*

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

Changes since 2022

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

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

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

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

Our use of natural resources and managing our environmental impact

Context and potential impact

We are reliant on a range of natural resources to deliver our products, and new processes and technologies have enabled us to become highly efficient at maximising the value that we can derive from them. Overall, our material environmental impacts come from: fuel and energy use; agricultural operations giving rise to GHG emissions; use of land related to agricultural operations; the abstraction and management of water and wastewater especially in water-stressed areas; and waste which is not yet eliminated at source, reused or recycled, including single-use plastics.

In addition to GHG emissions, our operations generate a range of other environmental impacts related to wastewater and waste which, if not controlled, could pose a risk to the environment and local communities, potentially creating risk to our licence to operate and resulting in additional costs.

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

Mitigation

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

We continuously seek ways to improve the efficiency of our operations, using technologies and techniques to reduce our use of natural resources and minimise waste and the subsequent impact on the environment. We are also increasing our focus on capturing this data and being able to report in line with regulatory requirements.

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

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

Changes since 2022

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

The impact of climate change and natural disasters on our operations

Context and potential impact

Our businesses and their supply chains rely on a secure supply of finite natural resources, some of which are vulnerable to external factors such as natural disasters and climate change. Climate change continues to represent a material risk throughout our supply chains and poses challenges to some of our businesses. Many of our businesses rely on agricultural crops with complex supply chains. Long-term climate change will impact agricultural crops and workers while extreme weather events have the potential to cause disruption to supply chains and operations.

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

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

In our assessment of climate-related business risks we recognise that the cumulative impacts of changes in weather and water availability could affect our operations at a Group level. However, the diversified and devolved nature of the Group means that mitigation or adaptation strategies are considered and implemented by the individual businesses.

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

Mitigation

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

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

Changes since 2022

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

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

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

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

Increased
Unchanged
Decreased

Viability statement and going concern

Viability statement

The directors have determined that the most appropriate period over which to assess the Company's viability, in accordance with the 2018 UK Corporate Governance Code, is three years. This is consistent with the Group's business model which devolves operational decision making to the businesses. Each business sets a strategic planning time horizon appropriate to its activities which are typically of a three to five year duration. The directors also considered the diverse nature of the Group's activities and the degree to which the businesses change and evolve in the relatively short term.

The directors considered the Group's profitability, cash flows and key financial ratios over this period and the potential impact that the Principal Risks and Uncertainties set out on pages 68 to 75 could have on future performance, solvency or liquidity of the Group and its resilience to threats to its viability posed by severe but plausible scenarios. Building on the analysis performed as part of the going concern review, sensitivity analysis was applied to these metrics and the projected cash flows were stress tested against a range of scenarios.

The directors considered the level of performance that would cause the Group to exhaust its available liquidity, the financial implications of making any strategic acquisitions and a variety of additional potentially adverse factors including long-term reputational damage, macroeconomic influences such as fluctuations in commodity markets and climate-related business risks. Specific consideration has been given to the potential ongoing risks associated with the outlook for a potential global recession, reducing demand for goods in both the food businesses and Primark, and continuing inflationary cost pressures. The impact of potential mitigating actions under the Group's control were also considered in this analysis.

The Board's treasury policies are in place to maintain a strong capital base and manage the Group's balance sheet and liquidity to ensure long-term financial stability. These policies are the basis for investor, creditor and market confidence and enable the successful development of the business. The financial leverage policy requires that, in the ordinary course of business, the Board prefers to see the Group's ratio of net debt including lease liabilities to adjusted EBITDA to be well under 1.5x. At the end of this financial year, the financial leverage ratio was 1.0x and the Group had total cash of £1.5bn and an undrawn committed Revolving Credit Facility of £1.5bn.

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

The Group is highly diversified operating in 55 countries in different markets, sectors, customer groups, geographies and products. While the principal risks considered all have the potential to affect future performance, none of them are considered individually or collectively to threaten the viability of the Company for the period of the assessment.

The Group has a track record of delivering strong cash flows, with in excess of £1bn of operating cash being generated in each of the last ten years. This has been more than sufficient to meet not only our ongoing financing obligations but also to fund the Group's expansionary capital investment.

Even in a worst-case scenario, with risks modelled to materialise simultaneously and for a sustained period, the possibility of the Group having insufficient resources to meet its financial obligations is considered remote. Based on this assessment, the directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 12 September 2026.

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

The forecast for the going concern assessment period to 1 March 2025 has been updated for the business's latest trading in October and is the best estimate of cashflow in the period. Having reviewed this forecast and having applied a downside sensitivity analysis and performed a reverse stress test, the directors consider it a remote possibility that the financial headroom could be exhausted.

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In reviewing the cash flow forecast for the period, the directors reviewed the trading for both Primark and the food businesses in light of the experience gained from events of the last three years of trading and emerging trading patterns. The directors have a thorough understanding of the risks, sensitivities and judgements included in these elements of the cash flow forecast and have a high degree of confidence in these cash flows.

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

In addition, the directors also considered the circumstances which would be needed to exhaust the Group's total liquidity over the assessment period – a reverse stress test. This indicates that, on top of the downside scenario outlined above, cost inflation would need to exceed £1.9bn without any price increases or other mitigating actions being taken before total liquidity is exhausted. The likelihood of these circumstances is considered remote for two reasons. Firstly, over such a period, management could take substantial mitigating actions, such as reviewing pricing, taking cost cutting measures and reducing capital investment. Secondly, the Group has significant business and asset diversification and would be able to, if it were necessary, dispose of assets and/or businesses to raise considerable levels of funds.

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

Michael McLintock
Chairman

George Weston
Chief Executive

Eoin Tonge
Finance Director

Chairman's introduction

Michael McLintock
Chairman

Our devolved decision-making model is a distinctive characteristic of ABF. This empowers management of our businesses to take decisions at the level we consider to be the most effective – in other words, closest to the markets, customers and stakeholders relevant to each business.

Dear fellow shareholders

I am pleased to present the Associated British Foods plc Corporate Governance Report for the year ended 16 September 2023.

Your Company's clear sense of purpose – to provide safe, nutritious and affordable food, and clothing that is great value for money – continues to stand us in good stead. Our conviction that businesses do well when they act well is ingrained throughout the Group and management continue to be encouraged to take a long-term view and to invest in the future. We give various examples throughout the Strategic Report of how we have invested in our food businesses and in the Primark retail estate.

We continue to operate a devolved decision-making model. This is a distinctive characteristic of ABF, and one which we believe empowers management of our businesses to take decisions at the level we consider to be the most effective. The senior management of the businesses are supported with resources and expertise from throughout the Group.

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

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

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

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

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

Our four values, namely respecting everyone's dignity, acting with integrity, progressing through collaboration and delivering with rigour, are illustrated through the various case studies in this Annual Report, through our Section 172 Statement on pages 40 to 45 and through the Responsibility section on pages 46 to 55. Further examples can be found in our 2023 Responsibility Report, which is available on the Company's website at: www.abf.co.uk/responsibility.

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

Michael McLintock
Chairman

Compliance with the UK Corporate Governance Code

As a premium listed company on the London Stock Exchange, the Company is reporting in accordance with the 2018 UK Corporate Governance Code ('2018 Code'). The 2018 Code sets out standards of good practice in relation to: (i) board leadership and company purpose; (ii) division of responsibilities; (iii) board composition, succession and evaluation; (iv) audit, risk and internal control; and (v) remuneration. The 2018 Code is published by the UK Financial Reporting Council ('FRC') and a copy is available from the FRC website: www.frc.org.uk.

The Board takes its compliance with the 2018 Code seriously. The Board considers that the Company has, throughout the year ended 16 September 2023, applied the principles and complied with the provisions set out in the 2018 Code except provision 38 in relation to alignment of executive director pension contributions with the workforce. In this regard, please see the explanation on page 106 of the Directors' Remuneration Report, which explains our plans to bring the Company into line with the 2018 Code by December 2023.

The Company's disclosures on its application of the principles of the 2018 Code can be found on the following pages:

Board leadership and company purpose
See pages 82 to 86

Chairman's introduction
See page 78

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

Strategy
See pages 9 to 13; 82 to 83

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

Division of responsibilities
See pages 87 to 88

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

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

Board evaluation
See page 89

Nomination Committee Report
See pages 90 to 92

Audit, risk and internal control
See pages 93 to 99

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

Audit Committee Report
See pages 93 to 99

Remuneration
Directors' Remuneration Report
See pages 100 to 115

Board of Directors

Michael McLintock
Chairman

N R

Michael was appointed a director in November 2017 and Chairman in April 2018. He was formerly Chief Executive of M&G, retiring in 2016, having joined the company in 1992 and been appointed Chief Executive in 1997. In 1999 he oversaw the sale of M&G to Prudential plc where he served as an Executive Director from 2000 until 2016. Previously he held roles in investment management at Morgan Grenfell and in corporate finance at Morgan Grenfell and Barings.

Other appointments:

- Trustee of the Grosvenor Estate
- Non-Executive Chairman of Grosvenor Group Limited
- Chairman of The Investor Forum CIC
- Member of the Advisory Board of Bestport Private Equity Limited
- Member of the Takeover Appeal Board
- Member of the MCC Committee

George Weston
Chief Executive

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

Eoin Tonge
Finance Director

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

Other appointments:

- None

Dame Heather Rabbatts
Independent Non-Executive Director

N A R

Dame Heather Rabbatts was appointed a director on 1 March 2021 and has been Senior Independent Director since 1 May 2023. Heather has held a number of executive and non-executive roles including in local government, infrastructure, media and sports. She has previously been a Non-Executive Director of Grosvenor Britain & Ireland, a Non-Executive Director of Kier Group plc and was the first woman on the Board of the Football Association in over 150 years. She continues to work in film and sports.

Other appointments:

- Chair of Soho Theatre

Emma Adamo
Non-Executive Director

Emma was appointed a director in December 2011. She was educated at Stanford University and has an MBA from INSEAD. She has served as a director/trustee on a number of non-profit and Foundation boards in the UK and Canada.

Other appointments:

- Director of Wittington Investments Limited

Graham Allan
Independent Non-Executive Director

N A R

Graham was appointed a director in September 2018 and became chair of the Remuneration Committee in May 2023. Graham was formerly the Group Chief Executive of Dairy Farm International Holdings Limited, a pan-Asian retailer. Prior to joining Dairy Farm, he was President and Chief Executive Officer at Yum! Restaurants International. Graham has previously held various senior positions in multinational food and beverage companies with operations across the globe and has lived and worked in Australia, Asia, the US and Europe.

Other appointments:

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

Wolfhart Hauser
Independent Non-Executive Director

N A R

Wolfhart was appointed a director in January 2015. Starting his career with various research activities, he went on to establish and lead a broad range of successful international service industry businesses. He was Chief Executive of Intertek Group plc for 10 years until he retired from that role and the board in May 2015. He was previously Chief Executive Officer and President of TÜV Süddeutschland AG for four years and Chief Executive Officer of TÜV Product Services for 10 years. He has also held other directorship roles, including as a Non-Executive Director of Logica plc from 2007 to 2012, as a Non-Executive Director of RELX plc from 2013 to 2023 and Chair of FirstGroup plc for four years from 2015 to July 2019.

Other appointments:

- Board member in the Trescal Group

Annie Murphy
Independent Non-Executive Director

A R

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

Other appointments:

- Deputy Chair and Board Member of the British Beauty Council

Richard Reid
Independent Non-Executive Director

N A R

Richard was appointed a director in April 2016. He was formerly a partner at KPMG LLP ('KPMG'), having joined the firm in 1980. From 2008, Richard served as London Chairman at KPMG until he retired from that role and KPMG in September 2015. Previously, Richard was KPMG's UK Chairman of the High Growth Markets group and Chairman of the firm's Consumer and Industrial Markets group.

Other appointments:

- Chairman of National Heart and Lung Foundation
- Deputy Chairman of Berry Bros & Rudd
- Senior Advisor to Bank of China UK
- Warden and Member of the Court of the Goldsmiths' Company

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

Key to Board Committees

N Nomination Committee

R Remuneration Committee

A Audit Committee

Committee Chair

Board leadership and company purpose

The Board

The Board is collectively responsible to the Company's shareholders for the direction and oversight of the Company to ensure its long-term success. This includes setting the Company's purpose, which is described in the Strategic Report. The Board met regularly throughout the year, sometimes with individual members attending virtually, to approve the Group's strategic objectives, to lead the Group within a framework of effective controls which enable risk to be assessed and managed, and to ensure that sufficient resources are available to meet the objectives set.

There are a number of matters which are specifically reserved for the Board's approval. These are set out in a clearly defined schedule which is available to view on the corporate governance section of the Company's website: www.abf.co.uk.

Certain specific responsibilities are delegated to the Board Committees, being the Nomination, Audit and Remuneration Committees, which operate within clearly defined terms of reference and report regularly to the Board. Membership of these Committees is reviewed annually. Minutes of Committee meetings are made available to all directors on a timely basis. For further details, please see the Reports of each of these Committees below.

Purpose, business model and strategy

The purpose of the Company is to provide safe, nutritious and affordable food, and clothing that is great value for money. A description of the Company's business model for sustainable growth in support of this purpose is set out in the Group business model and strategy section on pages 9 to 13. This section provides an explanation of the basis on which the Group generates value and preserves it over the long term and its strategy for delivering its objectives. Our 'Managing our risks' section starting on page 68 provides details on how opportunities and risks to the future of the business have been considered.

Culture and values

At its simplest, our culture and our values (respecting everyone's dignity, acting with integrity, progressing through collaboration, and delivering with rigour) centre around doing the right thing. Our devolved decision-making model empowers the people closest to the risks to make the right judgements to mitigate those risks and to find opportunities, but importantly with encouragement, engagement and support from the centre. That support can take the form of resources and expertise or it can be provided through challenge. We believe the route to enduring value creation lies in our focus on building objectives from the bottom up rather than from the top down.

Culture is monitored by the Board through a number of different approaches. Richard Reid's work on workforce engagement, with the support of the Chief People and Performance Officer, is a key approach (and Richard's letter on pages 84 and 85 sets out further detail on how Richard has engaged with the businesses during this financial year and the overarching themes of such engagement). This is supported by business presentations from senior management of each business division to the Board (which include information on safety performance and health and wellbeing initiatives, as well as the individual businesses' workforce engagement initiatives, including results and outcomes).

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

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

Whistleblowing

The Group's Speak Up Policy contains arrangements for an independent external service provider to receive, in confidence (where legally permitted), reports of any inappropriate, improper, dishonest, illegal or dangerous behaviour for reporting to the Audit Committee as appropriate. The Audit Committee reviews reports and the actions arising from internal audit and reports on these to the Board.

The Audit Committee reports to the full Board on (or all Board members attend the relevant parts of the Audit Committee meeting to obtain details of) the analysis of reported allegations which is compiled by the Director of Financial Control. Arrangements are in place for proportionate and independent investigations of allegations and for follow-up action. Further details of the Speak Up Policy and processes in place, as well as information on the status of notifications received in the year to 31 May 2023 are provided on page 52.

Conflicts of interest procedure

The Company has procedures in place to deal with the situation where a director has a conflict of interest. As part of this process, the Board:

- considers each conflict situation separately on its particular facts;
- considers the conflict situation in conjunction with the rest of the conflicted director's duties under the Companies Act 2006;
- keeps records and Board minutes as to authorisations granted by directors and the scope of any approvals given; and
- regularly reviews conflict authorisation.

Engagement with stakeholders

Our scale, employing approximately 133,000 people and with operations in 55 countries across the world, means that our activities matter to, or have an impact on, many people. As a result, the Company engages regularly with its stakeholders at Group and/or business level, depending on the particular issue.

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

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

The work of the Board during the year

During the financial year, key activities of the Board included:

Strategy	• conducting regular strategy update sessions with the divisions in Board meetings; and • receiving a strategy update from the Director of Business Development.
Acquisitions/disposals/ projects	• considering/approving various acquisitions including the acquisitions of: Vital Solutions, active in polyphenol-based botanical ingredients for human dietary supplements, Kite Consulting, active in dairy consulting and performance products, and National Milk Records plc, which provides an integrated service provider working for both farmers and milk buyers as well as an independent source of data from advisers such as vets, farm consultants and breed societies; • considering and approving capital investment including in relation to the opening of new Primark stores and upgrades to existing stores, the expansion of yeast production and introduction of spray drying capability for Ohly in Germany, the establishment of a manufacturing facility for Ovaltine in Nigeria, expansion and upgrades in our African sugar businesses and various ERP projects across the Group; and • receiving regular updates on proposed acquisitions and disposals.
Financial and operational performance	• receiving regular reports to the Board from the Chief Executive; • receiving, on a rolling basis, senior management presentations from Group business segments; • considering the Group budget for the 2023/24 financial year; • approving the Company's full year and interim results; • deciding to recommend payment of a 2022 final dividend (paid in January 2023) and deciding to pay an interim dividend (paid in July 2023); and • approving banking mandate updates and various other treasury-related matters.
Governance and risk	• reviewing the material financial and non-financial risks facing the Group's businesses; • receiving regular updates on corporate governance and regulatory matters; • participation in, as well as review and discussion of recommendations from, the internal Board evaluation; • receiving reports from the Board Committee Chairs as appropriate; • confirming directors' independence and conflicts of interest; • reviewing and approving gender pay reporting and the Modern Slavery and Human Trafficking Statement; and • undertaking appropriate preparations for the holding of the AGM including considering and approving an 'outlook' statement and, subsequently, discussing any issues arising from the AGM.
Corporate responsibility	• continuing to support the enhanced activity on ESG matters; • receiving regular management reports as well as annual presentations on health and safety and on environmental issues; and • receiving an update on ESG matters including priorities, commitments, risks and opportunities, and the requirements in relation to climate-related financial disclosures.
Investor relations and other stakeholder engagement	• one or more of the Chairman, Chair of the Remuneration Committee, Chief Executive and Finance Director attending meetings with institutional investors to hear their views; and • receiving reports on investor relations activities and regular feedback on directors' meetings held with institutional investors.
People	• approving the appointment of Annie Murphy and Kumsal Bayazit as Non-Executive Directors of the Company with effect from 6 September 2023 and 1 December 2023 respectively; • Richard Reid, Non-Executive Director for engagement with the workforce, continuing to work with the businesses to ensure that the voice of the workforce is heard and acted upon – see further details on pages 84 and 85; • receiving updates from senior management of the businesses on how they have engaged with their workforces and the outcomes of such engagement; and • receiving and considering presentations on succession planning and talent management from the Chief People and Performance Officer.

Board leadership and company purpose continued

Non-Executive Director for engagement with the workforce

Richard Reid
Non-Executive Director

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In summary, from my work over the last 12 months, I have seen significant evidence that the necessary policies and practices within the businesses are in place and that our people are of aware how to raise views, ideas and concerns. This perspective comes from my direct interactions with the Chief Executive, Chief People and Performance Officer, division chief executives, business leaders and managers, the observations and insights shared with me by our people on my visits, information shared in Board presentations and papers, and the results of the engagement surveys across the Group.

Culture and tone are set from the top of an organisation, echoed through leaders and managers to every level of a business; across ABF I see an open culture that enables issues and ideas to be raised and acted on constructively. It is clear that our chief executives and business leaders take seriously the voices of all our people.

I and the Board remain steadfast to holding divisional chief executives and business leaders to account, and in turn ensuring that all our employees have the opportunity for their voice to be heard in every part of ABF, so they can be part of creating a successful business where people thrive.

Richard Reid
Non-Executive Director

Board leadership and company purpose continued

Engagement with shareholders

We have a dedicated in-house team to manage communications with our shareholders, making sure we respond directly, as appropriate, to any matters regarding their shareholdings. We also have a dedicated team at Equiniti Limited (our share registrar) which looks after their needs. To improve security and efficiency of communications and to reduce the amount of paper we use, we seek to use e-communications to communicate with shareholders wherever possible and encourage shareholders to switch to e-communications in order to reduce our paper usage further. We also encourage the direct payment of dividends into bank or building society accounts.

We also engage with shareholders, both institutional investors and individual shareholders, in a number of other ways:

Meetings

The Chairman meets with the Company's largest institutional shareholders to hear their views and discuss any issues or concerns. During the year, the Chairman held meetings with a number of institutional shareholders (either in person or virtually) and discussed a range of topics including the Company's strategy and approach to corporate governance, ESG and remuneration-related matters. The Remuneration Committee Chair also meets with investors and analysts to answer queries and respond to feedback around remuneration issues.

On the day of the announcement of the interim and final results, the Company's largest shareholders, together with financial analysts, are invited to a presentation with a question and answer session by the Chief Executive and Finance Director, with webcast presentations of the results available for all shareholders through the Company's website. Following the results, the Executive team holds one-to-one and group meetings (virtually where necessary) with institutional shareholders and potential investors. These views are then reported back to the Board as a whole at the following Board meeting to ensure that it is aware of any issues that the Company's largest shareholders are concerned with.

During the year, the Board has maintained an active programme of engagement with institutional investors, including engagement by the Chief Executive and/or Finance Director, the purpose of which is both to develop shareholders' understanding of the Company's strategy, operations and performance and to provide the Board with an awareness of the views of significant shareholders. At each Board meeting, the directors are briefed on shareholder meetings that have taken place and on feedback received, including any significant concerns raised.

AGM

All shareholders are invited to attend the AGM in person, have access to our website and the choice to receive electronic communications.

The AGM provides an opportunity for the directors to engage with shareholders, answer their questions and to meet them informally. The AGM will be held on Friday 8 December 2023 at 11.00 am at the Congress Centre, 28 Great Russell Street, London WC1B 3LS. It is planned that shareholders will be able to attend in person. There will also be the possibility for registered shareholders to follow proceedings through a livestream on the AGM website. We encourage all shareholders not attending in person on the day to vote by proxy in advance of the meeting on all resolutions put forward as shareholders will not be able to vote on the day if they are not attending in person. Shareholders will also have the opportunity to put their questions to the Board either at the meeting (if attending in person) or in advance of the meeting. Further details are included in the Notice of AGM and documentation accompanying the proxy form. All votes are taken by a poll. In 2022, voting levels at the AGM were over 85% of the Company's issued share capital.

Annual Report

We publish a full Annual Report and Accounts each year which contains a Strategic Report, responsibility section, corporate governance section and financial statements. The Annual Report is available in paper format for those who request it and on our website: www.abf.co.uk.

Responsibility/ESG

We publish a Responsibility Report on the issues most material to the businesses within our Group. The Director of Legal Services and Company Secretary acts as a focal point for communications on matters of corporate responsibility. During the year, the Company responded to requests for meetings, telephone meetings or written information from both existing and potential shareholders and research bodies on a broad range of environmental, social and governance risk matters, including matters related to climate change, water and greenhouse gas risk management, supply chain management, sustainable agriculture, human rights, employee welfare, gender balance and human capital development. The Director of Legal Services and Company Secretary and the Group Corporate Responsibility Director regularly meet with investors, potential investors and other stakeholders to discuss corporate responsibility matters.

Website (www.abf.co.uk)

Our website is regularly updated and contains a comprehensive range of information on our Company. There is a section dedicated to investors which includes our investor calendar, financial results, presentations, press releases and contact details. The area dedicated to individual shareholders is an essential communication method. It includes information on shareholder news, administrative services and contact information.

Division of responsibilities

Board composition

At the date of this Annual Report, the Board comprises the following directors:

Chairman
Michael McLintock

Executive Directors
George Weston (Chief Executive)
Eoin Tonge (Finance Director) – appointed 6 February 2023

Non-Executive Directors
Dame Heather Rabbatts (Senior Independent Director)
Emma Adamo
Graham Allan
Wolfhart Hauser
Annie Murphy – appointed 6 September 2023
Richard Reid

The Board has approved the appointment of Kumsal Bayazit as a Non-Executive Director with effect from 1 December 2023. John Bason retired from the Board with effect from 28 April 2023 and Ruth Cairnie retired from the Board with effect from 31 August 2023.

Biographical and related information about the directors as at the date of this Annual Report is set out on pages 80 and 81.

We consider the size of the Board to be large enough to ensure diversity and an appropriate variety of skills whilst still being small enough to ensure a good quality of debate. This view was supported by the external Board evaluation in 2021, as well as the internal Board evaluations carried out in 2022 and 2023, further details of which are set out on page 89.

Chairman and Chief Executive

The roles of the Chairman and the Chief Executive are separately held and the division of their responsibilities is clearly established, set out in writing, and agreed by the Board to ensure that no one has unfettered powers of decision. Copies are available on request.

The Chairman is responsible for the operation and leadership of the Board, ensuring its effectiveness and setting its agenda. The Chairman works with the Company Secretary to set the agenda for Board meetings. The Chairman promotes a culture of openness and debate, which has been a key factor behind seeking to keep the size of the Board relatively small, and facilitates constructive Board relations and contributions from all non-executive directors, as well as ensuring that directors receive accurate, timely and clear information. The Chairman was independent on appointment.

The Chief Executive is responsible for leading and managing the Group's business within a set of authorities delegated by the Board and for the implementation of Board strategy and policy. Authority for the operational management of the Group's business has been delegated to the Chief Executive for execution or further delegation by him for the effective day-to-day running and management of the Group. The chief executive of each business within the Group has authority for that business and reports directly to the Chief Executive.

Senior Independent Director

The purpose of this role is to act as a sounding board for the Chairman and to serve as an intermediary for other directors where necessary. The Senior Independent Director is also available to shareholders should a need arise to convey concerns to the Board which they have been unable to convey through the Chairman or through the executive directors. The role of the Senior Independent Director is set out in writing and a copy is available on request.

In addition to meeting with non-executive directors without the Chairman present to appraise the Chairman's performance (for which, see further details on page 89), the Senior Independent Director meets with the non-executive directors on other occasions as necessary.

The non-executive directors

The non-executive directors, in addition to their responsibilities for strategy and business results, play a key role in providing a solid foundation for good corporate governance and ensure that no individual or group dominates the Board's decision-making. They each occupy, or have occupied, senior positions in industry which, taken together, cover a broad range of jurisdictions, bringing valuable external perspectives to the Board's deliberations through their experience and insight from different sectors and geographies. This enables them to contribute significantly to Board decision-making by providing constructive challenge and holding to account both management and individual executive directors against agreed performance objectives. The Board is of a sufficiently small size to be conducive to open and candid discussions. The formal letters of appointment of non-executive directors are available for inspection at the Company's registered office.

Board Committees

The written terms of reference for the Nomination, Audit and Remuneration Committees are available on the Company's website, www.abf.co.uk, and hard copies are available on request. Further details on the work of each of the Committees are included later in this Corporate Governance Report.

Board independence

Emma Adamo is not considered by the Board to be independent in view of her relationship with Wittington Investments Limited, the Company's majority shareholder. Emma was appointed in December 2011 to represent this shareholding on the Board. The Board considers that the other non-executive directors are independent in character and judgement and that they are each free from any business or other relationships which would materially interfere with the exercise of their independent judgement. Further details of their independence are included in the Notice of AGM. At least half the Board, excluding the Chairman, are independent non-executive directors.

Commitment

The letters of appointment for the Chairman and the non-executive directors set out the expected time commitment required of them and are available for inspection by any person during normal business hours at the Company's registered office and at the AGM. Other significant commitments of the Chairman and non-executive directors are disclosed prior to appointment and subsequent appointments require prior approval.

Division of responsibilities continued

Dame Heather Rabbatts stepped down from the board of Kier Group plc with effect from 30 March 2023. Wolfhart Hauser stepped down from the board of RELX plc in April 2023 and subsequently took up a position as a board member in the (non-listed) Trescal group. Graham Allan was already a director on an Americana Restaurants entity which subsequently listed its shares for trading on the Abu Dhabi Securities Exchange and the Saudi Stock Exchange in December 2022 as Americana Restaurants International PLC. The Board considered that these appointments did not impact the relevant directors' ability to discharge their responsibilities to the Company.

Board meetings

The Board held eight meetings during the financial year. Periodically, Board meetings are held away from the corporate centre in London.

The attendance of the directors at Board and Committee meetings during the year is shown in the table below. If a director is unable to participate in a meeting either in person or remotely, the Chairman will solicit their views on key items of business in advance of the relevant meeting and share these with the meeting so that they are able to contribute to the debate.

All of the directors attended those meetings that they were eligible to attend.

Senior executives below Board level are invited, when appropriate, to attend Board meetings and to make presentations on the results and strategies of their business units. Papers for Board and Committee meetings are generally provided to directors a week in advance of the meetings.

Information flow

The Company Secretary manages the provision of information to the Board at appropriate times in consultation with the Chairman and Chief Executive and ensures that the Board has the policies, processes, time and resources it needs in order to function effectively and efficiently. This includes the provision of corporate governance updates to all Board members in the Board pack for each meeting. In addition to formal meetings, the Chairman and Chief Executive maintain regular contact with all directors. The Chairman holds informal meetings or calls with non-executive directors, without any of the executives being present, to discuss issues affecting the Group, as appropriate. All directors have access to the Company Secretary, who is responsible for advising the Board on all governance matters.

Board induction

The Company provides all non-executive directors with a tailored and thorough programme of induction, which is facilitated by the Chairman and the Company Secretary and which takes account of prior experience and business perspectives and the Committees on which he or she serves. This typically includes training, as well as site visits and meetings with management to get to know the businesses better.

Eoin Tonge, the newest executive director appointed to the Board, has visited many businesses since his appointment in February 2023. These visits have included: Illovo in South Africa, Zambia and Malawi; AB World Foods and Twinings Ovaltine in Poland; Primark in Ireland, the USA and Germany; Azucarera and AB Agri in Spain; George Weston Foods in Australia and New Zealand; and various grocery businesses in the UK.

Annie Murphy joined the Board with effect from 6 September 2023. Since the end of the financial year to which this Annual Report relates, in addition to meeting with executives at the corporate centre in late September 2023, Annie has also visited India with Dame Heather Rabbatts and the Group Corporate Responsibility Director as part of Annie's induction. This has enabled them to understand more about Primark's activities in India following meetings with Primark's Ethical Trade and Environmental Sustainability team and visits to a community centre, farmer village and a supplier factory.

Kumsal Bayazit will join the Board with effect from 1 December 2023 and an induction will be arranged, including visits to businesses.

Training, development and engagement

The Chairman has overall responsibility for ensuring that the directors receive suitable training to enable them to carry out their duties and is supported in this by the Company Secretary. Directors are also encouraged personally to identify any additional training requirements that would assist them in carrying out their role. Training is provided in briefing papers, such as the regular update from the Company Secretary as part of the Board pack ahead of each meeting covering developments in legal, regulatory and governance matters, and by way of presentations and meetings with senior executives or other external sources.

The Chief Executive encourages other Board members to visit operations either with him, with other directors, or on their own. The Board meeting in May 2023 was held at Primark's headquarters at Arthur Ryan House in Dublin and also included a visit to the Mary Street store.

Dame Heather Rabbatts had also separately visited Primark's head office and its first store in Mary Street in Dublin in January 2023 and met with Paul Marchant, Primark CEO, together with members of the Primark leadership team.

In addition to the visits by Eoin as part of his induction, as mentioned above, the senior executives of several businesses also met with Eoin to provide 'deep dives' into their businesses.

For details of visits by Richard Reid to a variety of businesses across the Group, please see pages 84 and 85.

Attendance of directors at Board and Committee meetings

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Michael McLintock	8/8		4/4	4/4
George Weston	8/8			
Eoin Tonge	5/5			
Dame Heather Rabbatts	8/8	4/4	3/3	4/4
Emma Adamo	8/8			
Graham Allan	8/8	4/4	4/4	4/4
Wolfhart Hauser	8/8	4/4	4/4	4/4
Annie Murphy	1/1			1/1
Richard Reid	8/8	4/4	4/4	4/4
John Bason	5/5			
Ruth Cairnie	7/7	4/4	4/4	3/3

Composition, succession and evaluation

Board composition and succession

Details of the composition of the Board are on page 87. There is a formal and transparent procedure for the appointment of new directors to the Board. Details are available in the Nomination Committee Report on pages 90 to 92 which also provides details of the Committee's activities, including the approval of the appointment of Annie Murphy and Kumsal Bayazit as Independent Non-Executive Directors as well as details of Board and senior management succession plans and diversity.

Election and re-election of directors

In accordance with the provisions of the 2018 Code, at the 2023 AGM to be held in December, all directors currently in office will be proposed for election/re-election. Kumsal Bayazit is to be appointed with effect from 1 December 2023 and will also be proposed for election at the AGM.

Board evaluation

2022 internal Board evaluation

As reported in our last Annual Report, an internal Board evaluation was carried out in May to August 2022. A summary of the actions arising from the 2022 Board evaluation and their outcomes are set out below.

Actions from 2022 internal evaluation	Outcome
Chief Executive to discuss with the Director of Business Performance and the Chief People and Performance Officer and agree approach with regard to increasing the provision of feedback to executives on their presentations to the Board and to encourage business divisions to focus on a few specific issues in their presentations such that the Board can provide input of most value to the business divisions.	Businesses have improved in giving further specific insight into their business during Board presentations. Feedback provided to executives following their presentations to the Board has increased.
Chairman, Chief Executive and Finance Director to consider the most appropriate model to meet requirements, including looking beyond usual corporate governance structures in order to consider the interface between the Primark Strategic Advisory Board and the main Board.	The Chair of the Primark Strategic Advisory Board ('PSAB') meets regularly with the Chairman and Chief Executive to update them on the PSAB's work. This input then informs main Board discussions.
Chairman to consider in conjunction with the Chief People and Performance Officer how the Nomination Committee/Board can most effectively carry out their roles in respect of the diversity pipeline and succession planning.	During the financial year, two new non-executive directors were approved to join the Board, strengthening the Board's expertise, particularly in respect of retail/ brand and technology/analytics experience.

2023 internal Board evaluation

An internal Board evaluation was carried out in July and August 2023. The objective of the review was to assess all aspects of the effectiveness of the Board, its Committees, the Chairman and the individual directors, also measuring progress against recommendations from the previous Board evaluation.

The Board evaluation was carried out at the request of the Chairman by the Director of Corporate Governance.

How the Board evaluation was conducted

The main strands of work were as follows:

- each Board member, the Company Secretary and the Group Statutory Auditor was requested to complete a questionnaire and provide comments in response to a range of questions and observations relating to the Board. Each respondent was also given the opportunity to have a follow-up meeting with the Chairman to discuss any particular issues; and
- a report was prepared including overall observations and highlighting key recommendations for consideration.

The report was then included in the Board pack for the Board meeting in September 2023 and discussed by the Board at that meeting. The headline outcomes of the review were that the Board felt that it had the right mix of skills and expertise in the context of developing and delivering the strategy and assessing the challenges and opportunities facing the Group (particularly in light of the skillset that the newest directors will bring) and that the Board and its Committees continue to be well-functioning and effective in providing oversight of the Company and its governance.

Key recommendations and actions from the 2023 internal Board evaluation are to:

- increase the businesses' discussion with the Board on the competitive environment and growth areas so as to improve the Board's understanding of their strategies and ability to continue to provide valued input;
- consider how to facilitate more business visits by non-executive directors, in recognition of the importance of such visits in monitoring culture;
- continue to consider how ESG risks and opportunities are addressed most effectively; and
- consider aligning the Board's 'deep dives' on businesses with the Audit Committee's 'deep dives' on the audit.

The outcome of the evaluation will not have any impact on Board composition, taking into account that the composition of the Board has only recently changed with the appointment of Annie Murphy as a director in September 2023 and with Kumsal Bayazit joining the Board in December 2023.

The Board (apart from the Chairman) also reviewed the performance of the Chairman during the year. This concluded that the Chairman is highly effective, ensuring that the Board considers the individual strategies of the businesses within the Group, whilst also maintaining a focus on priorities. It was further noted that the Chairman successfully enables open and purposeful discussions and is very inclusive, working well with all the non-executive directors and ensuring that the Board retains appropriate independence whilst forging strong relationships with the key executives.

Nomination Committee Report

Michael McLintock
Nomination Committee Chair

Members

At the date of this report, the following are members of the Nomination Committee:

- Michael McLintock (Chair)
- Graham Allan
- Wolfhart Hauser
- Dame Heather Rabbatts
- Richard Reid

All members served on the Committee throughout the year, with the exception of Dame Heather Rabbatts who was appointed on 2 November 2022. Ruth Cairnie served on the Committee until she stepped down from the Board on 31 August 2023.

Meetings

The Committee met four times during the year under review.

Primary responsibilities

In accordance with its terms of reference, the Nomination Committee's primary responsibilities included:

- leading the process for Board appointments (both executive and non-executive) and making recommendations to the Board;
- reviewing regularly the Board structure, size and composition (including skills, knowledge, experience and diversity) and recommending any necessary or desirable changes;
- ensuring effective succession plans are in place for the Board and senior management and overseeing the development of a diverse pipeline for orderly succession based on merit and objective criteria, with due regard to diversity of age, gender, ethnicity, sexual orientation, disability, educational, professional and socio-economic background, cognitive and personal strengths; and
- making recommendations to the Board on the Board's policy on boardroom diversity and inclusion, its objectives and linkage to strategy, how it has been implemented and progress on achieving its objectives.

Governance

Members of the Nomination Committee are appointed by the Board from amongst the directors of the Company, in consultation with the Committee Chair. The Nomination Committee comprises a minimum of three members at any time, a majority of whom are independent non-executive directors. A quorum consists of two members, being either two independent non-executive directors or one independent non-executive director and the Chairman.

Only members of the Nomination Committee have the right to attend Nomination Committee meetings. Other individuals such as the Chief Executive, Finance Director, members of senior management, the Chief People and Performance Officer and external advisers may be invited to attend meetings as and when appropriate.

The Nomination Committee may take outside legal or other professional advice on any matters covered by its terms of reference at the Company's expense but within any budgetary constraints imposed by the Board.

The Nomination Committee Chair reports the outcome of meetings to the Board to the extent that any Board members are not in attendance at the relevant meeting.

The terms of reference of the Nomination Committee are available on the Corporate Governance section of the Company's website: www.abf.co.uk.

Committee activities during the year

Succession planning

The Board continues to emphasise generalist skills in Board recruitment as well as continuing to factor in all forms of diversity, including gender and ethnic diversity.

A detailed review of succession planning in respect of senior management was presented to the Board by the Chief People and Performance Officer at the Board meeting in July 2023. This included a focus on: overall principles for succession (including an aim to have an increasingly diverse potential internal successor pool for all our leadership roles); potential succession candidates for the corporate centre roles; potential succession candidates for divisional CEO and CFO roles; diverse succession talent planning, including specifically identifying, developing and sponsoring emerging talent; group-wide learning and development initiatives to support diverse talent (e.g. the Executive Leadership Programme; the Senior Executive Induction Programme; the Finance Excellence Programme; and the Business Acumen Programme); and inclusion and diversity networks throughout the Group (e.g. Women in ABF; Early Careers Network; and the DEI Network).

Board appointments process

The process for making new appointments is led by the Chairman. Where appropriate, external, independent consultants are engaged to conduct a search for potential candidates, who are considered on the basis of their skills, experience and fit with the existing members of the Board. The Nomination Committee has procedures for appointing directors and these are set out in its terms of reference.

During the year, the Chairman led the process for conducting a search for new non-executive directors. Lygon Group, an external executive search consulting firm, was engaged to help identify potential candidates. In line with our Board Diversity Policy, the firm is a signatory to the Voluntary Code of Conduct for Executive Search Firms for best practice on gender and ethnic diversity. The firm is also a signatory to the Change the Race Ratio. Lygon has no other connection to the Company or the directors.

Potential candidates were considered on the basis of their skills and experience as well as their fit with the Group's strategy. Following a rigorous process including interviews with members of the Nomination Committee and the Chief Executive and following recommendations of the Nomination Committee, in May 2023 the Board approved the appointment of Annie Murphy as a Non-Executive Director with effect from 6 September 2023. Following a similar process, in August 2023 the Board approved the appointment of Kumsal Bayazit as a Non-Executive Director with effect from 1 December 2023.

Re-election of directors

The Nomination Committee members considered the composition of the Board and the time needed to fulfil the roles of Chairman, Senior Independent Director and Non-Executive Director. They also considered the election/re-election of directors prior to their recommended approval by shareholders at the AGM.

Performance evaluation

The performance of the Nomination Committee was considered as part of the internal Board evaluation. The overall view was that it appeared to be working well and it was noted that the work of the Nomination Committee had led to securing good new non-executive director appointments.

Diversity and inclusion

We operate under the principle that we should be a Group where anyone with ambition and talent can have a great career, regardless of their age, gender, ethnicity, sexual orientation, disability, educational and socio-economic background, cognitive and personal strengths or any of the other qualities that make people unique. This applies as much to the Board and to its Remuneration, Audit and Nomination Committees as it does to the Group as a whole.

In furtherance of this principle, we aim to ensure that there are no obstacles or barriers to people joining the Group and progressing their careers with us. Across all of our operations, our objective is that everyone should feel respected, valued and included.

In November 2022, the Board approved a Board Diversity Policy which is available online at: www.abf.co.uk. This was taken into account in the appointments approved during the course of the financial year.

The objectives under our Board Diversity Policy include:

- continuing to engage executive search firms who have signed up to the Voluntary Code of Conduct for Executive Search Firms for best practice on gender and ethnic diversity;
- committing to maintain at least 33% female directors on the Board and at least one person from an ethnic minority background on the Board;
- aspiring to have at least 40% female directors on the Board by the end of 2025 and to maintain at least one woman in the Chair, Chief Executive, Finance Director or Senior Independent Director role;
- with a view to attracting non-executive directors from more diverse socio-economic backgrounds, reducing the shareholding expectation for non-executive directors to 'a meaningful level of shareholding'; and
- overseeing the development of a diverse pipeline for orderly succession of appointments to both the Board and to senior management, so as to maintain an appropriate balance of skills and experience, taking into account the challenges and opportunities facing the Group. This includes continuing to receive detailed annual updates on succession planning and talent management from the Chief People and Performance Officer in recognition of its importance in supporting the Group's strategy.

By way of update, with the appointment of Annie Murphy on 6 September 2023 and with the forthcoming appointment of Kumsal Bayazit on 1 December 2023 (including the appointment of both to the Audit and Remuneration Committees), the Board will have met its aspiration as set out in the Board Diversity Policy to increase female representation to at least 40%, as recommended by the FTSE Women Leaders Review. We continue to meet our commitment to have at least one person from an ethnic minority background as a director, in line with the recommendations of the Parker Review. The Board has also maintained at least one woman in the Chair, Chief Executive, Finance Director or Senior Independent Director role, with Dame Heather Rabbatts taking up the position of Senior Independent Director from Ruth Cairnie in May 2023.

The Board also reviews progress on diversity and inclusion with the divisions as part of their business updates and with the Chief People and Performance Officer as an element of the talent and succession planning reviews. Details of other initiatives across the Group to promote diversity are provided on page 51, as is information on the gender balance of senior managers and direct reports.

On the next page we also publish a director skill sets matrix which seeks to provide a snapshot of the diversity of skills of the Board, as well as gender and ethnicity representation at Board and executive management levels.

Michael McLintock
Nomination Committee Chair

Director skill sets

Director	Food/ Retail	Financial/ Audit/ Risk	Legal/ Public Policy	Senior Executive	Cybersecurity/ IT	Comms/ Marketing/ Customer Service	Environmental/ Social	International Markets	Technical/ Engineering	Health and Safety	Manufacturing/ Supply Chain
Michael McLintock		●	●	●		●					
George Weston	●			●			●	●	●	●	●
Eoin Tonge	●	●		●	●	●	●	●		●	●
Dame Heather Rabbatts		●	●	●		●	●	●		●	
Emma Adamo	●						●	●			
Graham Allan	●	●	●	●	●	●	●	●		●	●
Wolfhart Hauser			●	●	●		●	●	●	●	
Annie Murphy	●			●		●	●	●			●
Richard Reid	●	●		●		●	●	●			

Board and executive management gender and ethnicity metrics

New Listing Rules targets for gender and ethnic diversity apply to the Company for the first time this financial year. As at 16 September 2023, the Company had met the new Listing Rules targets for gender and ethnic Board diversity with the exception of the target for 40% female representation on the Board. This remains the case as at the date of this Annual Report. However, following the appointment of Kumsal Bayazit as a director with effect from 1 December 2023 (subject to Kumsal's election by shareholders at the upcoming AGM), the Company will then meet all of the Listing Rules Board diversity targets as it will increase female representation on the Board to 40%.

The following metrics set out the range of gender and ethnicity as they relate to our Board and executive management as at 16 September 2023. In the absence of an Executive Committee, by 'executive management' we refer to the most senior level of managers reporting to the Chief Executive, including the Company Secretary but excluding administrative and support staff, in accordance with the definition in the Listing Rules. The process by which diversity data was collected was, where permitted by relevant laws, to contact relevant individuals and ask them how they identified using the categorisations set out in the Listing Rules. Where we already held gender or ethnicity data for executives, with consents in place to use it for reporting on an anonymous basis, we used that data.

Gender representation at Board and executive management level

	Number of Board members	% of the Board	Number of senior Board positions (CEO, CFO, SID, Chair)	Number in executive management	% of executive management
Men	6	66.7%	3	10	71.4%
Women	3	33.3%	1	3	21.4%
Not specified/prefer not to say	–	–	–	1	7.2%

Ethnicity representation at Board and executive management level

	Number of Board members	% of the Board	Number of senior Board positions (CEO, CFO, SID, Chair)	Number in executive management	% of executive management
White British or other White (incl. minority white groups)	8	88.9%	3	10	71.4%
Mixed/Multiple Ethnic Groups	1	11.1%	1	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	1	7.2%
Not specified/prefer not to say*	–	–	–	3	21.4%

* This includes, as permitted by Listing Rule 9.8.6G, those people in respect of whom data protection laws in the relevant jurisdiction (e.g. France) prevent the collection or publication of some or all of the personal data required to be disclosed.

Audit Committee Report

Richard Reid
Audit Committee Chair

Members

At the date of this report, the members and Chair of the Audit Committee are as follows:

Richard Reid (Chair)
Graham Allan
Wolfhart Hauser
Annie Murphy (appointed 6 September 2023)
Dame Heather Rabbatts

All members served on the Committee throughout the year with the exception of Annie Murphy, who was appointed on 6 September 2023. Ruth Cairnie served on the Committee throughout the year until stepping down from the Board on 31 August 2023.

Meetings

The Committee met four times in the year under review. The Committee's agenda is linked to events in the Group's financial calendar.

Primary responsibilities

In accordance with its terms of reference, the Audit Committee's primary responsibilities include:

Financial reporting

- monitoring the integrity of the Group's financial statements and any formal announcements relating to the Company's performance, reviewing significant financial reporting judgements contained in them before their submission to the Board;
- informing the Board of the outcome of the Group's external audit and explaining how it contributed to the integrity of financial reporting;
- reviewing and challenging, where necessary, the consistency of, and changes to, accounting and treasury policies; whether the Group has followed appropriate accounting policies and made appropriate estimates and judgements; the clarity and completeness of disclosure; significant adjustments resulting from the audit; and compliance with accounting standards;

Narrative reporting

- at the Board's request, reviewing the content of the Annual Report and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- where requested by the Board, assisting in relation to the Board's robust assessment of the principal and emerging risks facing the Company and the prospects of the Company for the purposes of disclosures required in the Annual Report;
- reviewing and approving statements to be included in the Annual Report concerning the going concern statement and viability statement;

Internal financial controls

- reviewing the effectiveness of the Group's internal financial controls and internal control and risk management systems (including the systems to identify, manage and monitor financial risks), including the policies and overall process for assessing established systems and the timeliness and effectiveness of corrective action taken by management;

Whistleblowing and fraud

- reviewing and reporting to the Board on the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible improprieties in financial reporting, financial and management accounting, or any other matters. The objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and appropriate follow-up action;
- reviewing the Group's policies, procedures and controls for preventing and detecting fraud, preventing bribery, identifying money laundering, and ensuring compliance with legal and regulatory requirements;

Internal audit

- monitoring, reviewing and assessing the effectiveness and independence of the Group's internal audit function in the context of the Group's overall risk management system;
- considering and approving the remit of the internal audit function, ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively; and

External audit

- overseeing the relationship with the Group's external auditor, including considering when the external audit contract should be put out to tender (adhering to any legal requirements for tendering or rotation), reviewing and monitoring the external auditor's independence and objectivity, agreeing the scope of their work and fees paid to them for audit, assessing the effectiveness of the audit process, and agreeing the policy in relation to the provision of non-audit services.

Governance

The Audit Committee comprises a minimum of three members, all of whom are independent non-executive directors of the Company. Two members constitute a quorum.

The Committee Chair fulfilled the requirement that there must be at least one member with recent and relevant financial experience and competence in accounting or auditing (or both) during the year. In addition, the Committee as a whole has competence in the sectors in which the Company operates. All Committee members are expected to be financially literate and to have an understanding of the following areas:

- the principles of, and developments in, financial reporting including the applicable accounting standards and statements of recommended practice;
- key aspects of the Company's operations including corporate policies and the Group's internal control environment;
- matters which may influence the presentation of accounts and key figures;
- the principles of, and developments in, company law and other relevant corporate legislation;
- the role of internal and external auditing and risk management; and
- the regulatory framework for the Group's businesses.

The Committee invites the other non-executive directors, Chief Executive, Finance Director, Group Financial Controller, Director of Financial Control and senior representatives of the external auditor to attend its meetings in full, although it reserves the right to request any of these individuals to withdraw. Other senior managers are invited to present such reports as are required for the Committee to discharge its duties.

During the year, the Committee held four meetings with the external auditor without any executive members of the Board being present.

The Committee has unrestricted access to Company documents and information, as well as to employees of the Company and the external auditor.

The Committee may take independent professional advice on any matters covered by its terms of reference at the Company's expense.

The Committee Chair reports the outcome of meetings to the Board (to the extent that any Board members were not in attendance at the relevant meeting).

The performance of the Audit Committee was considered in the external Board evaluation in 2021, which found that the Committee was universally well-regarded as being strong and effective. It was noted that members came to the meetings well prepared and offered robust challenge and that the agenda of meetings was broad-ranging, well-structured and covered all the matters in the Audit Committee's remit. This view was reiterated in both the 2022 and 2023 internal Board evaluation.

The terms of reference of the Audit Committee can be viewed on the Investors section of the Company's website: www.abf.co.uk.

The Committee advises the Board to enable it to meet its responsibilities under audit, risk and internal control.

Board responsibilities on audit, risk and internal control

The Board recognises that its responsibility to present a fair, balanced and understandable assessment extends to interim and other price-sensitive public reports, reports to regulators, and information required to be presented by statutory requests.

The directors confirm that they consider that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Company produced a paper in this respect, prepared by the Group Financial Controller, containing an assessment of the Annual Report and financial statements, including a summary by division of performance issues in the year and one-off items which benefited performance. This paper was presented to the Audit Committee.

Risk management and internal control

The Board acknowledges its overall responsibility for monitoring the Group's risk management and internal control systems to facilitate the identification, assessment and management of risk and the protection of shareholders' investments and the Group's assets. The directors recognise that they are responsible for providing a return to shareholders, which is consistent with the responsible assessment and mitigation of risks.

The directors confirm that there is a process for identifying, evaluating and managing the risks faced by the Group and the operational effectiveness of the related controls, which has been in place for the year under review and is up to the date of approval of the Annual Report. They also confirm that they have regularly monitored the effectiveness of the risk management and internal control systems (which cover all material controls including financial, operational and compliance controls) utilising the review process set out below.

Standards

There are guidelines on the minimum groupwide requirements for health and safety and environmental standards. There are also guidelines on the minimum level of internal control that each of the divisions should exercise over specified processes. Each business has developed and documented policies and procedures to comply with the minimum control standards established, including procedures for monitoring compliance and taking corrective action. The board of each business is required to confirm twice yearly that it has complied with these policies and procedures.

High-level controls

All businesses prepare annual operating plans and budgets which are updated regularly. Performance against budget is monitored at business unit level and centrally, with variances being reported promptly. The cash position at Group and business level is monitored constantly and variances from expected levels are investigated thoroughly. Clearly defined guidelines have been established for capital expenditure and investment decisions. These include the preparation of budgets, appraisal and review procedures and delegated authority levels.

Financial reporting

Detailed management accounts are prepared every four weeks, consolidated in a single system and reviewed by senior management and the Board.

They include a comprehensive set of financial reports and key performance indicators covering commercial, operational, environmental and people issues. Performance against budgets and forecasts is discussed regularly at Board meetings and at meetings between operational and Group management. The adequacy and suitability of key performance indicators are reviewed regularly. All chief executives and finance directors of the Group's operations are asked to sign an annual confirmation that their business has complied with the Group Accounting Manual in the preparation of consolidated financial statements and specifically to confirm the adequacy and accuracy of accounting provisions.

Internal audit

The Group's internal audit activities are co-ordinated centrally by the Director of Financial Control, who is accountable to the Audit Committee.

Our internal audit team adopts a risk-based approach to develop and deliver a balanced internal audit plan that provides assurance that our businesses are effectively managing their key control risks and agreed action plans with business leaders where controls require improvement.

All Group businesses are required to comply with the Group's Financial Control Framework which sets out minimum control standards. Our internal audit plans are designed to include coverage of financial controls to provide assurance over how our businesses meet the requirements of the Financial Control Framework.

Assessment of principal risks

The directors confirm that, during the year, the Board has carried out a robust assessment of the principal and emerging risks facing the Group, including those that could threaten its business model, future performance, and solvency or liquidity. A description of these principal and emerging risks and how they are being managed and mitigated is set out on pages 68 to 75.

Annual review of the effectiveness of the systems of risk management and internal control

During the year, the Board reviewed the effectiveness of the Group's systems of risk management and internal control processes embracing all material systems, including financial, operational and compliance controls, to ensure that they remain robust. The review covered the financial year to 16 September 2023 and the period to the date of approval of this Annual Report. The review included:

- the annual risk management review, a comprehensive process identifying the key external and operational risks facing the Group and the controls and activities in place to mitigate them, the findings of which are discussed with each member of the Board individually (refer to the risk management section on pages 94 to 95 for details of the process undertaken); and
- the annual assessment of internal control, which, following consideration by the Audit Committee, provided assurance to the Board around the control environment and processes in place around the Group, specifically those relating to internal financial control.

The Board evaluated the effectiveness of management's processes for monitoring and reviewing risk management and internal control. No significant failings or weaknesses were identified by the review and the Board is satisfied that, where areas of improvement were identified, processes are in place to ensure that remedial action is taken and progress monitored.

The Board confirmed that it was satisfied with the outcome of the review of the effectiveness of the systems and processes and that they complied with the requirements of the 2018 Code.

Going concern and viability

The 2018 Code requires the directors to assess and report on the prospects of the Group over a longer period. This longer-term viability statement and statement of going concern is set out on pages 76 and 77.

Audit Committee activities during the year

In order to fulfil its terms of reference, the Audit Committee receives and reviews presentations and reports from the Group's senior management, consulting as necessary with the external auditor.

Monitoring the integrity of reported financial information

Ensuring the integrity of the financial statements and associated announcements is a fundamental responsibility of the Audit Committee.

During the year it formally reviewed the Group's interim and annual reports.

These reviews considered:

- the description of performance in the Annual Report to ensure it was fair, balanced and understandable;
- the accounting principles, policies and practices adopted in the Group's financial statements, any proposed changes to them, and the adequacy of their disclosure;
- important accounting issues or areas of complexity, the actions, estimates and judgements of management in relation to financial reporting and in particular the assumptions underlying the going concern and viability statements;
- any significant adjustments to financial reporting arising from the audit;
- tax contingencies, compliance with statutory tax obligations and the Group's tax policy;
- ongoing consideration of the potential implications of the Government White Paper: Restoring Trust in Audit and Corporate Governance, including the preparatory work for additional control reviews, the Group's Assessment of Controls Effectiveness (ACE) programme;
- reporting in line with the recommendations and recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD) and the new Companies Act 2006 climate-related disclosure requirements; and
- treasury policies.

Significant accounting issues considered by the Audit Committee in relation to the Group's financial statements
A key responsibility of the Committee is to consider the significant areas of complexity, management judgement and estimation that have been applied in the preparation of the financial statements. The Committee has, with support from Ernst & Young LLP ('EY') as external auditor, reviewed the suitability of the accounting policies which have been adopted and whether management has made appropriate estimates and judgements.

Set out below are the significant areas of accounting judgement or management estimation and a description of how the Committee concluded that such judgements and estimates were appropriate. These are divided between those that could have a material impact on the financial statements and those that are less likely to have a material impact but nevertheless, by their nature, required a degree of estimation.

Areas of significant accounting judgement and estimation material to the Group financial statements	Audit Committee assurance
Impairment of goodwill, intangibles, property, plant and equipment and right-of-use assets Assessment for impairment involves comparing the book value of an asset with its recoverable amount, being the higher of value-in-use and fair value less costs to sell. Value-in-use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty.	The Committee considered the reasonableness of cash flow projections which were based on the most recent budget approved by the Board and reflected management's expectations of sales growth, operating costs and margins based on past experience and external sources of information. The Committee focused on China Sugar, Don, Illovo Mozambique, Jordans Dorset Ryvita and Vivergo. Long-term growth rates for periods not covered by the annual budget were challenged to ensure that they were appropriate for the products, industries and countries in which the relevant cash-generating units operate. The Committee reviewed and challenged the key assumptions made in deriving these projections: discount rates, growth rates, and expected changes in production and sales volumes, selling prices and direct costs. The Committee also considered the adequacy of the disclosures in respect of the key assumptions and sensitivities. Refer to notes 8, 9 and 10 to the financial statements for more details of these assumptions. The Committee was satisfied that the discount rate assumptions appropriately reflected current market assessments of the time value of money and the risks associated with the particular assets. The other key assumptions were all considered to be reasonable. On the basis of the key assumptions and associated sensitivities, it is considered that the charge of £109m, comprising £41m in the Don business, £15m in north China Sugar, £35m in Illovo Mozambique and £18m in Primark was appropriately recognised and included within exceptional items as detailed in notes 8, 9 and 10. The external auditor undertook an independent audit of the estimates of value-in-use and fair value less costs to sell, including a challenge of management's underlying cash flow projections, long-term growth assumptions and discount rates. On the basis of its work, and its challenge of the key assumptions and sensitivities, it considered that the impairment charges as detailed in notes 8, 9 and 10 were appropriately recognised.
Impact of inflationary pressures on the viability statement and going concern The Group has continued to experience inflationary pressures in raw material, supply chains and energy. These inflationary pressures have been exacerbated by the war in Ukraine. The Board considered future performance and cash flows in its going concern assessment, through to February 2025, and its viability statement over the next three years. Management has undertaken a detailed financial modelling exercise that has considered the impact on profit, cash and working capital of a number of potential scenarios.	The Committee has reviewed and challenged the scenarios considered by management and concluded that these, and the stress-testing scenarios and assumptions, were appropriate and adequate. The Committee has reviewed the detailed cash flow forecasts, which incorporate the mitigating actions proposed by management. The Committee also reviewed and challenged the reverse stress assumptions to confirm the viability of the Group. The Committee has been kept informed of the impacts of inflationary pressures on the Group, including accounting matters, going concern and viability considerations. The Committee has satisfied itself that management has adequately identified and considered all potentially significant accounting and disclosure matters.

Areas of significant accounting judgement and estimation material to the Group financial statements	Audit Committee assurance
Post-retirement benefits Valuation of the Group's pension schemes and post-retirement medical benefit schemes require various subjective judgements to be made including mortality assumptions, discount rates, general and salary inflation, and the rate of increase for pensions in payment and those in deferment.	Actuarial valuations of the Group's pension scheme obligations are undertaken every three years in the UK by an independent qualified actuary who also provides advice to management on the assumptions to be used in preparing the accounting valuations each year. Actuarial valuations in other jurisdictions are performed as required. Details of the assumptions made in the current and previous year are disclosed in note 12 of the financial statements together with the bases on which those assumptions have been made. The Committee reviewed the assumptions by comparison with externally derived data and also considered the adequacy of disclosures in respect of the sensitivity of the surplus to changes in these key assumptions.

Other accounting areas requiring management judgement or estimation	Audit Committee assurance
Taxation Current and deferred tax recognised in the financial statements is dependent on subjective judgements as to the outcome of decisions by tax authorities in various jurisdictions around the world and the ability of the Group to use tax losses within the time limits imposed by various tax authorities.	The Committee reviews the Group's tax policy and principles for managing tax risks annually. The Committee reviewed and challenged the provisions recorded and the contingent liabilities disclosed at the balance sheet date and management confirmed that they represent their best estimate of the financial exposure faced by the Group. The external auditor explained to the Committee the work that they had conducted during the year, including how their audit procedures were focused on those provisions requiring the highest degree of judgement. The Committee discussed with both management and the external auditor the key judgements which had been made. The Committee was satisfied that the judgements were reasonable and that, accordingly, the provision amounts recorded were appropriate.

Misstatements

Management reported to the Committee that they were not aware of any material or immaterial misstatements made intentionally to achieve a particular presentation. The external auditor reported to the Committee the misstatements that they had found in the course of their work. After due consideration the Committee concurred with management that these misstatements were not material and that no adjustments were required.

Internal financial control and risk management

The Committee is required to assist the Board to fulfil its responsibilities relating to the adequacy and effectiveness of the control environment, controls over financial reporting and the Group's compliance with the 2018 Code. To fulfil these duties, the Committee (or the Board as a whole) reviewed:

- the external auditors' summary of management letters and their Audit Committee reports;
- internal audit reports on key audit areas and any significant deficiencies in the financial control environment;
- reports on the systems of internal financial control and risk management, including the preparatory work for additional control reviews under the Group's ACE programme;
- an assessment of business continuity plans in place in the Group's businesses;
- reports on fraud perpetrated against the Group;
- the Group's approach to anti-bribery and corruption, and whistleblowing;
- the Group's approach to IT and cybersecurity;
- reports on significant systems implementations; and
- inflationary pressure challenges and response assurance plan.

Internal audit

The Group's businesses employ internal auditors (both employees and resources provided by major accounting firms other than the firm involved in the audit of the Group (except where expressly permitted by the Audit Committee)) with skills and experience relevant to the operation of each business. All of the internal audit activities are co-ordinated centrally by the Director of Financial Control, who is accountable to the Audit Committee.

The Audit Committee is required to assist the Board in fulfilling its responsibilities for ensuring the capability of the internal audit function and the adequacy of its resourcing and plans.

The Audit Committee receives regular reports on the results of internal audit's work and monitors the status of recommendations arising. The Committee reviews annually the adequacy, qualifications and experience of the Group's internal audit resources and the nature and scope of internal audit activity in the overall context of the Group's risk management system.