

ESG Insights 2022

Water

**Associated
British Foods
plc**

Why it is important

Our suppliers and our operations use water, and the communities and environment around them need it too. We recognise water as a very valuable, shared resource that is becoming increasingly scarce in some parts of the world.

Water is a critical input for clothing, agriculture, and food production. Currently, agriculture accounts (on average) for 70% of all freshwater withdrawals globally¹.

Globally irrigated agriculture represents 20% of the total cultivated land and contributes 40% of the total food produced worldwide.

Irrigated agriculture is, on average, at least twice as productive per unit of land as rainfed agriculture, thereby allowing for more production intensification and crop diversification.

However, future demand on water by all sectors will require as much as 25% to 40% of water to be re-allocated from lower to higher productivity and employment activities, particularly in water-stressed regions. In most cases, such reallocation is expected to come from agriculture due to its high share of water use.

Our commitments

ABF business/segment	Commitment	Alignment to external/internal initiatives
UK Grocery	An overall target by 2030 that: 50% of fresh food is sourced from areas with sustainable water management.	WRAP Courtauld Commitment 2030
AB Sugar	Reduce our use of water throughout the production process by 30% (baseline 2018).	AB Sugar Global Mind, Local Champions
Primark	Reduce the aggregate water footprint of new products sold by 30%.	WRAP Textiles 2030

Note: GWF achieved their commitment to reduce water consumption per tonne of production by 20% by 2020 (baseline 2010/11) in line with the Australian Food and Grocery Council's Sustainability Commitment. A new commitment is still in development.

1. <https://www.worldbank.org/en/topic/water-in-agriculture#1>

Our approach

Our approach focuses on reducing the amount of water we abstract from local sources to make our products, while reusing process water where possible, for cleaning or cooling and in certain locations using wastewater for irrigation.

Water is a primary resource for most of our businesses, particularly those in the clothing, sugar, yeast, baking and pharmaceutical industries. Consequently, it is critically important to understand quality and quantity risks associated with current and future water supply at the local level.

We have carried out our third iteration of water risk assessments for our operations using internationally recognised methodologies to identify the sites that may have a high or extremely high 'water risk'. The risk assessments include water availability, water quality, legal risks and reputational risks. We provide a more detailed report about water risks in our [CDP](#) submission. We have reported our approach to managing water risks and opportunities via CDP for nine years, and we were rated "B" for our 2021 annual disclosure.

Returning any wastewater to nature after use or reuse is a priority, but it must meet or exceed all local and national water standards. We treat wastewater at our sites or by using municipal treatment plants. All our businesses monitor the oxygen demand of the water discharged, and carry out an assessment of the biological and chemical pollution in it, as well as other key parameters to ensure we protect aquatic ecosystems.

We use a range of technologies to manage our water use in fields and factories, and constantly work to abstract less water and reduce our water footprint per tonne of product we produce. With sugar cane and beet being made of more than 70% water, we make use of this water in production processes. This significantly reduces the amount of water that we need to abstract from natural sources.

Last year we set out our approach to Climate-related Financial Disclosures (TCFD) and our corresponding action plan. This year the Group has complied with the requirements of listing rule 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and the 11 recommended disclosures, published in 2017 by the TCFD, including the supplemental guidance for all sectors.

We have now conducted a comprehensive risk assessment, across the whole supply chain, focused on climate-related risks and opportunities at a divisional level, aligned with the risk management processes at ABF and our decentralised structure. In relation to water, we assessed climate impact on ABF's key agricultural crops and the impact of flooding on ABF's end to end supply chain including operations. This is set out in the relevant sections of the 2022 ABF Annual Report (pages 83-93) and the 2022 Responsibility Report (Appendix).

Our performance

This year, we abstracted 796 million m³ of water for use in our operations. This is an 8% decrease compared with 2021. As Illovo, within our Sugar segment, accounts for 96% of the Group's total water, we note the Group's decrease in water abstraction is driven by Illovo's water performance. Illovo's water abstraction reduced this year primarily as a result of continued investment in water irrigation methods, water efficiencies and also due to weather conditions this year.

Flooding and infrastructure damage caused by tropical storm Ana in January 2022 had a significant impact on water availability for our Illovo operations in Malawi. Irrigation demands also largely depend on the duration of dry weather, rainfall patterns and availability of surface or other water sources.

All Illovo sites across southern Africa continue to focus on water stewardship activities including upgrades to water canals around the sugar estates to minimise evaporation, the installation of more flow meters to improve monitoring of water used for irrigation, investigations into the use of more boreholes to reduce reliance on municipal water, and communication campaigns to raise awareness about water conservation.

Most of the water used by our businesses is sourced from water occurring naturally on the earth's surface, such as rivers and lakes, as well as man-made dams. Our sites are regulated by water permits or licences and they withdraw water within their agreed limits.

This year, our operations reused more than 204 million m³ of water. This water was used more than once before being discharged and therefore reduced the various sites' needs to withdraw fresh water. This is a cost- and resource- efficient way of using a key resource many times. The water is treated before being used mainly for irrigation, land-spreading or vehicle washing. We are reporting an 7% decrease in the volume of water reused this year compared with 2021 which is largely in line with the reduction in overall abstracted water. Reused water accounts for 26% of our total water abstracted figure. The vast majority of water reused occurs within the Sugar Segment, then followed by the Ingredients and Grocery segments.

This year 127 million m³ of waste water, equivalent to 16% of the total quantity of water abstracted, left our sites for final disposal via sewerage systems or was treated and then discharged to receiving watercourses.

Total water abstracted – million m³

2018	2019	2020	2021	2022 Δ
837	880	847	864	796 Δ

Water abstracted by business segment – million m³

	2018	2019	2020	2021	2022 Δ
Grocery	5	4	4	5	5 Δ
Sugar	805	851	819	835	768 Δ
Agriculture	0.2	0.2	0.3	0.3	0.2 Δ
Ingredients	27	24	23	23	23 Δ
Retail	0	1	0.4	0.4	0.4 Δ

Water abstracted by source – million m³/%

Surface	Groundwater	Municipal and other
767 Δ / 96%	18 Δ / 2%	12 Δ / 1%

Total water reused – million m³

2018	2019	2020	2021	2022
228	169	214	220	204 Δ

Water reused as share of total water abstracted %

2018	2019	2020	2021	2022
27	19	25	25	26

Highlights

- All business segments reduced their total abstracted water volumes this year except for Retail which increased water use in line with Primark's store expansion. Primark accounts for less than 1% of the Group total water abstracted volumes.
- Primark recognises the need for a collective approach to water stewardship and so joined the Alliance for Water Stewardship (AWS) in December 2021 AWS is a global membership collaboration comprising businesses, NGOs and the public sector. Their members contribute to the sustainability of local water-resources through their adoption and promotion of a universal framework for the sustainable use of water – the International Water Stewardship Standard, or AWS Standard – that drives, recognizes and rewards good water stewardship performance. By collaborating with AWS, Primark is committed to further advance its work on responsible water management and water stewardship.
- AB Mauri has invested over \$100m in water treatment projects since 2010, with over \$45m in the pipeline. Its aim is to improve treatment and lower its water footprint even further.

Policies, statements and codes

The ABF Environment Policy provides our principles for being responsible stewards of the environment and minimising any negative impacts, including in relation to water.

Outlook

TCFD

Water risk will continue to be assessed and incorporated into the business risk assessment process as part of ongoing climate-related risk work.

Primark

Primark will support further mills in Zhejiang and Anhui provinces for the next phase of the Clean by Design programme.

Primark is currently working on a water strategy for its supply chain, further updates will follow on 2023.

AB Sugar

Illovo Sugar Africa has an ambitious water strategy to reduce, reuse and improve the quality of water.

In Zambia the business is committed to working with strategic stakeholders to sustainably manage the Kafue catchment area with the clear focus on providing long-term water security. As part of this, the company has commenced the implementation of the AWS International Water Stewardship Standard.

Twinings

As part of Sourced with Care programme, Twinings helps farmers learn to improve farming practices, so they can protect their livelihoods and combat the effects of climate change, including water scarcity.

Methodologies

Water abstracted: we measure in cubic metres (m³) the total water abstracted, which has either been supplied by third parties or abstracted from local water sources. This includes the total quantity of water used for agricultural or horticultural purposes on our owned land, used in our factories or stores and distributed to employees, distributed to tenants and worker accommodation, and once-through cooling water used as a heat conductor to cool equipment in our factories. The same amount of water abstracted for cooling water is returned to the watercourse. We exclude rainwater and separately measure reused treated wastewater used on our land or in our sites.

Waste water: we measure in cubic metres (m³) the total amount of waste water leaving our sites for final disposal via the sewerage system or a receiving watercourse. This includes waste water from factories, offices, warehouses, worker accommodation and other sites where we have responsibility. Where meter readings from discharge points or supplier invoices are not available for waste water quantities, estimations are provided based on the volume of water taken into the site and used in the operational processes, including the abstraction of water from certain raw materials such as sugar beet.

Due to rounding, business segment numbers presented throughout this document may not add up to precisely Group totals reported.

See the Responsibility Report (pages 56-61) for the Independent Assurance statement to the Directors of Associated British Foods plc which provides the details of the EY limited assurance engagement. Data assured by EY in this document are noted with a Δ .

Methodology for highlights

26% of total water abstracted was reused before being returned to the environment.

Where possible, our sites reuse water within their operations or off-site before it returns to the watercourse. Examples of water reuse include dust control, crop irrigation and land-spreading, cleaning on-site machinery and horticultural purposes.

Links

We disclose our annual water performance and approach to water stewardship through our annual CDP Water response and were rated a 'B' for our latest annual disclosure, see www.cdp.net.

[AB Sugar – Global mind local champions](#)

[Twinings – Sourced with Care](#)

[GWF - Social Responsibility](#)

[AB Mauri – Clean water and sanitation](#)

Our impact on the Sustainable Development Goals



Clean water and sanitation

Assessing water-scarcity risks at a site level and building partnerships in water-stressed areas (target 6.4), our businesses seek to improve water quality and water management by reducing pollution, treating waste water and reusing or recycling more water (targets 6.3, 6.5 and 6.A) in their operations. They have many initiatives in place to reduce water withdrawals at their facilities, alongside collaborative community programmes to increase water efficiency among suppliers of materials from sugar to cotton (target 6.B).



Responsible consumption and production

Our businesses have many programmes for the sustainable management and use of water in manufacturing, agricultural and sourcing processes (target 12.2). They also help agricultural and garment suppliers to reduce their chemical use (target 12.4).