Associated British Foods plc

Annual Report 2024

Strategic report

Governance

Financial statements

Front cover images: Primark's store on Wenceslas Square, Prague; and a farm in the Primark Cotton Project in India

Progress made in 2024

Group revenue
£20.1bn
(2023: £19.8bn)

Adjusted operating profit*
£1,998m
(2023: £1,513m)

Gross investment*
£1,281m
(2023: £1,171m)

Basic earnings per share
193.7p
(2023: 134.2p)

Operating profit
£1,932m
(2023: £1,383m)

Profit before tax
£1,917m
(2023: £1,340m)

Adjusted profit before tax*
£1,957m
(2023: £1,473m)

Adjusted earnings per share*
196.9p
(2023: 141.8p)

Net cash before lease liabilities*
£1,044m
(2023: £895m)

Net debt including lease liabilities*
£2,021m
(2023: £2,265m)

Return on average capital employed* ('ROACE')
18.1%
(2023: 13.6%)

Dividends per share (including special dividend)
90.0p
(2023: 60.0p)

Women in the workforce
57%
(2023: 55%)

Number of employees and number of countries
138,000 / 56
(2023: 133,000 / 55)

ABF Group scope 1 & 2
2,868 kt
(2023: 2,834 kt)

Primark number of stores and selling space
451 / 18.8m sq ft
(2023: 432 / 18.2m sq ft)

* Alternative Performance Measures (APMs) as defined on pages 206 to 210.

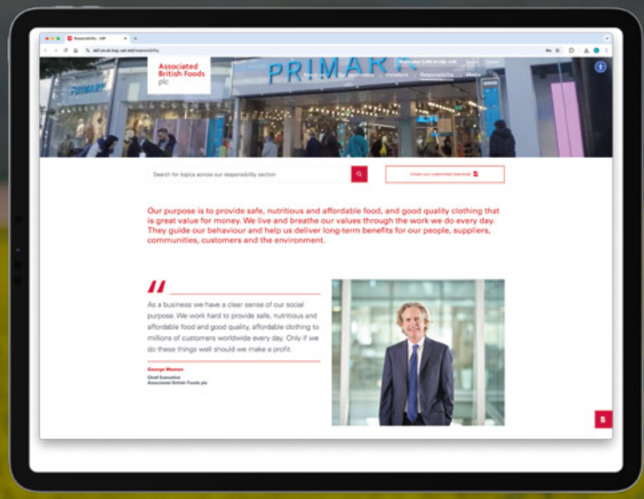
Investing for tomorrow Delivering today

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

We take a long-term, patient approach to drive sustainable growth and cash generation across our portfolio of food and retail businesses to create value for all stakeholders.

This aligns with our approach to sustainability and sustainable supply chains, where we focus on what matters and where we can make a difference.

This year, we have continued to invest across the Group to deliver on these aims.



This year all our material responsibility disclosures are included in this report. For detailed information relating to our responsibility activities during 2024, please visit our website www.abf.co.uk

A Jordans Farm Partnership farm in Hampshire, UK

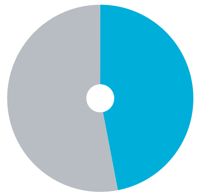
Our operating businesses

Retail

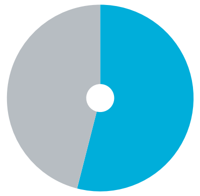
Primark is a fast-growing, international value retailer. It is one of the largest and fastest-growing clothing retailers in Europe, the market leader by volume in the UK and has a growing presence in the US. It has 451 stores in 17 countries and more than 82,000 colleagues.

Read more on page 14

Revenue
£9,448m
47%
(2023: £9,008m)



Adjusted operating profit
£1,108m
55%
(2023: £735m)

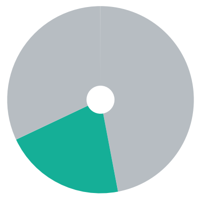


Grocery

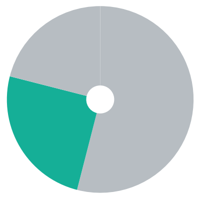
Grocery comprises a large and diverse portfolio of both international brands and regionally-focused businesses, with leading positions in markets across the globe. It employs almost 17,000 people.

Read more on page 22

Revenue
£4,242m
21%
(2023: £4,198m)



Adjusted operating profit
£511m
26%
(2023: £448m)

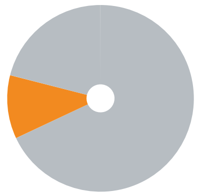


Ingredients

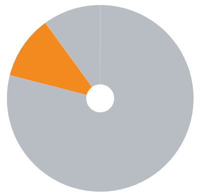
Ingredients comprises yeast and bakery ingredients as well as a portfolio of specialty ingredients focused on enzymes, precision extraction, health and nutrition and pharmaceutical delivery systems.

Read more on page 28

Revenue
£2,134m
11%
(2023: £2,157m)



Adjusted operating profit
£233m
12%
(2023: £214m)

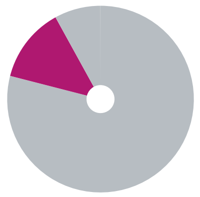


Sugar

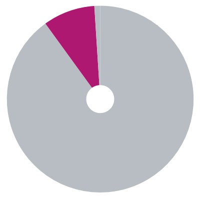
ABF Sugar produces a range of sugar and other products from sugar cane, sugar beet and wheat in Africa, the UK and Spain.

Read more on page 34

Revenue
£2,529m
13%
(2023: £2,474m)



Adjusted operating profit
£199m
10%
(2023: £179m)



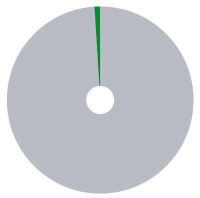
Agriculture

AB Agri is an international agri-food business. We produce speciality feed ingredients, premix and compound animal feed. We also have an integrated dairy business in the UK.

Read more on page 40

Revenue
£1,650m
8%
(2023: £1,840m)

Adjusted operating profit
£41m
2%
(2023: £41m)



Investing for tomorrow
Delivering today

The Group delivered significant growth in margin and profit in this financial year as inflation eased and market conditions stabilised after the disruption of recent years.

The year also brought an increase in revenue as a result of good growth in sales at Primark and many of our food businesses. Group revenue increased accordingly to £20.1bn, 4% higher than the previous year at constant currency and 2% higher at actual exchange rates.

Primark's sales increased due to its rollout of new stores in both Europe and the US and consistent focus on its value proposition. In Grocery, both our leading international brands and our US-focused brands performed well with astute marketing and notable new product launches. Our yeast and bakery ingredients business, AB Mauri, delivered higher sales in Ingredients, while Sugar sales were strong against a previous year impacted by poor growing conditions in the UK. Sales in Agriculture fell due to soft market demand.

This margin improvement across the Group followed the restoration of some normality in our markets and good execution by our businesses. It was particularly pronounced at Primark where supply chain costs fell year-on-year following the previous year's decision not to pass the full cost of inflation on to the customer. Similarly, lower input costs supported higher margins in Grocery and in Ingredients. Sugar profitability was also well ahead on much improved year-on-year production in the UK despite lower European prices impacting performance as the financial year closed. Improved margin in Agriculture offset lower revenues.

The strong margin led to a substantial year-on-year increase in Group adjusted operating profit to £1,998m, an increase over the previous year of 32% at actual exchange rates and 38% at constant currency. Adjusted profit before tax rose 33% to £1,957m and adjusted earnings per share increased by 39% to 196.9p.

Gross investment increased 9% to £1.3bn as we invested further in both Primark and our food businesses. Primark's investments were centred not only on new stores but also on technology to improve capabilities needed to drive growth. We also invested in enhanced production capacity for our Australian bread business, for our enzymes and yeast extraction plants in our specialty ingredients division, and for our Tanzanian sugar business expansion. We completed some modest acquisitions in the year, principally for our Grocery and Ingredients businesses.

Capital structure and shareholder returns

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

During the financial year we continued our share buyback programmes. We completed the outstanding amount from our first £500m share buyback programme commenced in the previous financial year. We subsequently initiated our second £500m share buyback programme in November 2023, which we completed in August 2024. We then extended this programme by a further £100m, which is now complete.

The Group had very strong free cashflow in the year, generating £1,355m. Therefore, at the end of the financial year the financial leverage ratio was 0.7x times. The Group continues to prioritise investment in its businesses and we expect to maintain investment in the medium term at a level in line with last year's level. Nevertheless, given the outlook for the Group, the strength of the balance sheet and the underlying cash generation of the business, the Board has decided to continue to return additional capital to shareholders. Therefore, the Group will continue with a buyback programme, targeting an additional amount of £500m over the next 12 months.

In addition, the Group is declaring a special dividend of 27.0p per share. The Board is proposing a final dividend of 42.3p per share, which together with the special dividend will be paid on 10 January 2025 to shareholders on the register on 13 December 2024. Taken with the interim dividend of 20.7p per share, the total dividend equates to 90.0p per share, an increase of 50% on the total dividend of 60.0p in 2023.

Our commitment to good business

The Board has ultimate responsibility for overseeing business practices and this Group has a clear sense of social purpose. We work hard to provide safe, nutritious and affordable food and good quality, affordable clothing to millions of customers worldwide every day. Only if we do these well should we make a profit. So our approach to ESG and supply chains is aligned to our long-term and patient approach to value creation.

This year we made further good progress on decarbonising Sugar in the UK. We completed further improvements to water treatment at our yeast and bakery ingredients business. Primark also made significant progress in reducing its environmental footprint as well as helping its suppliers work towards the same objective. We are very clear in our approach to sustainability, focusing on what matters, doing what needs to be done on reporting but balancing this with obtaining an acceptable commercial return.

Board

In a year notable for Board succession planning, I would like to start by thanking Wolfhart Hauser for his wise and perceptive counsel. Wolfhart stepped down on 18 January 2024 after nine years on the Board and his service to the Company was much appreciated. Kumsal Bayazit Besson joined as a non-executive director on 1 December 2023 and was duly appointed a member of the Audit and Remuneration Committees.

More recently we welcomed Loraine Woodhouse as a non-executive director with effect from 1 October 2024. Loraine brings extensive experience of financial disciplines in retail, food and property. She became a member of the Audit and Remuneration Committees on appointment and will chair the Audit Committee from 24 April 2025 when Richard Reid reaches nine years' tenure as a non-executive director.

"We are very clear in our approach to sustainability, focusing on what matters, doing what needs to be done on reporting but balancing this with obtaining an acceptable commercial return."

Outlook

Primark is targeting mid-single digit sales growth in 2025 as we continue to execute our store rollout programme in our growth markets in Europe and the US and to focus on like-for-like sales growth in our more mature markets. This will be supported by investment in initiatives across product, digital and brand. We expect adjusted operating margin to remain broadly in line with this year's level, as gross margins stabilise and we step up investment to drive sustainable growth. Over the medium and long term, we continue to have significant white space opportunities in our growth markets. We are targeting our store rollout programme to contribute around 4% to 5% per annum to Primark's total sales growth for the forseeable future.

In Grocery, we will continue to drive sales momentum, underpinned by increased marketing investment. As expected, the strong performance in our US-focused businesses during 2024 began to normalise towards the end of the year and we expect to see the full year effect in 2025. In Ingredients, we expect continued growth in yeast and bakery ingredients and improved growth in speciality ingredients.

In Sugar, as previously announced, we expect the reduction in European sugar pricing in Q4 2024 to impact performance in our sugar business significantly in 2025, with adjusted operating profit for the overall Sugar segment expected to be in the range of £50m to £75m. However, we expect profitability to recover in 2026 to be more in line with 2024, as a result of the lower beet prices that have been contracted and a rebalancing of supply and demand in the market. In Agriculture, we expect some improvement, particularly as our grain trading business recovers in the UK.

The Group is well positioned for the medium term, supported by strong cash generation and good momentum in our Retail and food businesses.

Michael McLintock
Chairman

Chief Executive's Statement

This has been a year of very significant progress both operationally and financially with new records set for profits, free cashflow, and capital investment. It was particularly pleasing that four of five divisions grew profits, and all five made good strategic progress.

Of course, some of this strong performance was due to a return to something like normality in our markets and supply chains, and by inflation easing which in turn supported a distinct if fragile improvement in consumer behaviour. Self-help contributed too, with our steadily increasing levels of investment funding more research and development, more digital and technology innovation, and more marketing as well as physical capital expenditure in production capacity and efficiencies.

That said, the outturn came with a sting in the tail as the year came to close: short-term volatility in European sugar prices is taking its toll on the profitability of the European sugar industry and we are not exempt from that. We expect this impact to be relatively short-lived and our sugar businesses and the Group as a whole remain very well positioned.

So, Group revenue increased to £20.1bn, 4% higher than the previous year on a constant currency basis. Adjusted operating profit increased to £1,998m, higher by 38% than the previous year. Adjusted earnings per share increased 39% to 196.9p. Gross investment was £1.3bn.

Last year I noted that we had more to do to rebuild Group margins and we have made very good progress. We are now back to margins that are higher than those we saw in pre-pandemic times. It has been a somewhat bumpy road for everyone but the strength of the Group has shown through.

Primark's margin recovery to more normal levels after years of disruption is particularly pleasing, although we never doubted that it would return to these levels. And that despite the fact there was still some volatility in supply chains with the closure of the Suez canal and disruption in some of our sourcing locations such as Bangladesh.

Primark's low-cost model is as strong as ever. We continue to offer the lowest prices to consumers in each of our markets and this remains our core operating principle. With the normalisation of input costs, the era of needing to raise prices to cover inflation is now behind us. Our product ranges, curated by our exceptionally talented buying teams, were characterised by our relentless focus on value and desirability. Our licence and collaboration development continues to grow.

Our opportunity for sustainable compounding growth remains substantial. We are delivering significant growth in our target growth markets such as Spain, Italy, France, Eastern Europe and of course the US. In our 'home' markets of the UK and Ireland we do not expect to grow as fast given their maturity, but they remain hugely important to us and they are where we trial new concepts and test and build innovation in product and technology. We are particularly delighted to celebrate our 50th anniversary in the UK this year, a milestone of real note marked by our intention to invest £100m more in the UK high street. I am very proud of how Primark has developed since 2005 when our acquisition of Littlewoods gave Primark presence and scale. Nearly 20 years on we still have plenty to do in the UK.

More broadly, Primark's strategic development is still exciting. We are focusing on individual country strategies, refreshing our brand and launching brand campaigns in countries where needed for different reasons, namely in Germany to reposition the brand and in the US to increase brand awareness. In Germany it is too early to declare success but the business feels significantly better than it did 12 months ago. Our business in the US now has 27 stores and, more importantly, is profitable.

From a digital perspective, we increased our customer database significantly, which has contributed to a 23% increase in web traffic. This year also saw a significant milestone in our digital deployment with our decision to roll out Click & Collect across Great Britain. And our regions of expansion are increasing, as we add countries in Eastern Europe and new states in the US while we have also announced our intention to open stores in the states that make up the Gulf Cooperation Council. There is a lot of white space to be excited about.

Grocery also had an excellent year and delivered a very strong improvement in financial performance despite significant investment in new product development and targeted marketing campaigns. We directed much of this investment at our International Brands such as Twinings, Ovaltine, Patak's, Blue Dragon, Jordans and Mazzetti and at our US-focused brands such as Mazola and Fleischmann's. Twinings and Mazola, to pick out just two, are clearly benefitting, Twinings in its growth markets and Mazola through a stronger market position and greater consumer affinity.

In general the operating environment has allowed us a welcome return to focusing on long-term growth rather than on inflation and supply chain disruption. Our businesses in Australia and New Zealand have been engaged in some of the most interesting activities. They have also had probably the most challenging consumer conditions this year that we have seen across our markets. However, they also have some of the best long-term fundamentals of any Western markets and so we are investing there for the long-term and have completed, or are in the middle of completing, some of the Group's bigger capital projects. We are also evolving our Australian portfolio through acquisitions.

Ingredients continued to perform very well indeed, with very good growth in sales and profits led by AB Mauri, our yeast and bakery ingredients businesses. To put the performance in context, it feels as though the business is at levels of profitability which are both deserved and sustainable. The business is making great advances on numerous fronts whether it be innovation in bakery ingredients, growth in non-bakers yeast, including through acquisition, or delivery of bespoke customer solutions in the varied markets in which we operate.

ABFI, our portfolio of specialty ingredients businesses, had a mixed year from a short-term trading perspective as it continued to wrestle with customer destocking but that phase looks to be nearing its natural end. We continue to invest in capability with a view to accelerating the long-term growth potential that these businesses undoubtedly have.

We increasingly think of Sugar as two sets of businesses. We have significant growth opportunities in Africa, and a source of cash generation in Europe. There was a third: we sold our remaining sugar factories in North China in the course of the year after some 25 years. Across those years, our China sugar businesses have been very profitable for us.

This was a year when profit improved strongly in the Sugar segment, now the fourth successive year of profitable growth. European sugar initially benefitted from higher prices and good beet crops but as the year progressed it became evident first that sugar prices were falling and then that they were falling significantly. So, we ended the year with lowered expectations and the outlook for next year is challenging. However, we are confident our European businesses will bounce back in the 2026 financial year and we can already see drivers of that improvement.

Our sugar businesses in Africa continue to develop. That continent has and always will be subject to short-term bumps caused by weather and currency, but we are building a great set of businesses there and I have never been more confident in their long-term potential supported by strong fundamentals, great brands and routes to market, and significant improvement opportunities.

Revenues have continued to fall in our Agriculture segment with lower prices and volumes prevalent in our UK and China compound feed markets. The biggest challenge however was the impact of poor weather in the UK which hurt sales at Frontier, our joint venture specialising in arable farm inputs and grain marketing. However, we are making progress on developing a suite of agricultural technology businesses that should operate at better margins. Our dairy business, built around a combination of established and recently acquired businesses, performed well. AB Vista, our international feed additives business, continued to broaden its product range and AB Neo, our animal starter feed business, had a good year. We will continue to build these innovative businesses.

ESG

This year saw us move towards combined financial and ESG reporting. Our financial and ESG investments have always been closely aligned and it makes sense to report both activities in this way, particularly as providing transparency will require the provision of more data. This Group can be proud of what we are achieving, and we endorse transparency as a means of demonstrating progress while remaining clear that reporting should not become an end in itself nor a distraction from achieving real progress.

We made further progress in decarbonising UK sugar production. British Sugar is the largest contributor to the entire ABF Group Scope 1 footprint. A major energy reduction project at Wissington in the UK has cut onsite energy usage sharply, with emissions reduced by 30,000 tonnes of carbon a year. Further energy-reduction measures have taken place at other sugar sites. Taken together, this work is delivering a substantial reduction in British Sugar's Scope 1 and 2 emissions against our 2017-2018 baseline.

Primark has also made great progress in cutting total GHG emissions. Scope 3 emissions fell year on year by 12% and by 0.6% against the 2018/19 baseline. Primark has been working with its supplier factories on programmes focused on energy use and efficiency to cut Scope 3 emissions. Given Primark is growing sales and activity year-by-year, this year has been one of achievement.Energy-saving measures in store and procurement of renewable and low-carbon electricity meant Scope 1 and 2 (market based) emissions fell by 21% in the year and by 52% against the 2018/19 baseline.

AB Mauri has continued to improve the way it recycles and manages effluent water. The multi-year investment programme for this work reached $120m this year. Some 84% of the water we use in the production of yeast is now treated and returned safely to the environment. Most of this work is done so this project will now progress without needing to be on the Group's list of priority issues.

Looking further ahead, we believe there is a need to prioritise sustainable food production given the need for greater food security, but we have to achieve that sustainable food production while reducing GHG emissions in the agricultural sector and agriculture in turn has to conserve the environment. Our agricultural technology and consulting businesses are acting with these goals in mind.

"In 2025, we will see the completion of a number of important multi-year projects in our food businesses and I look forward to seeing them contribute to the growth of the Group."

Investment

As I mentioned, we have stepped up our investment to record levels and we expect it to remain at similar levels in the medium term. This of course includes the continued expansion at Primark but also some very interesting capacity additions in our food businesses. In 2025, we will see the completion of a number of important multi-year projects in our food businesses and I look forward to seeing them contribute to the growth of the Group.

We have also made a set of interesting acquisitions to help develop our food portfolios. Investment remains the priority of our capital allocation policy but we remain diligent about how we deploy that investment.

People

The major part of the year's strong showing is due to the excellent work of our people. They remained disciplined and focused on strong execution and performance improvement, taking full advantage of the more stable environment. Our improvement in Group margins is due in large part to their work.

In a group of this size people inevitably come and go. I'd like to welcome new arrivals and thank those departing for their contribution. In particular I want to single out Fabienne Saadane-Oaks who leaves after nine successful years with us, growing our specialty ingredients division with a clear sense of purpose. I thank her for her considerable contribution delivered with intelligence and energy.

Looking ahead

Looking ahead, the Group is well-positioned. Strong cash flow generation is enabling disciplined capital allocation to growth opportunities across the Group and we have ongoing multi-year projects to deliver our focused sustainability priorities. We believe our long-term, patient investment approach will deliver strong returns and continue to create value for all stakeholders.

George Weston
Chief Executive

Understanding our business

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

This purpose defines our culture and values...

As a Group, we have a clear sense of our social purpose. We work hard to provide safe, nutritious and affordable food and good quality, affordable clothing to millions of customers worldwide every day. Only if we do these things well should we make a profit.

Across all of our businesses, we live and breathe our values through the work we do every day, from how we drive our strategies, how we invest and how we deliver for our customers and consumers. It is also how we approach sustainability, with a focus on outcomes.

Our people are key to driving the necessary innovation and implementing the action required. It is only through their skills and capability that we will make necessary and timely progress. Our employees tend to stay with us for a long time, building exciting careers that help them fulfil their goals at work, at home and in the community.

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

We pride ourselves on being a first-class employer, working actively to develop our people and create opportunities for progression.

Our businesses thrive on the diversity of their people, so we are investing in programmes to help remove barriers to talent.

We want to attract, recruit and retain the best people, ensuring they are stimulated by the jobs they do and equipped with the skills they need to succeed.

Learn more online at www.abf.co.uk

We strive to protect the dignity of everyone within and beyond our operations.

We proudly promote and protect a culture of trust, fairness and accountability that puts ethics first.

From the products we make, to the way we preserve the resources we rely on, we are always learning and incorporating better practices.

We work with others to leverage our global expertise for local good.

...it informs our Group strategy...

Our strategy is to drive sustainable, long-term growth and cash generation across our portfolio of food and retail businesses to create value for shareholders and other stakeholders.

We take a long-term, patient investment approach to create sustainable growth. We aim to build and acquire long-duration growth businesses that will create value and deliver strong returns.

Our portfolio of clothing retail and food businesses is well positioned for long-term growth through a focus on categories and sectors with resilient market fundamentals and geographies with favourable demographics. We select opportunities where we can create a competitive advantage to build leadership or niche market positions, typically in moderate-scale categories. Our investment decisions are influenced by strategic patience and we believe our highly diversified portfolio, across different business activities and geographies, enables discipline and creates breadth in our opportunities for growth. We have designed a devolved operational leadership model that effectively manages the breadth, mix and long-term nature of our businesses.

Our businesses are typically highly cash generative, which enables continuous reinvestment. We are investing in our well-established, growth-engine businesses to drive expansion into new markets and adjacencies, while nurturing a substantial portfolio of smaller, early-stage businesses which have the potential to be the next generation of long-duration growth drivers. Our ability to invest is strengthened by having several mature, lower-growth businesses within the Group that continue to deliver good profitability and cash generation.

Across our portfolio, we are investing to accelerate growth through effective marketing, innovative new product development and enhanced digital and technology capabilities. This is underpinned by continuous investment to expand our manufacturing capacity and add new capabilities. We are also investing to deliver our ESG priorities based on the most material risks, opportunities and impacts to the Group. In particular, this includes decarbonisation and social factors within our supply chains. We supplement organic growth with investment in value-creating acquisitions that bring new opportunities and capabilities. We make disposals when judged to be the best route to creating shareholder value.

Our investment approach is grounded in conservative financial management and we maintain a resilient balance sheet. This ensures long-term financial stability and creates the flexibility to fund opportunities as they arise. Our disciplined approach to capital allocation, using risk-adjusted hurdle rates, drives strong returns on capital.

- Building and acquiring long-duration growth businesses
- Investing to drive growth and create competitive advantage
- Strong cash generation enables continuous reinvestment
- Conservative financial management and resilient balance sheet
- Disciplined capital allocation to drive strong returns

Dividends per share (including special dividend)

90.0p

(2023: 60.0p)

Learn about our strategic performance in our KPIs on pages 12 and 13

Learn about how we reward Executives for strategic progress in the Remuneration Report on pages 111 to 127

Learn about the strategic risks we manage against on pages 78 to 86

Understanding our business continued

...which is realised through our business strategies...

Retail

Primark is a fast-growing, international value retailer with a differentiated customer proposition delivered through a digitally-enabled, store-led model. It has significant white space to continuously expand its store footprint in existing and new markets.

We win with customers through our strong brand, known for unbeatable prices and great quality essential clothing and fashion. We target a wide customer base across women's, men's and kidswear and we are building strong positions in categories such as home and beauty. We continuously evolve our ranges to meet customer needs, including through collaborations and licensing partnerships. The execution of our strategy in each market is adapted to reflect the size of the white space opportunity, the maturity of the store portfolio and local customer needs.

We aim to offer a unique store experience by finding the right spaces in the right locations and creating exciting retail destinations. We also use effective digital customer engagement as a key driver of footfall, including our website, stock checker and increasingly Click & Collect, and social media platforms.

We work to maintain an ethical and responsible supply chain, and we focus on driving efficiencies and cost savings across our supply chain, store portfolio and central operations. We target strong financial returns and cash generation.

Grocery

Our strategy is to drive sustainable growth across our large and diverse portfolio of both international brands and regionally-focused businesses. We will continue to deliver growth organically and through carefully selected acquisitions.

Our international brands, Twinings, Ovaltine, Patak's, Blue Dragon, Jordans and Mazzetti, have a long runway for growth. Our focus is on reaching new consumers in existing markets, expanding into new markets and broadening our offering through new product development. We are investing in effective marketing and innovation to drive category growth and build market share. We benefit from our centralised manufacturing footprint for these brands.

In our regionally-focused businesses in the UK, North America, Australia and New Zealand, our focus is on driving strong cash generation over the long term. We adopt bespoke strategies to win in local markets. This includes investing in marketing to maintain brand health and support our strong local market positions.

Ingredients

Our strategy is to drive sustainable growth in Ingredients within focused categories, including yeast, bakery ingredients, enzymes, precision extraction, health and nutrition and pharmaceutical delivery systems.

In our yeast and bakery ingredients business, AB Mauri, we are growing our portfolio of products for industrial, craft and retail bakers in our well-established regions of the Americas, Europe and Asia. Our focus is on consistent delivery and innovation for new and existing customers. This is underpinned by strong, insight-led investment in the development of new technologies and ingredients that will meet the changing needs of our customers in different local markets.

Our individual country businesses are dedicated to their local markets, backed by global expertise in bakery products, technologies and know-how. We are also expanding our portfolio of speciality yeast products and technologies for other industries, including alcoholic beverages.

In our specialty ingredients portfolio, ABFI, we are using science and technology to create value-added, innovative speciality ingredients to serve the food and beverage, health and nutrition and pharmaceutical industries, as well as markets such as animal feed and certain industrial segments. Our strategic focus is on niche categories where we can have a differentiated proposition using platforms such as enzymes and other industrial biotechnology, precision extraction and synthetic chemistry. As well as building on these platforms, we are broadening our geographical exposure to our focused markets.

We will continue to grow both through acquisitions and organically, including geographical expansion, innovation and new applications.

Sugar

Our strategy is to drive sustainable long-term growth in Africa, building on our strong market positions, while delivering good returns in our European businesses over the cycle.

In our African markets, particularly Zambia, Malawi and Tanzania, growth in sugar consumption is expected to be driven by both population and economic growth. We have strong, attractive consumer brands and continue to build effective routes to market. We are investing to add production capacity in our growth markets, such as Tanzania and Zambia. We also continue to improve our operational effectiveness and strengthen our agricultural practices, which will help to increase cane yields and reduce the impact from severe weather conditions. Over time, we have opportunities to expand our portfolio of co-products, such as potable alcohol and electricity. We are investing to deliver our ESG priorities, which include sustainable agricultural practices as well as social factors.

In Europe, our strategy is to deliver good profitability and cash flow generation through the cycle. We do this through long-term customer relationships, which are built on the high quality of our products and the security of our supply. We also see opportunities to grow our portfolio of co-products, drive continuous operational efficiencies and to use data and technology to improve yields and profitability for our growers. We continue to invest in the delivery of our ESG priorities, in particular our decarbonisation programme.

Agriculture

Our strategy is to build value-added agri-food businesses on the foundation of our experience in our commoditised feed business. We will continue to grow organically and through acquisition.

We are expanding our portfolio of innovative, speciality feed ingredients, including feed enzymes and additive products, which we sell globally. We are also growing our integrated dairy business in the UK, connecting data, services and products in new ways, to provide insights to help our customers improve dairy farm performance. We continue to strengthen our position as a market leader in premix and compound animal feed in the UK and China.

...and is delivered by our operating model.

We employ a devolved operating model across our Retail, Grocery, Ingredients, Sugar and Agriculture businesses.

We believe the best way to create enduring value involves setting objectives from the bottom up rather than the top down. We make operational decisions locally, because in our experience decisions are most successful when made and owned by the people with the best understanding of their customers and markets.

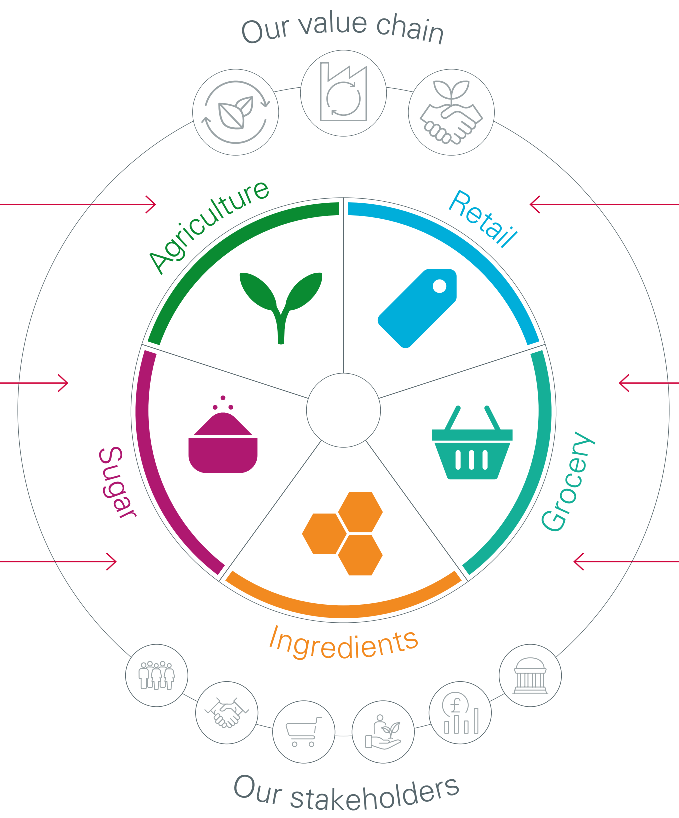
The Group, or corporate centre, provides a framework for the sharing of ideas and best practice and is in constant dialogue with the people who run our businesses, giving our corporate leaders a comprehensive overview of their material opportunities and risks, enabling collaboration.

Objectives are set from the bottom up to create enduring value

Local teams make operational decisions for better customer and market understanding

Local accountability motivates management and fosters innovative thinking

ESG agenda is shaped by local leaders with detailed knowledge and customer insights



ESG factors are integrated into strategy and implemented by trusted employees

Corporate centre shares ideas and best practices

Continuous dialogue with business leaders for risk and opportunity overview

Small corporate centre ensures clear and quick decision making

Our stakeholders

- Employees
- Suppliers
- Customers/consumers
- Communities and the environment
- Shareholders and institutional investors
- Governments

Our value chain

- Supply chains
- Operations
- Products

Learn more online at www.abf.co.uk

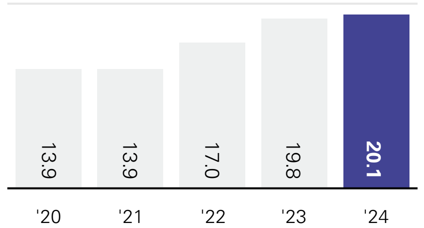
Tracking our progress

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

Financial indicators

Group revenue

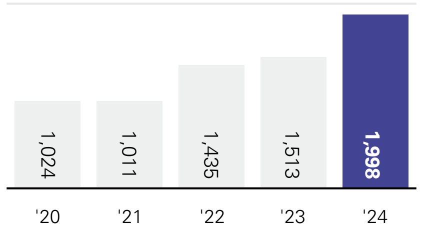
(£bn)



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

Adjusted operating profit*

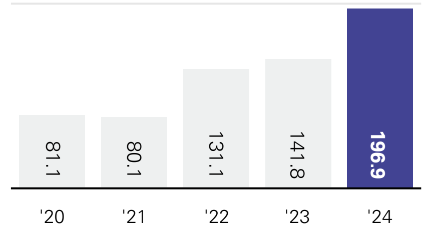
(£m)



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

Adjusted earnings per share*

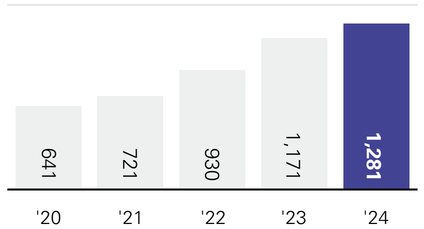
(pence)



The Group's organic growth objective aims to deliver steady growth in earnings over the long term.

Gross investment*

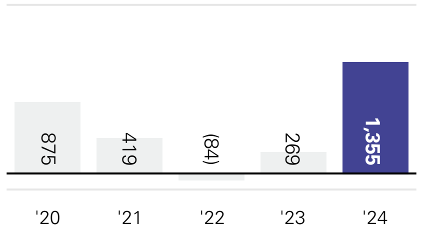
(£m)



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

Free cash flow*

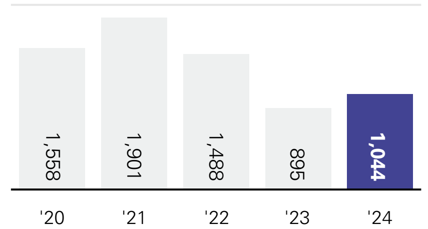
(£m)



The free cash flow measure represents the cash that the Group generates from its operations after maintaining and investing in its capital assets.

Net cash before lease liabilities*

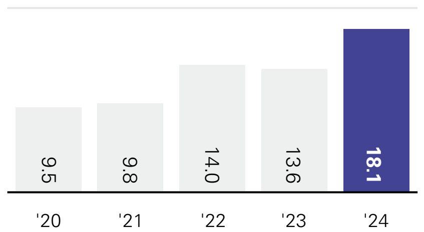
(£m)



This measure monitors the Group's liquidity and capital structure and is used to calculate the Group's liquidity ratio.

Return on average capital employed*

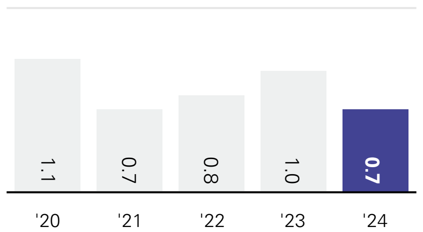
(%)



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

Financial leverage*

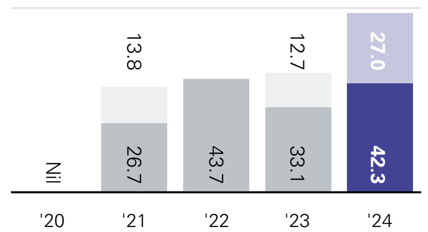
(times (x))



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

Dividends per share

(pence)



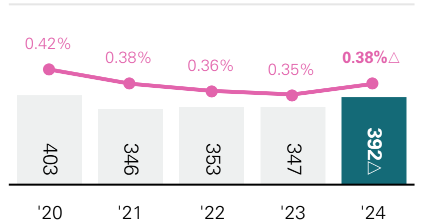
The Group's organic growth objective aims to deliver steady growth in dividends over the long term. This included the payment of special dividends of 13.8p, 12.7p and 27.0p in 2021, 2023 and 2024 respectively.

* APMs as defined on pages 206 to 210.

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

Non-financial indicators

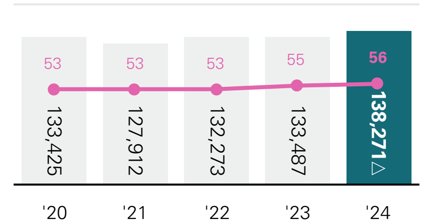
Lost time injuries and lost time injury rate (%)*



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

Read more on page 58

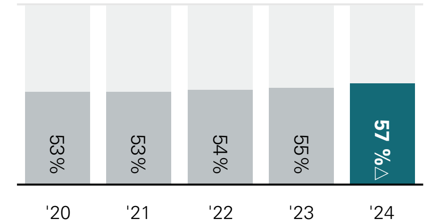
Number of employees and number of countries



Measure of the scale and diversity of our operations. Reflecting all employees in the Group with a contract of employment, whether full-time, part-time, contractor or seasonal worker and highlighting the number of countries of operation.

Read more on page 59

Percentage of women in workforce

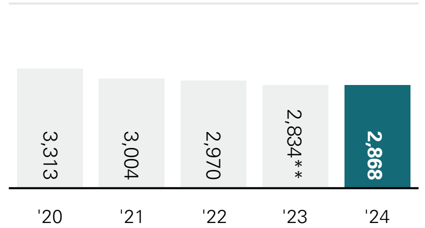


The proportion of our employees that have disclosed their gender as female/woman in line with the local legislation.

Read more on page 60

ABF Scope 1 and 2 GHG emissions*

(000 tonnes of CO_2e)

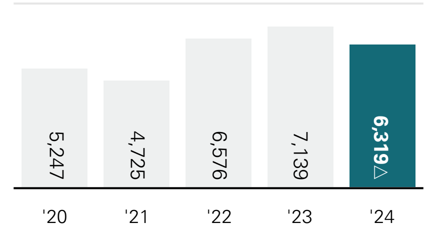


The amount of ABF Group Scope 1 and 2 (location-based) greenhouse gas emissions.

Read more on page 62 & 63

Primark Scope 1, 2 and 3 GHG emissions

(000 tonnes of CO_2e)

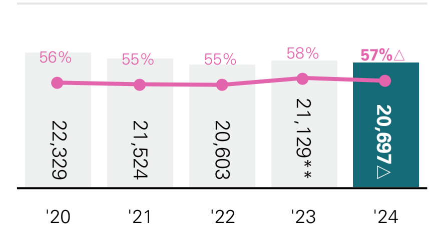


The amount of Primark's Scope 1, 2 (location-based) and 3 greenhouse gas emissions.

Read more on pages 62 & 63

Total energy consumed and percentage from a renewable source*

(GWh)

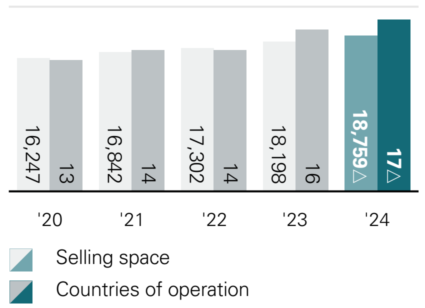


Total energy used and the proportion of which is from renewable sources. Renewable energy is mainly generated on our sites from biogenic sources.

Read more on page 62

Primark selling space and number of countries of operation

(000 sq ft)

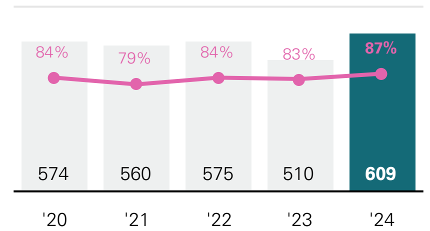


These two measures represent the retail space growth and breadth of Primark's presence.

Read more on page 18

Total waste generated and percentage sent for recycling in own operations*

Waste (000 tonnes)

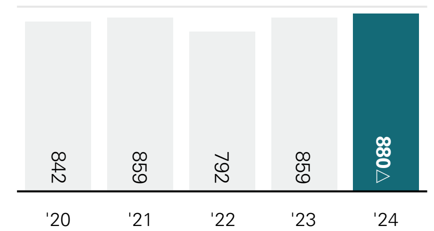


A measure of the total waste generated in our own operations and the proportion of waste sent for recycling or other beneficial use instead of being sent to landfill for disposal.

Read more on pages 64

Total water abstracted in own operations*

(million m^3)



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

Read more on page 64

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

△ EY has provided limited independent assurance over the 2024 metrics. See page 140 for EY's assurance statement.

* Prior year numbers have been represented to reflect where ABF has financial control as described on page 55.

** The 2023 numbers are restated to correct an understatement in steam in the Scope 2 emissions numbers, impacting GHG emissions and energy consumed.

Retail

About Retail

Primark is a fast-growing, international value retailer with a differentiated customer proposition delivered through a digitally-enabled, store-led model. It is one of the largest and fastest-growing clothing retailers in Europe, the market leader by sales volume in the UK, and has a growing presence in the US.

We have 451 stores at the end of 2024, with 18.8 million square feet of selling space, across 17 countries and more than 82,000 colleagues. Our founder, Arthur Ryan, opened our first store in 1969 in Dublin city centre and this remains the home of our global headquarters.

Primark's strong brand is known for offering unbeatable prices and great quality essential clothing and fashion. We target a wide customer base across women's, men's and kidswear, as well as beauty, homeware and accessories. Our licensed clothing ranges are with some of the biggest names in entertainment and sport.

We offer a unique store experience by finding the right spaces, in the right locations and creating exciting retail destinations. Some of our stores offer additional services including beauty studios, nail and brow salons, barbers, themed cafes and our vintage clothing concession. We use our digital customer experience to drive engagement and increase footfall in stores. This includes our customer website, our stock-checker facility and our social media platforms. We are expanding our Click & Collect service across all of our stores in Great Britain to give customers the convenience to order online before collecting their purchase in store.

We are committed to high ethical trading standards and we are working to make more sustainable fashion affordable for everyone through our Primark Cares strategy. This is a multi-year programme focused on giving clothing a longer life, reducing emissions in our supply chain and supporting the livelihoods of the people who make Primark's clothes.

We maintain a continuous focus on driving efficiencies and cost savings across our supply chain, store portfolio and central operations.

Revenue
£9,448m
2023: £9,008m
Actual currency: up 5%
Constant currency: up 6%

Adjusted operating profit
£1,108m
2023: £735m
Actual currency: up 51%
Constant currency: up 51%

Adjusted operating profit margin
11.7%
2023: 8.2%

Operating profit
£1,100m
2023: £717m
Actual currency: up 53%

Return on average capital employed
18.7%
2023: 12.0%

Selling Space
18.8m sq ft
2023: 18.2m sq ft

Scope 1, 2 (location based) and 3 GHG emissions
6,319 (000 tonnes of CO_2e)
2023: 7,139 (000 tonnes of CO_2e)

Gross investment
£530m
2023: £547m

Operating review

Primark's sales grew 6% in the year. This reflects a strong performance across our key growth markets, including the US, France, Spain, Italy and Central and Eastern Europe ('CEE'), as well as growth in our largest market, the UK. We continued to benefit from the relevance of our great-value clothing and the expansion of our product and category offering, including through collaborations and licensing partnerships. We are also successfully executing our store rollout programme across the US and Europe, which is adding profitable new selling space. This year's growth reflects investment in recent years to enhance our unique store experience and to increase our use of effective digital customer engagement.

Most of our key categories performed well this year as we continued to deepen and broaden our product offering in women's, men's and kidswear, while growing our presence in categories such as home and accessories. We believe our expanded product ranges are further differentiating our proposition and increasing our appeal to existing and new customers.

Growth in womenswear was led by performance and leisurewear, knitwear and nightwear. Our collaboration ranges, including Rita Ora and Paula Echevarría, contributed strongly to growth and we benefitted from continued expansion of the Edit collection, our more premium essentials range. Sales of our seasonal summer clothing, as well as footwear, beachwear and swimwear, were impacted by wet weather in the UK and Ireland during H2. Menswear delivered good growth, with particularly strong sales of leisurewear and good growth in shirts. We benefitted from our expanded product range, including our premium collaborations via our Kem collection and LA workwear brand, The Stronghold. Licensed sportswear lines with the NBA, NFL and Kappa also performed well. In kidswear, sales of our licensed ranges, including partnerships with global brands such as Disney, the NBA and gaming brands, performed very strongly. Markdowns during the year were managed effectively and we exited the year with good inventory levels.

In Spain and Portugal, which accounted for 17% of sales, our sales grew strongly, up 6%. Sales grew 4% in H1 and 7% in H2. Growth in Spain reflected the sales contribution from space expansion and good execution. We continued to outperform the market, which was relatively flat in the year. In Portugal, sales in H1 were impacted by market challenges, followed by an encouraging improvement in H2. During the year, we opened five new stores in Spain. This included four stores in Madrid, where we now have 12 stores in total.

In France and Italy, which accounted for 16% of sales, we had some of the strongest growth, with sales growing 12% in the year. Sales grew 18% in H1 and 8% in H2. Growth includes a strong sales contribution from new stores and we continued to gain share in both markets. In Italy, overall sales densities continued to be particularly strong. We opened three new stores in France and two new stores in Italy.

In our newer markets in Central and Eastern Europe, which accounted for 3% of sales, our sales grew 42%. Sales grew 48% in H1 and 37% in H2. We opened three new stores in the year, including our first store in Hungary, one store in Poland and one store in Romania.

Primark colleagues at our store in Lanzarote, Spain

Creating employment: Primark's socioeconomic impact across Europe

Retail is the largest private sector employer in Europe and Primark has a big part to play.

Since 2006 we have expanded outside of Ireland and the UK and further into Europe. We now have a presence in 16 markets across the geography, contributing significantly to the economies and communities in which we operate.

We employ more than 78,000 retail colleagues across these markets, offering opportunities in countries where there are sometimes high unemployment rates. In 2024, our 16 new store openings across the UK, Republic of Ireland and mainland Europe have created almost 3,000 new roles and just under 250 managerial positions. These jobs in turn contribute towards economic growth and stability in each community. In addition, in six of our key markets – the UK, Republic of Ireland, France, Italy, Spain and Portugal – we have invested in excess of £230m in new stores, extensions, relocations and refits.

We provide employment opportunities at all levels. For many people we create pathways for a lifelong career. Over the last financial year we have recruited just under 9,000 colleagues aged between 16-18 and for many of those it will be their first job. We are also an attractive prospect for those who are returning to work after a break from employment. When our Nantes store opened in November 2023, 205 of the 238 hourly paid colleagues recruited were returning to work.

As well as investing in new people, we deliver training programmes for our existing colleagues to establish future leaders in our business. We have internally promoted more than 1,900 colleagues across Europe this year.

Our impact goes beyond direct employment and investment. As we continue to grow, we will directly and indirectly support thousands of jobs and help boost economic prosperity across sectors from hospitality and construction to warehousing and transportation. Research carried out by Public First and published in the UK this year showed that Primark contributes £2.6bn to the UK economy and supports 54,000 jobs. Similarly, in France another commissioned study found that we create an average of 0.7 additional local jobs for every job in store.

Retail continued

Opening day queue at Primark's new store in Bury St Edmunds, 6 March 2024

UK spotlight: Opportunities in our biggest market

2024 marked 50 years of Primark on the great British high street. The UK is Primark's biggest market, with 194 stores and over 30,000 retail colleagues, and it continues to create significant opportunities for us.

While our business is growing internationally, Primark in the UK remains well-established as a retail anchor on the high street. This is evidenced by our £100m investment in our UK store estate this year.

Our stores are well-placed to meet shopping demand through our high sales densities, wide product ranges and broad mix of shopping destinations nationwide. Shoppers continue to prioritise value, enabling a highly profitable market position.

Primark is directly responsible for driving footfall to high streets and retail parks, in turn creating a ripple effect of economic growth and consumer spending for wider industries. Research carried out by Public First and published in October 2024 showed that 2.3 million people each week cite Primark as the main reason for visiting their local high street.

Primark continues to respond to widespread consumer demand, even in shopping locations where we do not have an existing presence – we receive hundreds of requests to open stores each year. This financial year, we opened new stores in Bury St Edmunds and Stockton-on-Tees, which both delivered significant queues on opening day and sales that surpassed expected retail targets.

The UK offers an ideal testbed for physical and digital innovation before we roll out new concepts globally, including investments to improve store efficiency such as expanding our self-service checkouts. As we continue to roll out Click & Collect into all our stores in England, Scotland and Wales this will further drive consumer footfall and increase access to wider ranges, giving people more reasons to visit us.

In the US, which accounted for 5% of sales, our sales grew 30%, reflecting continued good progress. Sales grew 38% in H1 and 24% in H2. We opened six new stores in the year, including our second store in Florida and our first stores in Virginia, North Carolina and Michigan. We also opened a new distribution centre in Jacksonville, Florida, which will support our continued expansion in southern states. Recently opened stores performed well and are positively contributing to our overall sales density in the US. Sales in the year were driven by both womenswear and menswear, with licensed products performing particularly well. Primark recently launched its first US marketing campaign in the New York metro area as we focus on increasing brand awareness with US customers. We continue to execute our store rollout programme, with 14 leases for new stores now signed[1], including our first store in Manhattan, New York, which will be our 11th store in New York state.

In the UK and Ireland, which accounted for 47% of sales, our sales grew 2%. In the UK and Ireland, like-for-like sales grew 0.7%, reflecting 3.1% growth in H1 and a 1.6% decline in H2. In both markets, challenging weather impacted footfall during H2, particularly in April and June. However, we had a very encouraging start to sales of our Autumn/Winter ranges, with strong like-for-like growth in both markets in the last weeks of the financial year. For 2024 as a whole, like-for-like sales in the UK grew 1.0%, reflecting 3.6% growth in H1 and a 1.3% decline in H2. Primark maintained its market share in the UK at 6.7%[2]. During the year, we continued to expand and optimise our store portfolio in the UK and Ireland. In total, we opened three new stores. In the UK, we also extended two existing stores, right-sized one store and relocated two stores. We are now offering a Click & Collect service in 87 stores[1] in the UK and expect this to be available in all stores in England, Wales and Scotland by the end of 2025.

In our Northern European markets, Germany, the Netherlands, Belgium and Austria, which accounted for 13% of sales, our sales grew 3%. In H1, sales grew 1% and in H2, sales grew 4%. Like-for-like sales grew 6.1% in 2024, with 5.6% growth in H1 and 6.6% growth in H2. In Germany, we restructured our store footprint with three store closures and three right-sizings in the year. The restructuring contributed to strong like-for-like sales in the remaining stores, with much-improved sales densities and profitability, despite industry-wide strike action. Even with the reduction in selling space, total sales grew in H2. We also launched our first multi-media brand marketing campaign in the country. During the year, we signed leases for two smaller-sized stores in new locations in Germany. In the Netherlands, like-for-like growth was also very strong, benefitting from our commercial and operational actions, including the right-sizing of four stores.

Overall, Primark's total like-for-like sales grew 1.2%. In H1, like-for-like sales grew 2.1%, driven by the annualisation of last year's carefully-selected price increases. In H2, like-for-like sales grew 0.5%, with a positive product mix benefit more than offsetting the impact of soft volumes, mainly due to unfavourable weather in the UK and Ireland. As expected in our fastest-growing markets such as the US, Italy and France, like-for-like metrics are impacted by the high number of store openings.

As at 14 September 2024, we were trading from 451 stores across 17 markets, with 18.8m sq ft of selling space. During the year, we opened a total of 22 new stores, closed three stores, extended five stores, right-sized eight stores and relocated two stores, which increased our retail selling space by 0.8m sq ft on a gross basis and by 0.6m sq ft on a net basis. We also made good progress with our store refurbishment programme, completing refits in 23 stores comprising 0.8m sq ft of selling space.

We continue to see significant white space opportunities in our growth markets in Europe and in the US and we have a clear roadmap for new store rollouts over the medium and long term to drive sustainable growth. At the same time, we continue to assess expansion opportunities in new markets. We recently signed an agreement with the Alshaya Group to explore the opportunity to open stores in the Gulf Cooperation Council ('GCC') markets. We are targeting our store rollout programme to contribute around 4% to 5% per annum to Primark's total sales growth for the foreseeable future.

We are focused on a number of initiatives to drive digital customer engagement, in particular in the UK where we have made the most investment and progress. In 2024, traffic to our websites increased in all markets and grew by 23% overall. The number of visitors now using the stock checker facility in each market is in the range of 15% to 25% and the total usage increased by 35% in 2024. We believe that the increase in website traffic is being driven by our investment in Search Engine Optimisation ('SEO'), our CRM database and activity, and our paid digital marketing. In particular, our CRM database now has approximately three million customers. Overall, we believe our increased digital engagement is contributing to higher footfall in stores and overall sales growth.

Adjusted operating profit grew 51% to £1,108m. Adjusted operating profit margin was 11.7%, up from 8.2% in 2023. This margin recovery reflects an increase in gross margin, largely due to lower material costs and reduced realised freight costs, as well as the annualisation of prior year price increases. These benefits were partially offset by labour cost inflation and an increase in investment in digital and data capabilities, technology and brand marketing to support long-term growth. We expect this investment to continue over the medium term. We continue to focus on driving cost optimisation and efficiencies, including through the store operating model, the introduction of self-service checkouts ('SCOs') and energy cost efficiencies.

This was another year of significant investment to support future growth, captured within operating expense as noted above, and in the £530m of gross investment in capital projects in 2024. As well as opening new stores in Europe and the US, we made progress with our store refurbishment programme, including the rollout of SCOs and energy-efficient lighting upgrades. We are supporting growth with investment in depots, including new depots and several ongoing automation projects. We have significantly increased our investment in technology, including the capability build to support long-term growth. In 2024, return on average capital employed increased from 12.0% to 18.7%. This primarily reflects the increase in operating profit and a normalisation in net working capital.

1. As at 31 October 2024.
2. Kantar, Primark market share of the total UK clothing, footwear and accessories market including online by value, 52-week data to 14 September 2024.

Retail continued

New store openings in the year ended 14 September 2024:

France
Grenoble, Grand Place S.C.
Nantes, Beaulieu S.C.
Rouen, Saint-Sever S.C.

Republic of Ireland
Bray

Hungary
Budapest East, Arena Mall

Spain
Lorca, Parque Almenara S.C.
Madrid, Alcala de Henares
Madrid, Conde de Penalver
Madrid, La Vaguada
Madrid, Rivas H20

Italy
Livorno, Porto a Mare
Turin, To Dream

Poland
Lodz, Manufaktura S.C.

UK
Bury St. Edmunds
Teesside

Romania
Timisoara, Lulius Mall

US
Concord Mills, Charlotte, NC
Great Lakes Crossing, Detroit, MI
Smith Haven, Long Island, NY
The Florida Mall, Orlando, FL
Tysons Corner, Washington DC, VA
Woodfield Mall, Chicago, IL

	Year ended 14 September 2024		Year ended 16 September 2023	
	# of stores	**sq ft 000**	# of stores	sq ft 000
UK	**194**	**7,815**	192	7,725
Spain	**64**	**2,587**	59	2,390
Germany	**27**	**1,380**	30	1,605
France	**27**	**1,352**	24	1,203
Republic of Ireland	**38**	**1,184**	37	1,165
US	**27**	**1,084**	21	873
Netherlands	**20**	**943**	20	1,016
Italy	**17**	**820**	15	747
Belgium	**8**	**403**	8	403
Portugal	**10**	**401**	10	383
Austria	**5**	**242**	5	242
Poland	**6**	**233**	5	197
Romania	**3**	**107**	2	75
Czechia	**2**	**89**	2	89
Slovenia	**1**	**46**	1	46
Slovakia	**1**	**39**	1	39
Hungary	**1**	**34**	–	–
	451	**18,759**	432	18,198

ESG at Primark

ESG highlights

- Primark is committed to promoting human rights throughout its supply chains. For over 15 years, its Ethical Trade and Environmental Sustainability (ETES) programme has been the cornerstone of this commitment. In 2024, Primark conducted over 2,000 social audits, most of which were unannounced, to monitor compliance with its Supplier Code of Conduct. With a team of over 130 people across 10 key sourcing markets, the ETES programme works across all aspects of human rights and environmental due diligence, from strategy and risk assessment to supporting suppliers and their factories in implementing the Supplier Code of Conduct.
- The Science Based Target Initiative has approved Primark's near-term target to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions and absolute Scope 3 GHG emissions from purchased goods and services respectively by 50% by 2030 from a 2018/19 baseline.
- Primark's total Scope 3 GHG emissions, which represent the biggest portion of its footprint, reduced by 12% in 2023/24 compared to 2022/23 and were 0.6% lower than the 2018/19 baseline. Primark is investing in its Environmental Sustainability Team and in supplier factory efficiency programmes aimed at supporting GHG emission reductions through targeted training, upskilling, and energy-saving projects.
- Primark's Scope 1 and 2 (market-based) emissions reduced by 21% in 2023/24 compared to 2022/23 and were 52% lower than the 2018/19 baseline. This reduction was achieved through energy efficiency measures in its stores and the procurement of renewable and low-carbon electricity. Considering its planned geographical expansion, Primark expects this reduction to fluctuate in the short-term.
- Primark has committed to 100% of the cotton in its clothing being either organic, recycled or made from cotton from its Primark Cotton Project by 2027. In 2024, 57% of its cotton clothing units sold contained cotton that was organic or from the Primark Cotton Project.
- Through its Primark Cotton Project, the business equips smallholder farmers with essential knowledge and skills to drive the adoption of more sustainable agriculture practices. To date 309,394△ farmers have been trained through the programme, across four countries and the majority of these farmers are women.
- In July 2024, Primark published its Durability Framework, a set of guidelines for durability testing that can be integrated into its business operations and contributes to the development of best practice as no industry standard currently exists.

Read more about ESG initiatives at Primark on our website at www.abf.co.uk.

Primark's jersey pyjamas, which have been tested under the Primark Durability Framework

Clothes made to last at Primark

Primark is committed to giving clothes a longer life by designing and making clothes that are not only recyclable by design, but also more durable. This means creating clear guidelines for how clothes are designed and made.

The newly introduced Primark Durability Framework is the latest step in our journey. Inspired by the Waste and Resources Action Programme's (WRAP) Extending Clothing Life Protocol, the framework builds on four years of work. It sets out the durability requirements that all eligible clothes must adhere to, including physical quality tests and a set number of washes across four levels. These levels range from five to 45 washes, categorised as minimum, foundational, progressive and aspirational.

The framework, which has been embedded into both our business and our supply chain, exists to give clear guidance to our product teams and suppliers when considering the material, design and development of a clothing item.

Primark has now collected a full year's durability data for denim, socks and jersey. This will enable us to build a full product performance baseline and truly understand how each product category is performing on durability. 66% of Primark's clothing that was tested has passed the aspirational level of 45 washes.

The framework is anchored in the principles of continuous improvement which we use across our operations, with the aim that durability is sewn into the lifecycle of our clothing.

Primark's ambition is to demonstrate to our customers that there is no need for the industry to charge higher prices for clothes made to last.

Packing orders at our Primark Click & Collect depot at Magna Park, UK

Investing in digital retail to drive footfall in our stores

A Primark colleague with a Click & Collect customer at our store in Leicester, UK

Rolling out Click & Collect

Our successful trial of Click & Collect – now rolling out across England, Scotland and Wales – is showing how the service enables us to reach new customers. It offers greater product choice and unlocks new opportunities while driving more people into stores.

Click & Collect gives our customers the opportunity to browse and buy online before collecting their purchase in store on their chosen date. Our trial launched in November 2022 in 25 stores, offering a selection of kidswear items. In July 2023 it expanded to another 32 stores, with womenswear added in September 2023.

Every stage has been monitored and analysed. Our steady approach has given us a detailed understanding of customer behaviour and activity to provide confidence that the service complements, rather than competes with, Primark stores. Not only has it met and in many cases exceeded our targets on basket size, additional spend in-store and the impact on in-store sales, it has unlocked some new growth opportunities.

We estimate four out of 10 customers pick up another basket while they are in-store and the value of that basket is significant – in line with the first purchase. And more than a fifth of customers have been back and used the service more than once already. Almost half have told us they are visiting Primark more often since using Click & Collect, highlighting the halo effect it has on footfall.

Click & Collect is also enabling existing customers to make purchases they would not have made previously, supporting a busy customer who pops in while on a lunch break, or a customer who makes a purchase after searching for a specific trend online.

External data* tells us that around a third of spending has come from people who had not shopped with Primark for at least two years.

As the roll out continues we see potential beyond the trial categories of womenswear and kidswear, with menswear and selected home and lifestyle products now included as part of the nationwide expansion. The ranges and products offered will continue to be curated to complement the local store offering.

* Kantar Worldpanel, June 2024.

Grocery

About Grocery

Grocery comprises brands which occupy leading positions in markets across the globe.

International brand businesses

Twinings has been blending tea since it was founded in 1706 and its premium teas and infusions are now sold in more than 120 countries. **Ovaltine** malted beverages and snacks are consumed throughout the day in countries across the globe. **Patak's** is the original spice blending expert and is recognised around the world for creating authentic Indian food that is quick and easy to prepare. **Jordans** produces delicious wholegrain breakfast cereals. **Blue Dragon** offers authentic, simple and convenient ingredients to create delicious dishes from China, Thailand, Japan and Vietnam. **Mazzetti** is our leading brand of Balsamic Vinegar of Modena.

US-focused businesses

We have some of the leading US, Mexican and Canadian cooking and baking branded products. These include **Mazola** and **Capullo** cooking oils and **Fleischmann's** yeast. In addition, **Anthony's Goods** is a leading brand of organic and natural ingredients and superfoods which are sold online in the US. We also have a 50% ownership in **Stratas Foods**, the leading US supplier of packaged oils, margarines, mayonnaise, sauces and dressings for the food service, food ingredients and retail markets.

UK-focused businesses

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

Australia and New Zealand-focused businesses

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

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

Revenue
£4,242m
2023: £4,198m
Actual currency: up 1%
Constant currency: up 4%

Adjusted operating profit
£511m
2023: £448m
Actual currency: up 14%
Constant currency: up 17%

Adjusted operating profit margin
12.1%
2023: 10.7%

Operating profit
£493m
2023: £402m
Actual currency: up 23%

Return on average capital employed
35.8%
2023: 30.0%

Packaging
142 kt
2023: 142 kt

Recycled waste
86.0%
2023: 82.3%

Gross investment
£226m
2023: £141m

Operating review

Grocery sales grew 4%, reflecting good demand across a number of our leading international brands and regionally-focused businesses, supported by increased investment in effective marketing, strong commercial execution and successful new product launches.

Adjusted operating profit margin for the Grocery segment improved to 12.1%, driving significant growth in adjusted operating profit, up 17% to £511m. The strong margin improvement reflects an easing in input cost pressures, strong performance in our US-focused businesses and much-reduced losses in Allied Bakeries, partially offset by a significant increase in marketing investment. Return on average capital employed increased from 30.0% to 35.8%.

Our international brand businesses, which include Twinings, Ovaltine, Blue Dragon, Patak's, Jordans and Mazzetti, accounted for approximately a third of total Grocery sales. Twinings had strong sales momentum led by volume growth across its largest markets, the UK, US and France. This reflects increased distribution, particularly in the US, strong commercial execution to strengthen in-store visibility and a significant increase in investment and focus on effective marketing. Growth also benefitted from recent product launches, as we continue to expand our presence in the wellness category, including our growing portfolio of herbal and infusion teas.

In Ovaltine, performance was mixed this year. We continued to drive sales of ready-to-drink ('RTD') products in Thailand, in response to the shift in consumer demand from powder products, and we grew our market share in both categories.[1] We are leveraging our strong brand in that market to launch new products, supported by increased marketing investment. In China, sales were impacted by the weaker economy and in Myanmar by the political situation. In Europe, we benefitted from new product launches and we had good growth in Africa. We also progressed with the construction of a production facility in Nigeria, which will enable Ovaltine to serve markets across West Africa. Sales of both Patak's and Blue Dragon were broadly flat overall this year with a mixed performance across markets. Jordans sales were impacted by reduced promotional activity in H1 but had good growth in H2. Our balsamic vinegar business, including the Mazzetti brand, had continued good volume growth.

Within our regionally-focused portfolio, our US-focused businesses accounted for approximately 15% of Grocery sales and performed well. This reflects the strong performance of our market-leading brands, including Mazola and Fleischmann's, supported by improved production capacity. As expected, strong performance in consumer oils began to normalise towards the end of the financial year. Stratas, our joint venture that supplies oils to the foodservice, ingredients and retail markets, delivered strong profit, albeit slightly below last year.

1. Nielsen, Ovaltine share by value of the malt-based and chocolate powder beverages category and the mal-bases and chocolate UHT beverages category respectively for the 12-month period ending 1 August 2024.

An image from Mazola's Spanish language campaign in the United States

ACH: Listening to our consumers

This year we have invested in growing and deepening our US-focused brands' relationships with consumers.

The people who buy and use our products are our highest priority. By listening to them and understanding their preferences, we have evolved our brands to ensure they remain consistently relevant to consumer needs.

Our Mazola cooking oil brand has continued to tailor its consumer communications. For example, core consumers of Mazola include US Latino consumers and we have invested in Spanish language brand campaigns as a result. Significant and impactful content in media used by these communities has helped Mazola maintain its strong brand awareness and preference. This year we took further market share and outsold our closest branded competitor in the US by more than 40%.

Meanwhile we have been tapping into the trend for home-baking in the US. Since the Covid-19 pandemic, many people have continued to enjoy baking from scratch, helped by the rise of flexible working patterns that enable them to spend more time at home. We undertook quantitative and qualitative research into the needs and motivations of these home bakers so we could better understand them.

Based on what we found, our Fleischmann's yeast brand team developed a campaign that promoted the benefits of yeast baking, encouraged more people to use it at home and positioned Fleischmann's as the brand of choice for bakers. Thanks to this work we have seen the number of households purchasing Fleischmann's grow by 7% in the last year as well as increasing the amount purchased per shopper by more than 3%.

Our UK-focused businesses, which accounted for approximately a quarter of Grocery sales, generally performed well. Allied Bakeries had a much-reduced operating loss compared to 2023 as a result of improved sales and operational performance. Silver Spoon delivered strong growth, benefitting from better pricing and a brand refresh. Ryvita made good progress, supported by recent product launches and advertising. We are investing in manufacturing capacity for our Scrocchiarella bakery products in Bradford, UK, to support future growth.

Our Australia and New Zealand-focused businesses, which accounted for approximately a quarter of Grocery sales, remained resilient in a challenging consumer environment. Our Tip Top bakery business grew well despite consumers trading down due to cost of living pressures. Sales growth in our Don meat business reflected pricing and new product launches, however profitability was impacted by higher input costs. Yumi's, which produces dips and vegetarian snacks, delivered good growth in sales and profitability. During the year, we made further progress with the evolution of our product portfolio, completing the acquisition of The Artisanal Group, a leading manufacturer and wholesaler of high-quality baked goods in Australia, primarily serving cafes, restaurants and hotels. Our investment in long-term capital projects in Australia continued, including the expansion of the Canning Vale bakery in Western Australia to secure Tip Top's position as the leading supplier in that state, as well as investing in capacity expansion in Springwood, Queensland, to support Tip Top's foodservice growth.

ESG at Grocery

Within the Grocery segment there are an extensive number of social and environmental programmes relevant to their businesses. To find out more about the progress being made across these businesses please see our website for further information.

Read more about ESG initiatives of our Grocery businesses on our website at www.abf.co.uk.

A rice farmer growing Hom Mali rice for Westmill using the Sustainable Rice Platform standard, Ubon Ratchathani, Thailand

Investing in new baking capacity at Tip Top

Australia and New Zealand are developed economies with growing populations. Our highly differentiated Tip Top baking business is well-placed to capitalise as the market expands.

Tip Top operates in the retail and foodservice channels and is one of the most known and trusted brands in Australia and New Zealand. Its product offering is a market leader in packaged bread, including gluten-free, and spanning buns, rolls and bakery snacks.

This year we began a multi-million dollar upgrade and expansion of our Canning Vale, Western Australia bakery, where we produce a significant proportion of the Western Australian market's needs. The population in the state is growing quickly and the existing site is currently at maximum capacity. We will install a new bread line with a production capacity of 8,350 loaves per hour. Overall, the upgrade will increase capacity from 44 million to 56 million loaves per year as well as raising service levels for customers and providing additional amenities on-site.

Tip Top also has a large business supplying quick-service restaurant ('QSR') customers. In this foodservice channel, where Tip Top is a major supplier of buns, the market is growing strongly and experiencing premiumisation as major QSR customers look to differentiate their offers. This trajectory is likely to continue: the total food service market is forecast to grow at 3.5%* for the next decade and beyond.

We are investing in our foodservice manufacturing network to keep up with demand and position ourselves for future growth. At our Springwood site in Brisbane, Queensland, we have just completed a significant upgrade to our bun and roll line to almost double our capacity from 90 million to 168 million buns per year.

* SME analysis.

Tip Top's expanding bakery at Canning Vale, Western Australia

Investing in marketing to grow our international brands

An image from a US TV advert, profiling the 50+ delicious varieties of Twinings teas and infusions available in North America

Improving our marketing model to drive growth

Several of our brands made further progress this year thanks to a step-up in marketing investment. We have taken a careful approach to developing and delivering our marketing campaigns, resulting in greater brand awareness and market penetration.

The best example of this is at Twinings, now enjoyed in more than 120 countries and where we see further scope to grow our consumer base. We have invested significantly in advertising to build our brand and achieve our growth ambitions in key markets including the US, Canada, UK, France and Australia. Consumer-centricity is important to us, from product development through to advertising, so we have taken a thoughtful approach to ensure our messaging engages and resonates with consumers to achieve maximum impact.

This approach involves initial qualitative testing of our messages, followed by small trials of the advertising campaigns where we can gauge their effectiveness using data. Only then do we go live on a regional basis in our markets while continuing to monitor the response via leading independent research companies to confirm that we are getting a strong return on our investment. In the US, for example, we began in New Jersey and Connecticut before rolling out across the rest of the East Coast once we had seen proven results from that first trial.

Our US advert was adapted from an earlier French version, taking the most successful elements from the campaign in France and capitalising on the two markets' similar consumer objectives and brand positioning. This meant our US campaign development costs were much lower and we were able to invest more in the placement of the adverts in target media.

Our approach is working well. The latest Twinings advert was in the top 1% of adverts tested by Kantar, the market insight company, which assesses adverts for short-term sales uplift and long-term brand impact. It reached 85% of our intended audience in the US. We are growing household penetration in both black and herbal teas and we are the top selling tea brand on Amazon. Looking at the top 10 tea brands in the US at a total market level, Twinings has had the greatest increase in 'repeat rate purchasing' in the past year – which is the key measure of consumer loyalty to a brand.*

* Numerator Panel Insights, Top 10 Tea Category Brands, 52 weeks ending 26 May 2024.

A US social media post of two people enjoying Twinings, America's #1 English Breakfast tea

Ingredients

About Ingredients

Ingredients businesses comprises yeast and bakery ingredients, as well as a portfolio of specialty ingredients focused on enzymes, precision extraction, health and nutrition and pharmaceutical delivery systems.

Yeast and bakery ingredients

We have a global yeast and bakery ingredients business, AB Mauri, with well-established market positions in the Americas, Europe and Asia. We sell our products to customers in over 100 countries, operating from 52 plants across 32 countries and we have over 5,300 employees.

We work with industrial and craft bakers to develop leading yeast solutions and bakery ingredients that are right for the needs of their local markets. We are a technology leader in bakery ingredients, supplying a range of products including bread improvers, dough conditioners and bakery mixes and concentrates for bread, cake and dough products. In addition to bakers' yeast, we supply speciality yeast products and associated technologies to the alcoholic beverage and bioethanol markets.

Mauri ANZ

Mauri ANZ is an ingredient company with production and milling capacity in Australia and New Zealand. Our product portfolio includes a range of flour products, yeast and bakery ingredients, as well as animal feed mixes.

New Food Coatings

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

Specialty ingredients

We have a portfolio of specialty ingredients businesses, ABFI, that use science and technology to create value-added, innovative ingredients to serve the food and beverage, health and nutrition and pharmaceutical industries, as well as markets such as animal feed and certain industrial segments. We use platforms such as enzymes and other industrial biotechnology, precision extraction and synthetic chemistry.

We have almost 1,400 employees and serve customers in more than 50 countries from manufacturing and R&D facilities in 15 countries across Europe, the Americas and Asia Pacific.

In food and beverage, we develop ingredients and solutions that support product innovation. In health and nutrition, we develop ingredients that provide a health benefit in dietary supplements and functional food. In the pharmaceutical market, we produce antacids, excipients, adjuvants and delivery systems that enter the formulation of drugs.

ABFI is comprised of AB Enzymes, Ohly, ABFI Health & Nutrition, ABITEC Corp, SPI Pharma and PGP International.

Revenue
£2,134m
2023: £2,157m
Actual currency: down 1%
Constant currency: up 2%

Adjusted operating profit
£233m
2023: £214m
Actual currency: up 9%
Constant currency: up 12%

Adjusted operating profit margin
10.9%
2023: 9.9%

Operating profit
£219m
2023: £201m
Actual currency: up 9%

Return on average capital employed
16.9%
2023: 16.1%

Water abstracted
16 million m^3
2023: 17 million m^3

Scope 1 & 2 GHG emissions
258 kt
2023: 291 kt

Gross investment
£238m
2023: £179m

Operating review

Ingredients sales grew 2% driven by a strong performance in our yeast and bakery ingredients business, AB Mauri. As expected, sales in our portfolio of speciality ingredients businesses, ABFI, were impacted by customer destocking in H1, with performance then improving in H2. Adjusted operating profit increased by 12% led by yeast and bakery ingredients.

Sales in yeast and bakery ingredients grew strongly across most of our regions. This reflects both the annualisation of prior year price increases, predominantly in H1, and good volume growth supported by innovation in bakery ingredients, particularly in H2. We had strong growth in North America, Brazil, Mexico, south Asia and south east Asia. Our business in Argentina was impacted by challenging economic conditions and currency devaluation.

We continue to grow our presence and capabilities in Ingredients through strategic acquisitions. We completed the acquisition of Omega Yeast Labs LLC, a leading provider of liquid yeast to the craft brewing industry in the US, complementing our existing portfolio of speciality yeast products. We also completed the acquisition of Mapo, an Italian manufacturer of premium frozen baked goods, underpinning the growth potential for our Scrocchiarella bakery products, and the acquisition of Romix, a specialist blender of baking ingredients based in the UK.

During the year, our recently built speciality yeast plant in Hull, UK, came online, expanding our capacity and capability in yeast. We also continued with the construction of our new fresh yeast plant in Northern India, where there is considerable market demand for baker's yeast.

Our ingredients business in Australia and New Zealand, Mauri ANZ, performed well and benefitted from increased production in our new animal feed mill in Hope Valley, Western Australia, after closing an older facility. New Food Coatings, our joint venture ('JV') in Australia, New Zealand and south east Asia, specialising in seasonings, sauces and ingredients, delivered good growth. The JV is investing in a new facility in Bangkok, Thailand, to add capacity.

Sales in our portfolio of speciality ingredients businesses, focused on enzymes, precision extraction, health and nutrition and pharmaceutical delivery systems, were impacted by customer destocking in H1 before delivering a more encouraging performance in H2. In particular, our enzymes and health and nutrition businesses delivered good growth. We delivered an improvement in the adjusted operating margin of our speciality portfolio, benefitting from improved input costs, while significantly increasing investment in R&D and commercial capabilities to support long-term growth.

Investment continued across a number of strategic capital projects in speciality ingredients. This included our yeast extracts business, Ohly, where we are adding capacity in fermentation and spray drying at our site in Hamburg, Germany. At AB Enzymes, we are constructing a new high-care enzyme powder packing line in Rajamäki, Finland.

AB Mauri colleagues inspect tortillas at our Global Technology Centre in Etten-Leur, the Netherlands

An AB Enzymes R&D colleague at our lab in Rajamäki, Finland

Using digital R&D to deliver efficiencies at AB Enzymes

Biotechnology research is advancing rapidly and driving the innovation that is crucial for product development at AB Enzymes, where we develop and market enzyme solutions for customers in the bake, food, technical and feed markets. Our work involves screening for new or improved enzymes and creating microbial strains to produce them before testing in different applications.

This year we initiated our 'DigiReDI' programme aimed at further digitalising and automating our research and development ('R&D') processes in combination with the development of algorithms and the introduction of AI. This work will help to make our product development faster, more efficient and more sophisticated.

Our investment will connect all our lab equipment to our bespoke digital R&D processes, enabling more automated data processing and analysis. This eliminates a significant amount of manual data handling, with early trials seeing the time needed to compile the sample data and complete the analyses cut from hours to seconds.

Digitalisation will also support our enzyme screening methods by more effectively enabling the processing of ever-increasing volumes of data. Furthermore, new digital processes can pull data together into useful formats, for example detailed reports required by external regulators responsible for approving new enzyme products.

As a result, our researchers are freer to focus more on the product development itself, the interpretation of results and the fine tuning of experiments to produce successful outcomes, as well as being able to run more product projects in parallel.

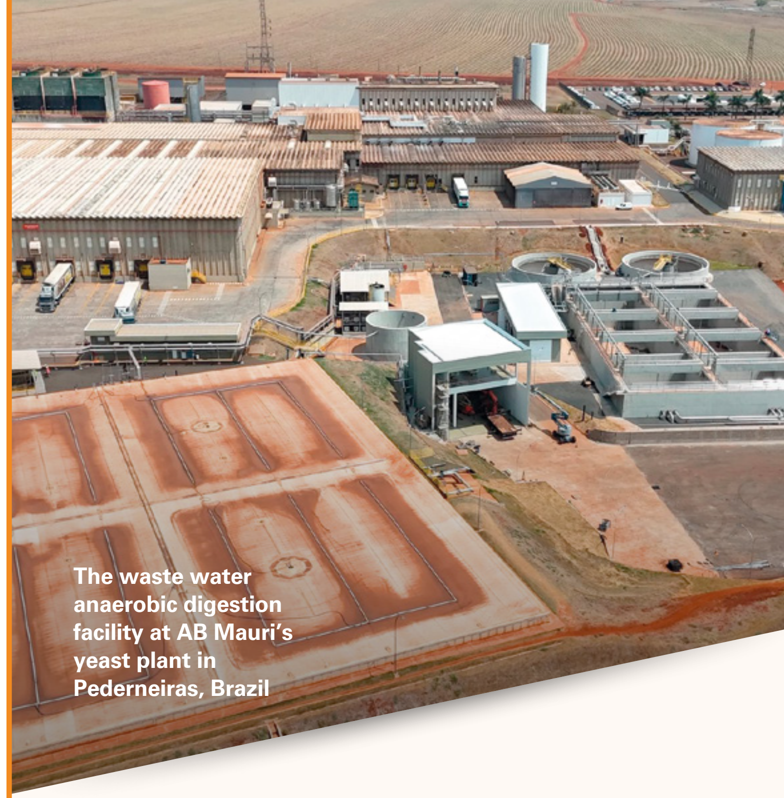
Looking ahead, DigiReDI will create the digital infrastructure to enable us to integrate new software and technologies as they evolve into our further digitised R&D so that we can maintain pace with new scientific advances. We believe this digital infrastructure will significantly improve our product development capabilities in the years to come.

ESG at Ingredients

ESG highlights

- AB Mauri is focused on using water efficiently and returning it safely to the environment after use. Many of its production facilities have complex on-site effluent treatment plants that include biological processes, evaporators and reverse osmosis membrane systems that can produce reusable water and useful co-products. Since 2010, it has invested $120m in waste water treatment and 2023/24 was another year of progress on this agenda, with the construction of a new biogas co-generation plant in Brazil.
- AB Mauri reduced its Scope 1 and 2 (location-based) GHG emissions by 13% against last year, driven by energy efficiency initiatives, including advanced fermentation aeration, high-efficiency natural gas boilers, and heat recovery technologies. Biogenic carbon emissions from yeast fermentation were also reduced by 4%.
- AB Enzymes, the ABFI industrial biotech business, has continued developing innovative enzyme products for various industries, that enable GHG emissions reductions without compromising product performance. This is a key part of its customer offering and continues to be a central focus for investment and innovation.
- 75% of our Ingredients businesses' waste was recycled, recovered, reused, or sent for another beneficial use in 2023/24. Initiatives this year included transforming waste into animal feed or into fertiliser and recycling of paper and plastics.

Read more about ESG initiatives of our Ingredients businesses on our website at www.abf.co.uk.



The waste water anaerobic digestion facility at AB Mauri's yeast plant in Pederneiras, Brazil

Investing in water stewardship at AB Mauri

Good water stewardship is essential for our yeast and bakery ingredients business.

Water is the medium in which we grow yeast and it is also used for cooling and cleaning equipment in our factories. Our water stewardship strategy focuses on a 'Four R' approach: Return, Reduce, Reuse, and Recycle. Water that we return to the environment must be treated to standards that meet or exceed regulations in the countries where we operate. In some cases, water treatment also results in valuable by-products which can be used to produce fertiliser, animal feed or a source of energy.

Our sites predict future water treatment legal requirements so that upgrades can be future-proofed. Guided by this strategy, we have invested more than $120m in water treatment since 2010. A recent example of this investment is a new waste water treatment installation paired with a biogas co-generation plant at our site in Pederneiras, Brazil, which will both improve water quality and produce electrical and thermal energy from steam and hot water. The installation utilises digesters: a process that uses anaerobic digestion in the treatment of waste water to produce biogas. It can also then treat this biogas so it can be used as a fuel source and transformed into energy via a co-generation plant.

Following our investment and strategic approach to water stewardship, we have seen a steady year-on-year increase in the proportion of water used that is treated and returned safely to the environment, up from 74% in 2018/19 to 84% in 2023/24. We are approaching the theoretical maximum of this water return KPI due to the water which leaves the site in our products or through production process evaporation. We are now moving to the next water circularity phase focused on Reduce, Reuse and Recycling of water into our facilities, and measuring our performance through an evolution of our KPI metrics.

The Omega Yeast Labs production facility in Chicago, United States

Investing in new capabilities to enhance our portfolio

Brewing a bright future: Yeast's role in craft beer and biotechnological evolution

In August 2024, AB Mauri North America acquired Omega Yeast, a leader in the craft brewing liquid yeast market, to further strengthen and accelerate its speciality yeast business.

We believe there is a good opportunity to expand and enhance the offerings of AB Biotek (an AB Mauri business division) in the beer and wider alcohol beverage market globally.

The origins of AB Biotek's yeast and associated fermentation technologies for beer can be found within the traditions of whisky production in Scotland and Ireland and leading wine producers worldwide. For many decades our products have been preferred by world-leading artisans to produce some of the most iconic whisky brands and award-winning wines.

The craft beer segment has experienced significant growth, driven by consumer demand for diverse and consistent high-quality beers. A critical component in this industry is brewing yeast, which plays a vital role in fermentation and flavour profile development.

In the early days of craft brewing, brewers relied on traditional yeast strains, often sourced from larger breweries or home-brewing communities. However, advances in biotechnology and yeast management have revolutionised the industry.

AB Biotek's fermentation and yeast technology experts have meticulously developed a specialist portfolio of yeast solutions for craft brewers. The strategic acquisition of Omega Yeast significantly enhances our existing brewer's yeast portfolio and brands. It introduces cutting-edge strains and innovative bioengineering capabilities, further strengthening the quality and diversity of our craft brewing solutions.

Omega Yeast is a leading producer of liquid yeast for the craft brewing industry in North America, operating from a state-of-the-art facility in Chicago, Illinois. The business is renowned for its innovative capabilities, catering to a wide range of brewing styles from traditional lagers and ales to West Coast IPAs and hard seltzers.

Omega Yeast offers a diverse range of yeast strains tailored to enable craft brewers to differentiate their products, including traditional styles and innovative advanced solutions such as the NEXT™ Series, featuring bioengineered strains for novel flavours, and the PLUS™ Series, which offers familiar strains with enhanced performance.

These strain evolutions allow brewers to explore new and unique flavour profiles, pushing the boundaries of traditional brewing techniques. Advanced propagation methods ensure consistent quality and performance, improving fermentation reliability. By continuously advancing our yeast technology, we can assist brewers globally to experiment with new brewing methods and styles, keeping the craft beer market dynamic and exciting.

Craft beer being enjoyed at Rockwell Beer Company, an Omega Yeast customer, in St. Louis, United States

Sugar

About Sugar

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

Across this group of businesses we employ 29,000 people and operate 19 plants in eight countries, with the capacity to produce approximately 4.5 million tonnes of sugar annually. We farm more than 330,000 hectares across our markets, between ourselves and over 25,000 growers.

In Africa, we have sugar cane operations in Eswatini, Malawi, South Africa, Tanzania and Zambia, and packing operations in Rwanda. We have market-leading consumer brands in these countries, with Bwana Sukari in Tanzania, White Spoon in Zambia and Illovo in multiple markets. In certain markets we also produce co-products such as potable alcohol, furfural and electricity for local grids.

In the UK, British Sugar is the sole processor of the sugar beet crop and in Spain, Azucarera is the largest sugar producer. Our strong domestic brands include Silver Spoon in the UK and the Azucarera brand in Spain. In the UK, we produce a range of co-products including energy, animal feed, bioethanol, betaine and CO_2. We operate one of the largest wheat bioethanol production facilities in the UK, Vivergo.

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

Revenue
£2,529m
2023: £2,474m
Actual currency: up 2%
Constant currency: up 11%

Adjusted operating profit
£199m
2023: £179m
Actual currency: up 11%
Constant currency: up 46%

Adjusted operating profit margin
7.9%
2023: 7.2%

Operating profit
£181m
2023: £119m
Actual currency: up 52%

Return on average capital employed
10.9%
2023: 9.7%

Scope 1 & 2 GHG emissions
2,072 kt
2023: 1,973 kt

Water abstracted
859 million m^3
2023: 838 million m^3

Gross investment
£252m
2023: £205m

Operating review

Sugar segment sales and profitability were strongly ahead of the prior year.

Our European sugar businesses in the UK and Spain, which accounted for approximately half of total Sugar sales, grew strongly in 2024 due in large part to higher sugar prices. In the UK in H1, the benefit from higher prices was more than offset by the fact that low stock levels were carried over from the 2022/23 campaign, whereas H2 benefitted from increased production as a result of the return to a more typical sugar beet crop in the 2023/24 campaign. In Spain, sales also benefitted from increased acreage. Beet prices were high in both the UK and Spain for the 2023/24 campaign. As previously announced, sharper than expected falls in UK and European sugar pricing, due to increased supply in the market, negatively impacted sales and profitability in Q4 2024. Consequently, adjusted operating profit for the European sugar businesses for the full year in 2024 was lower than expected.

Our overall African sugar business, which accounted for approximately 40% of total Sugar sales, grew well in 2024 on a constant currency basis. Growth in Zambia and South Africa was particularly strong, where we benefitted from both strong cane yields and good factory performances. Malawi was resilient and Eswatini delivered a good performance. Across our African businesses, commercial execution was strong and we made further progress across a range of projects to drive continuous improvement in both our manufacturing and agricultural performance. On an actual currency basis, our African sales declined due to the impact of foreign exchange translation, primarily due to currency devaluations in Zambia and Malawi.

We continued to invest in a number of capital projects. The largest is the new sugar mill we are building to expand our capacity in Tanzania, a key growth market, which we expect to complete in 2025. We are also investing in technology infrastructure for our African businesses.


A British Sugar engineer inspecting an evaporator at our factory in Wissington, UK

Improving factory performance and decarbonising at British Sugar

At British Sugar we are using our engineering expertise to make our factories more efficient in ways that will significantly reduce our energy consumption and greenhouse gas emissions. Our work has contributed materially to the reduction in ABF's overall Scope 1 and 2 emissions since 2017/18.

At our Wissington factory in Norfolk, we have designed and invested in a major energy reduction project with the installation of additional evaporators, heat exchangers and processing equipment to significantly reduce the steam required in sugar manufacturing. The project has delivered a step-change reduction in site energy usage, with emissions lowered by 30,000 tonnes of carbon this year and demand for process steam reduced by 25%.

Our engineers are replicating the design principles at our three other UK processing sites to deliver similar results, with ground broken this year for the construction of similar plant and equipment at Bury St Edmunds. When complete, the site's carbon emissions will be cut by around 20,000 tonnes per year.

Alongside these projects, we have switched the fuel source for our animal feed dryers at Bury and Newark to natural gas, reducing carbon emissions by 20,000 tonnes this year. We are also installing a modular gas-fired combined heat and power plant at our Cantley site, which is scheduled to be operational in 2025 and will reduce carbon emissions by around 16,000 tonnes per year. This technology sets us up for fuel flexibility as the plant can be fuelled by hydrogen too.

This work is enabled by the expertise of our in-house teams, who have carried out detailed process mapping across our operations to identify efficiencies. In total, our investments since 2017/18 have delivered a Scope 1 reduction of 21.2% for British Sugar against our baseline year of 2017/18. As technology develops, we will continue to consider all options to further drive decarbonisation across our sites and supply chain.

Sugar continued

During 2024, we closed our sugar business in the north of China and agreed to the sale of its assets. Our sugar operations in Mozambique were impacted by severe flooding in 2023. In 2024, the operations were mothballed and we recognised an additional impairment charge of £6m.

The operational performance of Vivergo, our bioethanol plant in the UK, strengthened this year and it had a substantially reduced operating loss. However, trading margins achieved during the year continued to be variable as a result of volatility in bioethanol prices. As such, we recognised an asset impairment of £18m in 2024.

As previously announced in our trading update on 5 September 2024, we expect the sharp fall in European sugar prices in Q4 2024 to impact performance in our Sugar segment significantly in 2025, with adjusted operating profit expected to be in the range of £50m to £75m. We expect profitability to recover in 2026 to be more in line with 2024, as a result of lower beet prices that have been contracted and a rebalancing of supply and demand in the market.

ESG at Sugar

ESG highlights

- In January 2024, ABF Sugar set near-term and net-zero Scope 1 and 2 and Scope 3 GHG emissions reduction targets validated by the Science Based Targets initiative. Further details can be found on our website.
- ABF Sugar's Scope 1 and 2 emissions increased by 5% compared to last year, due to several factors which included the extended campaign as a result of wet weather. However, it has reduced its Scope 1 and 2 emissions by 18% against its 2018 baseline. British Sugar, the largest contributor to these categories, increased its Scope 1 and 2 emissions by 19% compared to last year due to short-term operational challenges. However, it has reduced by 21% against the baseline year. At its Wissington site, the installation of additional evaporators, heat exchangers, and other equipment has significantly lowered steam usage, reducing emissions by 30 kt of CO_2e annually and reducing process steam demand by 25%.
- ABF Sugar improved water-use efficiency in 2024 by reducing water abstraction per tonne of product by 0.3%. Moreover, 25% of abstracted water was reused during production before being returned to the environment.
- In 2024, 86% of ABF Sugar's total waste was recycled or used in another capacity. ABF Sugar's African operations used bagasse, the fibrous by-product of sugar cane crushing, to generate up to 87% of their factories' annual power needs.
- Our sugar businesses in Africa provide accommodation for more than 60,000 employees and their families who work on sugar estates in rural and remote areas. Throughout the year, these businesses conducted a review of housing and living conditions and have developed comprehensive plans to continuously invest and update their accommodation infrastructure.

Read more about ESG initiatives at ABF Sugar on our website at www.abf.co.uk.

A drone being used for targeted crop spraying on the Ubombo sugar estate in Eswatini


A sugar cane irrigation system at the Ubombo estate in Eswatini

Water irrigation projects creating improved yields and further resilience in Zambia and Eswatini

Growing high-yielding and resilient sugar cane is a major focus for our sugar businesses in Africa and efficient use of water is essential to achieving this goal. We are investing in more precise irrigation systems that maximise efficiency and help sustain the agricultural systems on which our businesses rely.

Specifically, we are currently focused on more efficient irrigation systems at our Nakambala estate and Nanga Farms in Zambia. At Nakambala, we are replacing traditional furrow irrigation with sub-surface drip irrigation and 'synergistic surface irrigation and drainage', a new system that will improve crop yield and soil health. We are actively considering further investments in these systems at Nanga Farms.

Together with the use of precision agriculture technologies, we can concentrate more on areas of the field where the crop experiences weather stress and adapt our field layouts so that every stick of cane receives the precise amount of water it needs.

The projects are driving better yields while improving water use efficiency and providing greater weather resilience. Over the seven-year period of implementation, the investment at the two estates is approximately $20m.

Our focus on water also benefits the communities in which we operate. In Eswatini, we are making significant strides towards reducing local poverty by partnering with the Eswatini Water and Agricultural Development Enterprise, a government agency, to support the Lower Usuthu Smallholder Irrigation Project which is developing 11,500 hectares of smallholder irrigation.

Some 2,300 households are expected to benefit directly from the project which is also establishing 28 farmer companies to cultivate cane and other crops, providing greater food security and nutrition for local communities.

Our Ubombo Sugar business has invested significantly to optimise factory capacity to enable the processing of the additional cane that will be produced as a result.

Investing in capacity to grow our presence in Africa

The K4 sugar factory and warehouse under construction at Kilombero in Tanzania

Building a new sugar factory to drive growth in Tanzania

The potential for growth in Tanzania's sugar market presents a substantial opportunity for Kilombero Sugar with its strong local brand and our investment in new production capacity.

Tanzania's population is growing by an average of 2.6% per year and there has been an annual increase in sugar consumption in the last decade as a result. There is also a deficit in supply to the local market. In 2021 we decided accordingly to build a new sugar factory, known as 'K4', which will dramatically increase Kilombero's annual production capacity from 145,000 to 270,000 tonnes and should take our share of the Tanzanian consumer sugar market to approximately 40%. The factory will be commissioned in June 2025 and will create 2,000 direct jobs in the cane-to-sugar value chain.

Our significant investment in K4 will enable us to reduce costs per tonne of sugar we produce. The factory will have the latest equipment and be highly automated, with the capability to produce different pack sizes according to demand and store up to 110,000 tonnes of product on site, reducing the need for multiple distribution warehouses. K4 will generate all the energy and electricity it needs for its on-site operations from bagasse, the sugarcane waste product, and each year for the next 10 years it will export 10MW of electricity to the local grid to create an additional revenue stream.

This expanded production capacity requires an increase in the supply of sugar cane from 1.25 million to 2.5 million tonnes per year. This is an opportunity for the local growers. Their numbers are forecast to increase from 6,500 to 12,000, making K4 the largest community-inclusive rural economic development project in Tanzania.

A key strategic priority for the project is community inclusivity. Accordingly, Kilombero Sugar carried out climatic and agronomic reviews of the surrounding farming area and conducted surveys of the local grower community to assess interest in cane cultivation. Kilombero Sugar will further support local cane farmers by providing information and analyses of the farms. The project envisages local growers will supply some 1.5 million tonnes of cane a year, with 75% of the supply expected within the first six years. Kilombero Sugar's cane supply from its own farm will also increase to 1 million tonnes a year, with investment to be made in upgrading irrigation equipment as part of that.

An advertising image for White Spoon in Zambia

Agriculture

About Agriculture

AB Agri is an international agri-food business.

We sell our products and services to farmers, feed and food manufacturers, processors and retailers in more than 100 countries. We employ more than 3,000 people globally.

We produce speciality feed ingredients for livestock, horses and pets. We develop pioneering ingredients including feed additive products, high-quality bespoke vitamin and mineral pre-mixes and starter feeds.

Our dairy business in the UK delivers targeted insights that help create continuous improvement for dairy supply chains. We provide products and data insights to major food processors, retailers and directly with farmers, enabling them to produce high-yielding, safe and nutritious dairy products.

AB Agri is also one of the UK's largest compound feed businesses for pig and poultry customers. It is also one of the UK's largest marketers of co-products from the food and drink industries for dairy and beef farmers. We have international manufacturing capabilities extending into Europe and China.

Frontier

We also have a 50% ownership in Frontier, the UK's leading provider of grain marketing and crop production services to customers in the UK. It supplies seed, crop protection products and fertiliser to farmers, as well as providing specialist agronomy advice.

Revenue
£1,650m
2023: £1,840m
Actual currency: down 10%
Constant currency: down 9%

Adjusted operating profit
£41m
2023: £41m
Actual currency: down 0%
Constant currency: up 3%

Adjusted operating profit margin
2.5%
2023: 2.2%

Operating profit
£31m
2023: £32m
Actual currency: down 3%

Return on average capital employed
8.0%
2023: 8.4%

Number of employees
3,446
2023: 3,052

Gross investment
£29m
2023: £92m

Operating review

Agriculture revenue decreased by 9%while adjusted operating profit increased by 3% in 2024.

Our speciality feed and additives businesses performed well. AB Neo, our starter feed business, had good growth in volumes and operating profit. AB Vista, our international feed additives business, grew volumes of both enzyme and non-enzyme additives, albeit continued price competition on certain products impacted sales growth. Premier Nutrition, our specialist premix manufacturing business, had good growth driven by volumes and our nutritional supplements businesses delivered good growth in sales and profit. Our dairy business, which was formed through a number of acquisitions in 2023, performed well as we continued with their integration.

Lower sales in our compound feed businesses reflected reduced commodity prices and continued soft demand in the UK and China. Market conditions in the UK remained challenging due to reduced herd sizes and excess feed production capacity and in China the market was depressed by the economic environment and low farm profitability.

Frontier, our JV that provides grain marketing and crop production services to customers in the UK, was significantly impacted by prolonged wet weather in autumn 2023. This particularly affected the overall performance of Agriculture in 2024.

We continued to invest in long-term growth, with the ongoing build of new premix plants in Vietnam and China.

ESG at Agriculture

ESG highlights

- AB Agri reduced its Scope 1 and 2 emissions (location-based) by 14% in 2024 compared to last year. This reduction was partly due to operational reasons, but also driven by efficiency improvements, technological investments, and a shift to lower-emission fuel sources, including the installation of solar panels.
- AB Agri continues to develop its integrated dairy business which collaborates with various stakeholders along the value chain to develop solutions aimed at reducing the environmental footprint of dairy farms and in particular reducing their GHG emissions.

Read more about ESG initiatives at AB Agri on our website at www.abf.co.uk.

A lab manager testing waste animal feed for use as anaerobic digestion feedstock at Amur Energy's lab in York, UK

An AB Vista lab technician at our technology and innovation centre in Wales

Investing in innovation to improve livestock wellbeing

AB Vista expands offering to support responsible livestock production

We have identified the need for more holistic solutions to support customers in addressing the challenges ahead, so creating an opportunity to add more value beyond feed additive products.

Since its inception in 2004, AB Vista has grown to be a leading player in supplying enzymes to the global animal feed industry and livestock farm businesses. With a reputation for scientific capability and products backed by extensive trials and evidence, the business has been seeking to expand its offering to better address the biggest challenges facing the industry today – producing more from less and supporting animal health and welfare.

Many of the most common and problematic diseases found in livestock affect the animals' gut, so maintaining gut health is vital in responsible and productive livestock farming systems. Livestock producers can minimise the risk of disease and reduce the use of antibiotics and other therapeutic medicines by focusing on building gut health and immune system robustness, rather than treating animals once disease is prevalent. This increases the number of healthy animals produced.

The gut is a complex area to manage, not least because of the interaction between the animal, its conditions and its unique microbiome comprising billions of microorganisms.

So AB Vista's research has focused in part on identifying biomarkers of microbiome health, such as those that indicate the balance between fibre and protein fermentation and the population of some potentially pathogenic bacteria families.

This research underpins AB Vista's new gut health service for piglets and broiler chicken producers, bringing together its health expertise, its gut health testing and a product portfolio featuring feed additive products which all combine to enhance gut health without the use of medicine. One example of such a product is Progres, a patented natural feed material derived from coniferous trees with active ingredients proven to reduce the damage caused by inflammation in poultry and livestock.

We believe AB Vista is uniquely well positioned because it is now able to combine its well-developed existing routes to market with its recently enhanced offer made up of products, services and expertise. As our capability in diagnostics and data analysis grows further, we hope to enter new markets with this broad solution-led offering.

Piglets on an AB Agri feed customer's farm in Norfolk, UK

Financial review

Group performance

Group revenue was £20.1bn, 4% ahead of last year at constant currency, with sales growth in Retail and most of the food businesses. The Group generated an adjusted operating profit of £1,998m, an increase of 32% at actual exchange rates ahead of last year, reflecting a strong margin recovery across the Group as a result of input cost pressures easing. Group adjusted operating profit margin improved from 7.7% last year to 10.0%. Operating profit for the Group of £1,932m was 40% ahead, after charging exceptional items of £35m (2023 – £109m).

For the full year the average rates used to translate the income statement resulted in an adverse translation movement compared to the prior year of £97m, primarily driven by the strengthening of sterling against the US dollar and the euro, as well as against some of our trading currencies in our business in Africa.

Free cash flow of £1,355m increased significantly on last year, an increase of £1,086m.

Segmental summary

The segmental analysis by division is set out in the operating reviews. The segmental analysis by geography is set out in note 1 in the notes to the financial statements.

	Revenue			Adjusted operating profit		
At actual rates	**2024 £m**	2023 £m	Change %	**2024 £m**	2023 £m	Change %
Retail	**9,448**	9,008	+4.9	**1,108**	735	+50.7
Grocery	**4,242**	4,198	+1.0	**511**	448	+14.1
Ingredients	**2,134**	2,157	-1.1	**233**	214	+8.9
Sugar	**2,529**	2,474	+2.2	**199**	179	+11.2
Agriculture	**1,650**	1,840	-10.3	**41**	41	–
Central	**–**	–	–	**(100)**	(94)	-6.4
	20,003	19,677	+1.7	**1,992**	1,523	+30.8
Business disposed						
Sugar	**70**	73		**6**	(10)	
	20,073	19,750	+1.6	**1,998**	1,513	+32.1

Adjusted earnings per share

	2024 £m	2023 £m	Change %
Adjusted operating profit	**1,998**	1,513	+32.1
Finance income	**71**	48	
Finance expense	**(33)**	(37)	
Lease interest expense	**(102)**	(91)	
Other financial income	**23**	40	
Adjusted profit before taxation	**1,957**	1,473	+32.9
Taxation on adjusted profit	**(453)**	(346)	
Adjusted profit after tax	**1,504**	1,127	+33.5
Adjusted earnings attributable to equity shareholders	**1,479**	1,103	+34.1
Adjusted earnings per share (in pence)	**196.9 p**	141.8 p	+38.9

Interest and other financial income

Finance income increased in the year as a result of higher rates of interest earned on our cash and investments. Finance expense reduced as a result of the repayment of our final $100m Private Placement notes in early April while lease interest expense increased driven in part by our continued store expansion programme in Retail. Other financial income was lower primarily due to foreign exchange losses caused by the devaluation of certain African currencies on non-local currency liabilities.

As a result of the above, on an adjusted basis, profit before tax was up 32.9%, to £1,957m.

Taxation

This year's tax charge on the adjusted profit before tax was £453m, with a reduction in the adjusted effective tax rate to 23.1% from 23.5% last year. The adjusted effective tax rate included the full year impact of the increase in UK corporation tax from 19% to 25% from April 2023 but this was more than offset by the changes to the mix in profits by jurisdiction.

Our current expectation is for the Group's effective tax rate in 2025 to be broadly in line with 2024. This assumes that the limited upward pressure on the rate arising from the introduction of Pillar 2 will be offset by several smaller movements.

Adjusted earnings per share increased by 38.9% to a record 196.9p per share. This increase reflects the higher adjusted profit as well as as a benefit from the reduction in the weighted average number of shares, from 778 million for 2023 to 751 million for 2024, as a result of share buyback programmes executed in the year.

Basic earnings per share

	2024 £m	2023 £m	Change %
Adjusted profit before tax	**1,957**	1,473	+32.9
Acquired inventory fair value adjustments	**(2)**	(3)	
Amortisation of non-intangibles	**(40)**	(41)	
Exceptional items	**(35)**	(109)	
Profits less losses on sale and closure of businesses	**26**	(3)	
Profits less losses on disposal of non-current assets	**16**	28	
Transaction costs	**(5)**	(5)	
Profit before tax	**1,917**	1,340	+43.1
Taxation	**(437)**	(272)	
Profit after tax	**1,480**	1,068	+38.6
Earnings attributable to equity shareholders	**1,455**	1,044	+39.4
Basic earnings per share (in pence)	**193.7 p**	134.2 p	+44.3

Exceptional items

	2024 £m	2023 £m
Grocery - impairment	**–**	41
Sugar - impairments	**24**	50
Retail - impairments, right-sizing and fair value write-downs	**11**	18
	35	109

The income statement this year included a non-cash exceptional impairment charge of £35m.

In the Sugar segment, Vivergo recognised a £18m impairment write-down against assets driven by the volatility of bio-ethanol prices impacting trading margins. Due to the severe flooding in Mozambique last year, the related damage to the sugar crop fields and the inability to plant for the foreseeable future, our sugar business in Mozambique recognised a further £6m impairment write-down against assets.

In the Retail segment, the Group recognised £11m of exceptional impairment charges relating to the German stores impaired in 2022, after additional right-of-use assets were recognised due to rent indexation adjustments in the current financial year.

The prior year exceptional impairment charge of £109m comprised non-cash write-downs of assets specifically £41m for the Don businesses in the Grocery segment, £50m for the Sugar segment including £15m for China North Sugar and £35m for Mozambique and £18m for the Retail segment relating to rent indexation in the German Primark store portfolio.

Profit less losses on sale and closure of businesses of £26m predominantly includes the profit on our sale of our China North Sugar business. Profit less losses on disposal of non-current assets of £16m includes profit on sale of our non-operating investment property portfolio in our Central division for properties in the UK and Australia. The prior year profit of £28m also relates to the sale of other non-operating investment properties in Central mostly in Australia and also included a large property sale in the UK for our Grocery Segment.

Profit before tax of £1,917m was 43.1% ahead of last year, benefitting from the lower level of exceptional items in 2024.

Total tax charge for the year of £437m benefitted from a credit of £16m (2023 – £74m) for tax relief on the amortisation of non-operating intangible assets, the amortisation of acquired inventory fair value adjustments, the profits on disposal of non-current assets, the profits on disposal of businesses and on the exceptional items.

Earnings attributable to equity shareholders were £1,455m and basic earnings per share were 193.7p, 44% ahead of last year, also benefitting from the lower level of shares.

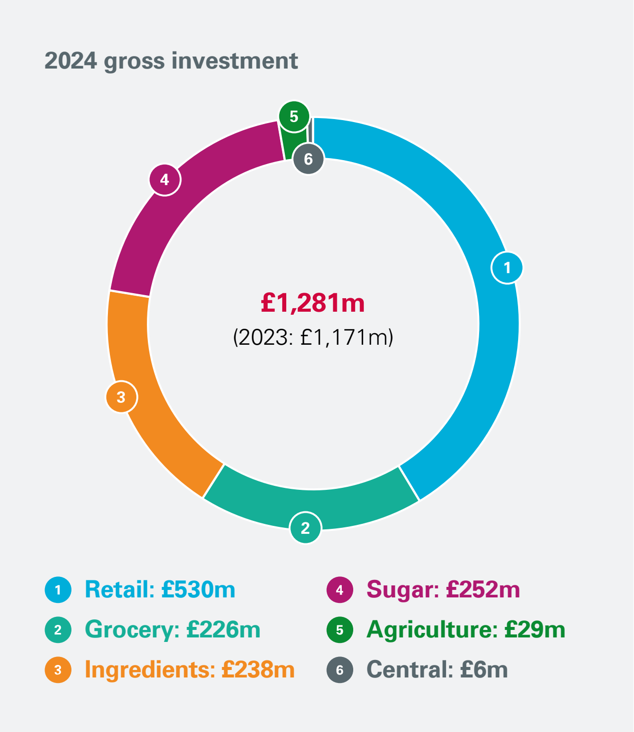
Cash flow

	2024 £m	2023 £m
Adjusted EBITDA	**2,910**	2,361
Repayment of lease liabilities net of incentives received	**(308)**	(246)
Working capital	**305**	(216)
Capital expenditure	**(1,184)**	(1,073)
Purchase of subsidiaries, joint ventures and associates	**(93)**	(94)
Sale of subsidiaries, joint ventures and associates	**24**	4
Net interest paid	**(69)**	(74)
Taxation	**(340)**	(341)
Share of adjusted profit after tax from joint ventures and associates	**(120)**	(127)
Dividends received from joint ventures and associates	**105**	107
Other	**125**	(32)
Free cash flow	**1,355**	269
Share buyback	**(562)**	(448)
Dividends	**(502)**	(345)
Movement in loans and current asset investments	**(318)**	(10)
Cash flow	**(27)**	(534)

There was a record free cash inflow in the year totalling £1,355m as a result of a combination of record operating profit generated by the Group, and the normalisation of working capital.

Working capital inflows during the current financial year were driven by a number of factors including the normalisation of inventory at Primark as expected, stock reductions in most of our food businesses, reducing inflation overall and various other working capital initiatives.

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



The spend on acquisitions this financial year was £93m. The most significant of these were the acquisition of The Artisanal Group ('TAG') in Australia in our Grocery segment, acquisitions in our Ingredients segment of Mapo, Romix and Omega Yeast and the acquisition of our remaining holding of the Roal business in which we previously had a 50% stake.

We disposed of our China North Sugar business.

Cash tax was broadly similar to last year, notwithstanding the significant increase in profit, because of the reallocation of historic overpayments arising from favourable settlements of historical enquiries and returns. We expect this impact to continue in 2025 and overall are expecting a slightly reduced level of cash tax due to the anticipated receipt of the state aid refund.

In Other cash flow, we have seen the benefit of the UK pension fund abatement of £64m (£38m for the defined contribution scheme and £26m for the defined benefit scheme) and an increase in non-cash provisions predominantly as a result of the onerous contract provisions recognised in our Sugar segment.

Below free cash flow, there was cash outflow of £562m from our share buyback programmes, £56m related to the first £500m share buyback early in the financial year, the completion of the second £500m share buyback programme. We also paid £502m for total dividends in this financial year, which reflects the 2023 final and special dividend and interim 2024 dividend. Cash deposits placed with a greater than 90-day term resulted in an increase in current asset investments in the year.

Financing and liquidity

	2024 £m	2023 £m
Short-term loans	**(71)**	(99)
Long-term loans	**(454)**	(394)
Lease liabilities	**(3,065)**	(3,160)
Total debt	**(3,590)**	(3,653)
Cash, cash equivalents and overdrafts	**1,235**	1,388
Current asset investments	**334**	–
Total net debt	**(2,021)**	(2,265)
Leverage ratio	**0.7x**	1.0x

Total short and long term loans of £525m at the year end increased by £32m compared to £493m last year, with our final $100m (£81m) Private Placement notes being repaid in April 2024. This was offset by increased borrowing in our Sugar businesses in Africa, to primarily fund expansion in Tanzania.

Cash, cash equivalents and current asset investments of £1,569m increased by £181m compared to last year, reflecting our positive cash flow. £334m of this is classified as current asset investments, with cash deposits with maturities between three and six months placed to diversify our cash investments and lock in favourable interest rates. Net cash before lease liabilities of £1,044m increased by £149m year-on-year.

Total Liquidity of £2.9bn was £0.2bn higher than last year. Total Liquidity comprises cash, cash equivalents and current asset investments of £1.7bn less non-qualifying borrowings of £0.2bn and inaccessible cash of £0.1bn, plus the £1.5bn committed revolving credit facility ('RCF'), which is free of financial performance covenants. The RCF was extended in the year, taking the final maturity to June 2029.

Lease liabilities reduced by £95m year-on-year as a result of the capital repayment element of the leases and favourable exchange rate movements more than offsetting the impact of new space and lease renewals.

Total net debt reduced by £244m in 2024 to £2,021m at the year end. A combination of higher Adjusted EBITDA and lower Total net debt resulted in a lower Leverage ratio of 0.7x at the year end, compared to 1.0x in 2023.

Pensions

The Group's defined benefit pension schemes aggregate surplus increased by 4% to £1,432m at year end compared to last year's £1,377m. The UK scheme, which accounts for around 90% of the Group's gross pension assets was in surplus by £1,454m (2023 – £1,397m. The most recent triennial actuarial valuation of the UK scheme was carried out as of 5 April 2023. This last valuation showed a funding surplus of £1,013m . Details of the assumptions made in the current and previous year are disclosed in note 13 of the financial statements together with the bases on which those assumptions have been made.

The charge for the year for the Group's defined contribution schemes amounted to £103m (2023 – £95m). This compared with the cash contribution to the defined benefit schemes of £9m (2023 – £36m), the decrease driven by the benefit of the abatement on the UK pension fund.

As agreed with the trustees last year and reconfirmed this year, as a result of this significant increase in the surplus in the UK scheme, the Group will continue to receive a cash flow benefit per year from the abatement of UK employer pension contributions on both the defined benefit and defined contribution schemes, the latter approximately £35m.

Dividend and shareholder returns

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

In November 2023 we announced our second share buyback programme of £500m, which was completed in August 2024.

At the end of the financial year we had 744 million ordinary shares in issue. The weighted average number of shares for the year was 751 million, which compared to 778 million for the prior financial year. This year's share buyback has had a positive impact on our reported adjusted earnings per share of 6.7p, calculated on a simplified basis.

At the end of the financial year 2024, our financial leverage ratio was 0.7x In September 2024, we extended the buyback programme by £100m. This has now been completed. The Group continues to prioritise investment in its businesses. Nevertheless, given the outlook for the Group, the strength of the balance sheet and the underlying cash generation of the business, the Board has decided to continue to return additional capital to shareholders. Therefore, the Group will continue with a buyback programme, targeting an additional amount of £500m over the next 12 months.

In addition, the Group is declaring a special dividend of 27.0p per share. The Board is proposing a final dividend of 42.3p per share, which together with the special dividend will be paid on 10 January 2025 to shareholders on the register on 13 December 2024. Taken with the interim dividend of 20.7p per share, the total dividend equates to 90.0p per share, an increase of 50% on the total dividend of 60.0p in the financial year 2023.

Eoin Tonge
Finance Director

Engaging with our stakeholders

Stakeholder engagement

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

As illustrated in our operating model on pages 8 to 11, the role of the Group, the corporate centre, and therefore of the Board, is to provide a framework for the sharing of ideas and best practice. There is constant dialogue with the people who run our businesses, giving our corporate leaders a comprehensive overview of their material opportunities and risks, enabling collaboration. We consider this to be an important factor in the success of the Group.

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

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

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

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

Employees

We employ approximately 138,000 people. Our people are central to our success.

Key matters

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

How the businesses engage with this stakeholder group

- Day-to-day engagement
- Email
- Town halls
- Surveys
- Health and safety programmes
- Training
- Notice boards
- Newsletters
- Intranet

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

- Richard Reid, as designated Non-Executive Director for engagement with the workforce, meets with employees from a selection of businesses to seek to ensure that the 'voice' of each workforce in the Group is heard at Board level.
- The Board receives two specific updates each year from Richard Reid and the Chief People and Performance Officer in respect of progress on workforce engagement and resulting actions.
- Each business division also specifically reports to the Board on workforce engagement within that division.
- The Chief Executive and Finance Director continue to engage with employees both at the corporate centre and at the regional businesses through town halls in the businesses covering business updates and ESG topics.
- The Group Safety and Environment Manager provides the Board with updates on safety trends and progress against key performance indicators, supplemented by updates from the divisions.

See the letter from Richard Reid on pages 95 and 96, which includes details of some of the outcomes from workforce engagement. See also the 'Our people' section on pages 58 to 60.

Suppliers

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

Key matters

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

How the businesses engage with this stakeholder group

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

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

- Senior management of each business division (often with the assistance of specialists from within that division) regularly report to the Board on key relationships and projects with suppliers either as part of their business updates to the Board or through reports to the Chief Executive and Finance Director.
- The Board reviews each business segment every year, including a review of ESG matters in the supply chains.

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

- human rights and environmental due diligence in respect of our supply chains;
- disruption to ocean freight in the Red Sea and its impact on supply chains; and
- the expansion of the Kilombero sugar plant in Tanzania and the impact on growers.

See further details on pages 19 and 61 in respect of our human rights and environmental due diligence, page 80 in respect of working with suppliers to manage supply chain risks and page 38 in respect of the expansion of the Kilombero plant.

Customers/Consumers

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

Key matters

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

How the businesses engage with this stakeholder group

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

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

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

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

- increased marketing investment in Twinings and Ovaltine;
- Primark's Digital Strategy, including expansion of the Click & Collect offering; and
- the Agriculture division's strategy of connecting data and technology in new ways to help customers improve performance.

See further details on page 20 about Primark's roll-out of Click & Collect, on page 26 about Twinings investing in marketing to grow our international brands and on page 42 about AB Vista investing in innovation to support customers in improving livestock wellbeing.

Communities and the environment

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

Key matters

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

How the businesses engage with this stakeholder group

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

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

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

See pages 61 to 65 in the Responsibility section of this Annual Report. See also pages 37 and 38 for examples of projects which also benefit surrounding communities.

Shareholders and institutional investors

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

Key matters

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

How the businesses engage with this stakeholder group

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

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

- Regulatory News Service (RNS) announcements keep investors updated on business and financial performance and other matters.
- The Chief Executive and/or Finance Director meet with investors throughout the year. The Head of Investor Relations also meets prospective and current investors, as well as analysts who write reports on the Company.
- Each year, the Chairman meets with the Company's largest institutional shareholders to discuss their views, issues or concerns.
- The annual general meeting provides an opportunity for retail shareholders to ask the Board questions.
- The Board also responds either directly or via its in-house company secretarial team to shareholder queries raised throughout the course of the year.
- At each Board meeting, the directors are briefed on meetings that have taken place with institutional shareholders and on feedback received.
- The Remuneration Committee Chair meets with investors and analysts to answer queries and respond to feedback around remuneration issues.
- All shareholders are treated equally and a Relationship Agreement is in place with the Company's controlling shareholders (see page 128 and 129).

See further details on page 93, which includes details on this year's annual general meeting.

Governments

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

Key matters

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

How the businesses engage with this stakeholder group

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

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

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

Principal decisions

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

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

Capital structure and shareholder returns

Which stakeholders most affected?
Shareholders/Institutional investors

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

Following completion of the first £500m share buyback announced in November 2022, the Board decided to launch a further £500m share buyback in November 2023. The Board also declared a special dividend, in addition to proposing a final dividend, both payable in January 2024.

In making these decisions, the Board considered the Company's capital allocation policy, which is for the Group's financial leverage (expressed as the ratio of net debt including lease liabilities to adjusted EBITDA) to be well under 1.5 times. As the financial leverage was just under 1.0 times, this indicated a surplus capital position, giving the Board the discretion to return surplus capital to shareholders both by way of a special dividend and a share buyback programme. In exercising that discretion, the Board took into account the outlook for the Group, the strength of the balance sheet and the underlying cash generation of the business. The Board considered that these shareholder returns still allowed the Group the ability to continue to prioritise investment in its businesses. The Board also considered that share buybacks should only be used if they created enhanced value for continuing shareholders.

Following payment of an interim dividend in July 2024, and following completion of the further £500m buyback in August 2024, in September 2024 the Board approved an additional £100m extension to the share buyback.

In deciding to buy back shares, as well as taking into account the Company's capital allocation policy, the Board also took into account ongoing views of various investors (including views expressed in meetings with the Chairman, the Chief Executive and/or Finance Director) and advice from the Company's advisers and brokers that further share buybacks would be an appropriate way to return capital to shareholders.

Investments in digital and data capabilities, technology and brand marketing at Primark

Which stakeholders most affected?
Customers/Consumers
Employees

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

Following the continued investment in digital capability and expansion of Click & Collect services referred to in last year's Annual Report, the Board approved increased investment in Primark's product, digital and brand initiatives.

During the financial year, the Board spent two days with Primark in Madrid and received presentations from senior management of Primark covering a range of matters including updates on Primark's digital strategy and investments in technology, as well as on investments in brand marketing and the ongoing store expansion and store refits.

The Board was updated on the Click & Collect trial in the UK, which demonstrated that the service satisfied unfulfilled demand from both new and existing customers by offering an extended choice beyond the local store offering. The digital initiatives have resulted in increased engagement with customers and the stock-checker facility, combined with other improvements to the websites, were considered to have provided meaningful support to sales. There is continued investment in search engine optimisation, customer relationship management and paid marketing.

Other technology investments discussed and approved by the Board include the continued roll-out of self-checkouts in Primark stores, which we believe will both improve customer experience and reduce costs.

Customers at the self-checkouts in Primark's expanded store in Westfield Stratford, UK. Credit: ITAB.

Approval of various capital projects in our food and ingredients businesses

Which stakeholders most affected?
Customers/Consumers
Communities/Environment
Employees
Shareholders/Institutional investors

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

Throughout the financial year, the Board approved further significant capital expenditure (or increases to existing approved capital expenditure) in our food and ingredients businesses. This included:

- expansion of the AB World Foods production facility at Nowa Sol in Poland to accommodate growing demand;
- proposed investment in a replacement flour mill for George Weston Foods in Ballarat, Victoria; and
- investment in our new yeast plant in Northern India where we consider there to be considerable demand for bakery yeast.

The Board received regular updates on all major capital expenditure projects including decarbonisation projects at British Sugar. These updates also included the key technology projects in the Group.

The decisions to approve projects and initiatives took into account the environmental benefits of improving the carbon efficiency of the businesses. The decisions also factored in our investors' interest in us making the best use of the Company's capital.

A new evaporator installed at British Sugar's factory in Wissington as part of a project to reduce site emissions

Acquisition of various food businesses to build capability and create new growth opportunities

Which stakeholders most affected?
Shareholders/Institutional investors
Customers/Consumers
Employees

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

During the course of the financial year, the Board considered and/or approved a number of acquisitions by divisions within the Group. This included:

- The Artisanal Group in Australia, strengthening the Group's grocery portfolio in Australia by adding a leading manufacturer and wholesaler of high-quality baked goods, primarily serving cafes, restaurants and hotels;
- Omega Yeast Labs, a leading provider of liquid yeast to the craft brewing industry in the United States, complementing AB Mauri's existing portfolio of speciality yeast products;
- Mapo in Italy, supporting AB Mauri's growth in premium frozen baked goods and underpinning the growth potential for our Scrocchiarella dough products; and
- Romix in the UK, bringing new manufacturing capabilities to AB Mauri in respect of products requiring allergen control, including egg-free and gluten-free.

Each of these acquisitions, as well as providing growth opportunities for the Group, was considered to give the capability to offer a broader range of products to our existing customers and potentially access a broader range of customers for our existing businesses. Consideration was also given to the impact of the acquisitions on employees in the respective businesses.

The Board was also updated on disposals during the financial year, including our China North Sugar business and our Africa Sugar business's investment in Gledhow.

The Omega Yeast Labs production facility in Chicago, United States

ESG at ABF

I believe that at ABF we have a clear sense of our social purpose. We work hard every day to provide safe, nutritious and affordable food and good quality, affordable clothing. In fact this sense of purpose underpins not just what we do, but how we do it too. It is engrained in how the Group is run, in how we invest and innovate, and in how we judge success. This core conviction runs through our devolved operating model and binds us together in how we operate across 56 countries and multiple markets.

It will come as no surprise therefore when I say that we have been acting on ESG opportunities and issues for years, well before it became a mainstream priority for the Group as a whole. Our focus on steady, long-term, compounding growth is a natural bedfellow for ESG delivery. Consistent investment and focus and commitment are all required to deliver results in both the world of sustainability, and the commercial and financial world.

Having a strong sense of purpose is of course not enough. We also have to be effective in where and how we invest for change. That means making choices, given we operate through many businesses in many markets. We use materiality as the yardstick for assessing potential projects. By material, we mean material both for the Group and its future, and for the impact the Group has on the world. This assessment leads us to choose very substantial projects when allocating significant capital to drive change and make a real difference.

This year our Group priorities were the continued decarbonisation of British Sugar, human rights in Primark's supply chain, water and effluent at AB Mauri, dealing with social factors in our sugar businesses in Africa, and building a greater understanding of the very complex issue of Scope 3 emissions across the Group as a whole.

These priorities are illustrative of how we are engaged in some of society's most complex issues and decisions. There are trade-offs everywhere, many of them preoccupying governments, regulators and civic society too. It can make no sense for example to offshore domestic production simply to hit domestic carbon emission targets. Nor is it sensible to offshore agriculture if so doing has a net adverse impact on the global environment or on animal welfare. Similarly, food security is increasingly important to populations everywhere and sustainable food production has to be correspondingly every bit as important as sustainable land use. Amid these complexities we will continue to make our decisions as best we can in the context of global considerations and remain committed to doing the right thing for the long-term.

Meeting our obligations may not be easy, but our operating model confers real advantage: as a devolved group, we empower the managers of the businesses to select and deliver many of the projects that deliver on the Group's priorities. These projects are embedded in the Group review processes for good governance and deliver good commercial and financial returns as well as the social or environmental returns.

One area of progress this year has been improvement in our internal reporting. It is important however that reporting is not the sole focus. Delivering outcomes is the real focus, so ensuring teams are freed up to deliver is critical. This is why we have clearly linked financial and non-financial reporting throughout the Group to drive effectiveness.

This interlocking of the financial with the environmental and social makes it a logical step for us to move to combined reporting of these previously separate worlds. This year marks the first combined report for the Group. In this part of our Annual Report and Accounts to shareholders, we set out our material ESG initiatives. We have also developed the Group website to include an expanded Responsibility section where we provide more detail on our initiatives. The website's Responsibility section also provides more functionality for easier access to information and data for download.

I hope you find our reporting here and on the website both useful and helpful in getting a sense of the scale of the work we are undertaking across the Group.

George Weston
Chief Executive
Associated British Foods plc

Non-financial and sustainability reporting requirements

The Group data included in this Report on our environmental and safety KPIs covers the period 1 August 2023 to 31 July 2024.

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

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

Information on our business model (pages 8 to 11)
Information on our people (pages 58 to 60)
Information on DEI (page 59)
Information on our Anti-Bribery and Corruption Policy (page 61)
Information on our Speak Up Policy (page 61)
Information on our approach to human rights (page 61)
Information on supporting communities (page 61)
Information on our environmental management (pages 62 to 65)
Information on our climate-related financial disclosures (pages 66 to 77)
Information on our principal risks and uncertainties, including how we manage and mitigate those risks (pages 78 to 86)

For the current and prior reporting years, safety and environment data is from companies over which the Group has financial control. Control is determined with reference to the financial control tests. Control exists where the Group has the power to unilaterally, directly or indirectly, direct the activities of an entity as to affect significantly the returns of the entity. This represents a change over previous years reporting and the comparative numbers have been restated accordingly.

We engaged Ernst & Young (EY) to provide independent limited assurance over the 27 ESG KPIs. These are marked with the symbol Δ in these pages 54 to 65 and on page 13. Of these assured metrics, a number are associated to climate-related risks and opportunities. The EY assurance statement can be found on page 140.

Further information on these can also be found on our website at www.abf.co.uk/responsibility. Our website provides additional information and data relating to the commitments, approach, performance and impact of ABF and our businesses. Our website also includes previous Responsibility Reports, our Modern Slavery Statement and our climate, water and forests reports submitted to Carbon Disclosure Project (CDP).

Our Group ESG governance

All our businesses operate within a clear governance framework defined by the Group. Our devolved business model gives businesses autonomy to manage their own ESG impacts, risks and opportunities within this framework. We adapt our governance process as required to cover all relevant ESG issues, including climate change.

The ABF Board (the Board) has oversight and overall responsibility for ESG across the Group, including climate-related matters. The Board holds our businesses accountable for their management of ESG impacts, risks and opportunities, which includes an annual review of material ESG matters. The Chief Executive and Finance Director have responsibility for assessing and managing material ESG matters across the Group, including in relation to climate change, and reporting this to the Board.

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

- our Director of Legal Services and Company Secretary, who reports to the Chief Executive, has responsibility for Group ESG issues and acts as the focal point for communications to the Board and shareholders on ESG matters;
- our Chief People and Performance Officer ('CPPO') who reports to the Chief Executive and has responsibility for all employee matters, including safety, mental health, financial wellbeing, employee development, workforce engagement and diversity, equity and inclusion (DEI), the co-ordination of environmental programmes across our own operations, how we ensure security for our people and assets as well as initiatives within central procurement in our supply chains;
- our Group Corporate Responsibility Director who leads the Group's Corporate Responsibility Hub team; and
- our Group Financial Controller who leads the Finance Transformation Team, which is responsible for all social and environmental data reporting and consolidation at Group level.

The Corporate Responsibility Hub (CR Hub) is a central resource available to all our businesses, which provides guidance and support on environmental and social issues. It facilitates a network that brings together professionals across the Group working in these areas so that expertise, experience and best practice can be shared.

From this year, the Finance Transformation team which is part of the Group Finance team also oversees all non-financial data reporting, collaborating closely with the CR Hub to ensure timely and accurate reporting. It coordinates with other finance teams within the businesses across the Group to ensure robust and consistent data collection aligned with assurance requirements. Additionally, dedicated teams covering specific areas such as DEI, health, safety, environment and procurement, ensure the businesses have a comprehensive level of support across ESG matters.

The Board receives regular updates each year on material ESG matters, including climate-related matters. This year these included updates on the following:

- strategic decisions taken by the businesses in addressing climate change and wider ESG issues;
- health and safety performance of our operations;
- environmental performance of our operations;
- employee development, workforce engagement and DEI;
- TCFD requirements;
- our businesses' continued approach and development of transition plans;

- UK mandatory climate disclosures and which entities are in scope; and
- the EU Corporate Sustainability Reporting Directive (CSRD).

In addition to these regular updates, in October 2023, two Non-Executive Directors, Dame Heather Rabbatts and Annie Murphy, spent time with our Group Corporate Responsibility Director visiting the Primark Cotton Project in India to see the social and environmental impacts of the programme.

Since 2022, we have included strategic ESG KPIs in our short-term incentive plan (STIP) for executive directors. We report to the Remuneration Committee on progress against these KPIs three times each year. The measures that applied this year, and how we assessed progress against them, are disclosed in the Directors' Remuneration Report on page 115.

This year, we have further strengthened our governance of ESG matters by creating an ESG Policy and Reporting Group. This Group meets regularly and is responsible for overseeing the ESG reporting strategy, for allocating resource, prioritising activities, and reviewing Group ESG reporting or policy as needed. This Group is supported by subject matter experts (SMEs) across the Group as required.

Responsibility within our businesses

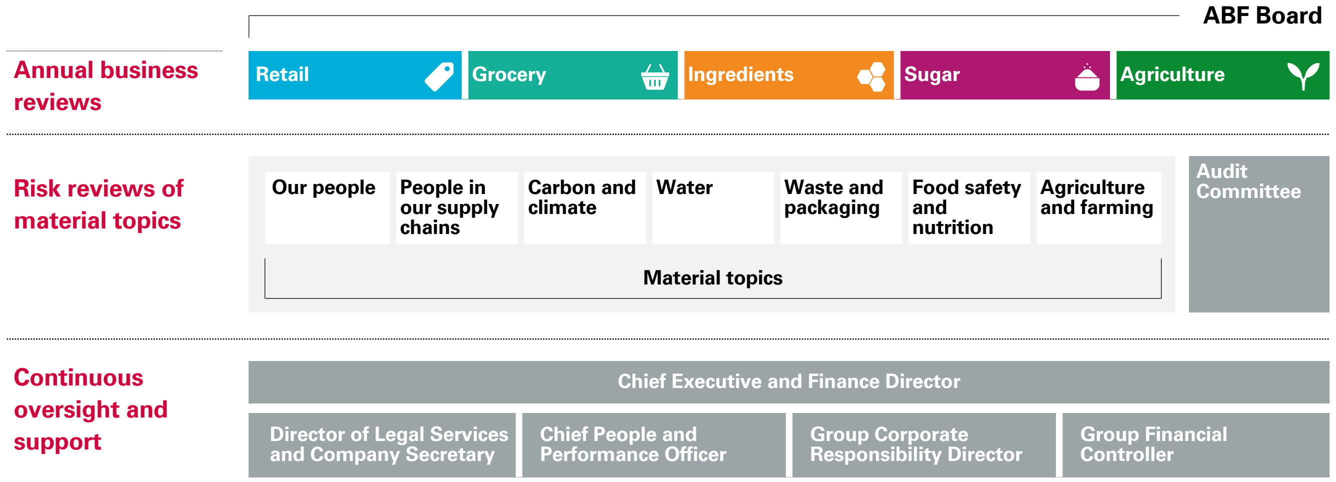
Under ABF's devolved structure, each of our businesses is required to understand its material ESG impacts, risks and opportunities, and is given the independence to put in place the necessary measures and policies that it believes will effectively manage such matters.

In addition to individual business leaders, divisional chief executives are accountable for their businesses taking the appropriate action in relation to ESG risks, opportunities and impacts, including assessing, managing and mitigating the impact of climate change on their businesses.

Across most of our divisions, ESG measures are part of the personal objectives of the divisional chief executives, with appropriate KPIs to reflect the nature of their business. In addition, since the start of this financial year, all Primark directors have ESG measures for a significant part of their short-term incentive performance targets.

Divisional management presents quarterly to the Chief Executive and Finance Director on business performance including relevant material ESG issues and where appropriate on significant climate-related matters. They also have other regular touch points with the Chief Executive where these matters are also discussed as needed. Additionally, the operating businesses periodically present significant ESG matters to the Board.

Our governance framework chart



Our Group-level policies

We maintain and keep under review a series of Group-level policies and position statements. Ranging from Health, Safety and Wellbeing, Environmental, Animal Health and Welfare, and Board Diversity (which also applies to the Group approach to DEI) to our Supplier Code of Conduct, our policies and position statements articulate the Group's requirements and set expectations for the actions of our businesses, employees, suppliers and partners.

It is the responsibility of the chief executive of each business to ensure that the business is compliant with both relevant legislation and Group policies.

Our Group policies, position statements and Supplier Code of Conduct can be accessed online www.abf.co.uk/responsibility

Materiality

In line with our devolved business model, assessing and prioritising material environmental and social impacts, risks and opportunities starts with our businesses. This process builds on their business-level assessments of overall risk and opportunities, including ESG matters.

At Group-level, we aggregate the material ESG topics and risks identified by our businesses and incorporate a Group perspective. This includes considering topics discussed through stakeholder engagement, including with investors.

Group priorities

We are clear on our Group priorities, these are:

- human and labour rights in Primark's supply chain;
- decarbonisation at British Sugar;
- water treatment at AB Mauri;
- employee accommodation and living standards at our sugar businesses in Africa; and
- understanding our wider Scope 3 GHG emissions across our businesses.

We will continue to focus on these Group priorities next year with the additional priority area of human and labour rights in the Twinings and Ovaltine supply chains. The investment and programme of work relating to water treatment and effluent at AB Mauri is almost complete and therefore will be removed as a Group priority in due course. We expect our individual businesses to set their own additional priorities as they see fit.

There will always be a need for the Group to be responsive to new and emerging priorities that may occur at any time. We will seek to ensure that we are able to respond when there is something we need to do.

In addition, the topics presented in the table below have been identified as material for the Group. Most are material for some or all businesses, however the degree to which each topic is material for each business varies.

As part of our ongoing review of our material thematic topics at Group level, we will update the consolidation of topics as necessary. Our current grouping of material topics is detailed below:

- our people;
- people in our supply chains and surrounding communities;
- carbon and climate;
- water;
- waste and packaging;
- food safety and nutrition; and
- agriculture and farming practices.

Double materiality and CSRD

With divisions operating across the EU, one of our areas of focus this year has been preparing for the upcoming disclosure requirements under CSRD. In 2025/26 some of our European entities will be required to report under CSRD.

At Group level, we are working to support those businesses in scope to ensure they are prepared for the requirements of CSRD. Over the past year we have held briefings and training sessions to outline the requirements, with a specific focus on the double materiality assessment, which will inform the disclosure requirements for each reporting entity.

At Group level, as part of this focus, we have worked closely with internal and external stakeholders to create guidance to assist the businesses as they undertake their double materiality assessments.

This is aligned with the guidance of EFRAG[1] and aims to ensure that the businesses are equipped to conduct their assessments in compliance with the required standard and that the analysis is conducted consistently, in preparation for our groupwide reporting, which will be required in 2028/29.

Group-level material topics	Impacts on the business segments					Impacts in the value chain		
	Retail	Grocery	Ingredients	Sugar	Agriculture	Supply chains	Operations	Products
Our people								
Health, safety and wellbeing	●	●	●	●	●	○	●	○
Diversity, equity and inclusion	●	●	●	●	●	○	●	○
Engagement and development	●	●	●	●	●	○	●	○
People in our supply chains and surrounding communities								
Human and labour rights in our supply chains	●	●	●	●	●	●	○	○
Supporting communities	○	○	●	●	○	●	●	○
Carbon and climate								
GHG emissions	●	●	●	●	●	●	●	●
Energy and renewables	●	●	●	●	●	●	●	○
Water								
Water use	●	●	●	●	○	●	●	○
Water treatment	●	○	●	●	○	●	●	○
Waste and packaging								
Waste and circularity	●	●	●	●	●	●	●	●
Plastic and packaging	●	●	○	●	●	●	●	●
Food safety and nutrition								
Food safety	○	●	●	●	●	○	●	●
Nutrition and health	○	●	●	●	●	○	○	●
Agriculture and farming practices								
Responsible agriculture	●	●	○	●	●	●	●	○
Biodiversity and land use	●	●	●	●	●	●	●	○
Animal health and welfare	●	●	○	○	●	●	●	●

These topics span our five business segments and influence various stages of our value chain

Our business segments: Retail, Grocery, Ingredients, Sugar, Agriculture

Our value chain: Supply chains, Operations, Products

For more detailed information relating to our activities during 2024, visit our website.

Learn more online at www.abf.co.uk

1. European Financial Reporting Advisory Group.

Our people

We employ more than 138,000 △ people and have operations in 56 countries across the United Kingdom, Europe, Africa, the Americas and Asia Pacific. The people across our businesses are united by our purpose, culture and passion for delivering for our customers. We empower them to innovate and support them to grow and develop.

Health, safety and wellbeing

Our businesses strive to safeguard our people when they are working or travelling for business, including contractors and visitors to our sites. We have cultures, processes and programmes to ensure their safety and wellbeing at all times.

Loss of life in our operations is unacceptable and we expect all colleagues to return home after work as well as when they arrived. As such, we are deeply saddened to report one△ employee and five△ contractor fatalities this year. An employee died from drowning in a water canal in Malawi. A contractor was fatally injured during an off-site weather-related traffic accident in Brazil. In Tanzania, a contractor driver was fatally injured by a moving vehicle. In Zambia, a contractor was electrocuted during electric works and in South Africa, a contractor was fatally injured during tree felling. In Malawi, a security contractor died as a result of responding to criminal activity.

Following these tragic events, our priority was to ensure the families and colleagues of those who died were supported. Thorough root cause investigations were conducted by the businesses, and the learnings shared with all our operations. Remedial actions, including a review of our safety culture and training expectations with our contractors, have been implemented to minimise the likelihood of such events reoccurring.

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

In line with the Group Policy, our businesses focus their safety efforts in five key areas:

- providing strong and visible safety leadership from senior management;
- identifying and managing activities with the highest risk of fatal and serious injuries;
- supporting line managers accountable for workplace safety with safety specialists and training approaches;
- actively involving employees in their own health, safety and wellbeing; and
- reporting against both leading and lagging indicators and implementing continuous improvement programmes and activities, taking learnings from other businesses where relevant.

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

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

The on-site employee Lost Time Injury (LTI) rate has increased this year from 0.35% in 2023 to 0.38%△. The number of on-site employee LTIs has also increased by 13% from 347 to 392△. In Retail there has been an increase of its on-site employee LTI rate this year by 9% from 0.34% to 0.37%. However, the LTIs cover a broad range of situations and over 60% of the LTIs are less severe on average than last year.

The on-site contractor LTI rate this year has increased from 0.32% to 0.34%△ and the number of on-site contractor LTIs has increased by 20% from 74 to 89△. Our Retail and Sugar segments made up 81% of these LTIs .

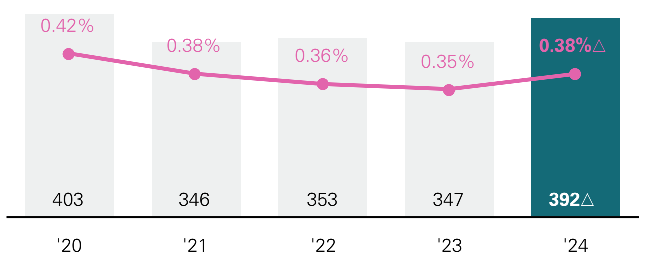
We are pleased to report that 67% of our factories and retail stores have operated for over a year without an on-site employee injury. This demonstrates that despite the risks involved in our activities, such as using powerful machinery or working in fast-paced environments, safety remains our top priority with processes and programmes in place to safeguard our people.

The Group's increase in LTI rate is disappointing; however we are clear on the details of the issues and action plans have been put in place to address them. See our website for further details.

The businesses continue to place even more focus on their safety culture, governance approach and processes to keep their people safe. The majority of businesses have increased or improved the number and quality of safety observations, with additional focus on line manager initiatives to increase their involvement and direct ownership. All businesses have improved their reporting of near misses and have placed increasing focus on reporting and investigating significant events linked to our critical risks.

Supporting our people's mental health and their sense of general wellbeing is evermore important. We continue to invest in support across the Group, including programmes designed to raise awareness and provide practical assistance across all areas of wellbeing, including financial. Our businesses provide wellbeing tools and resources across our operations. The website provides further detail on initiatives undertaken across all our businesses. We are pleased to be recognised by the CCLA Corporate Mental Health Benchmark UK 100 as tier 2 for the support we provide to our people in this area.

Lost Time Injuries and Lost Time Injury rate (%)



Group priority

Employee accommodation and living standards at our sugar businesses in Africa

Our sugar businesses in Africa have sugar estates that are situated in rural and remote areas, creating a need to provide accommodation for many employees and their families. Each operation has a comprehensive plan to continuously invest in its accommodation infrastructure.

In 2024, ABF Sugar began a review of the housing and living conditions across its sugar estates in Zambia, Malawi, Eswatini, South Africa, and Tanzania. The findings of the review have formed the basis for the new ABF Sugar Housing and Living Standards Programme. The programme aims to enhance decent and safe living conditions for employees living on the estates. Each country team has developed an updated set of minimum standards covering various aspects, including occupancy level, number of rooms per household and provision of amenities such as washing and cooking facilities.

The programme is divided into three streams of work:

- immediate actions to address outstanding maintenance and repairs which will be completed in 2024/25. In 2023/24, renovations to approximately 150 houses for employees and their families have been completed at the Nchalo estate in Malawi;
- ensuring all entry level estate houses meet updated minimum standards, with completion expected by 2029 across more than 4,000 houses; and
- investigating future housing options for employees aiming to support the evolving needs and expectations of the workforce.

Diversity, equity and inclusion (DEI)

We believe that engaging diverse talent is a competitive advantage and strengthens the Group's ability to deliver long-term success. Our businesses are dedicated to ensuring we attract and develop diverse talent and establishing meaningful connections with the varied communities we serve.

Our Board Diversity Policy details our approach for all our businesses in the Group and is often enhanced by local diversity policies, DEI teams and dedicated programmes. These initiatives aim to support every employee, including women, ethnic minorities, individuals with disabilities, and members of the LGBTQIA+ community, ensuring equitable access to employment, training, career development and promotion opportunities.

Our Group DEI Network brings together people from across our businesses to share knowledge, best practices and ideas, celebrating diversity in all its forms. We have almost 500 DEI advocates across the Group, and provide access to training and thought leadership from expert external partners across the full range of DEI topics to support them including allyship, handling difficult conversations, neurodiversity inclusion, disability inclusion, racial and ethnic diversity and anti-racism, female careers and leadership, gender identity and LGBTQIA+ inclusion.

We empower and equip our leaders and line managers with the skills needed to create inclusive cultures in their businesses and local settings. We also provide unconscious bias training, cultural awareness programmes, and a range of tools to support our businesses in promoting inclusivity.

For almost 15 years our 'Women in ABF' network, has helped women develop skills, business awareness and build connections that enhance their current performance and future careers prospects. Women across the Group have access to virtual events featuring both internal and external speakers as well as valuable networking opportunities.

We continue to prioritise attracting and developing a broader range of talent, maintaining our focus on gender and ethnicity imbalances through identifying and removing barriers that could discourage talent from being attracted to or joining ABF, or from advancing to leadership positions.

Overall the gender balance of the Group is fairly equal, with women making up 57%△ of our total global workforce, increased from 53% in 2019/20. Women also account for an increasing number of our senior management roles, currently at 39% across the Group.

Considering the most senior levels to be those reporting to the divisional chief executives and Group functional directors, our gender balance as reported to the FTSE Women Leaders has improved to 30% from 28% last year and 22% in 2019/20. It is pleasing to see the outcome from the focus we have given to addressing gender imbalances. We commit to a continued focus on ensuring women are represented in our most senior roles.

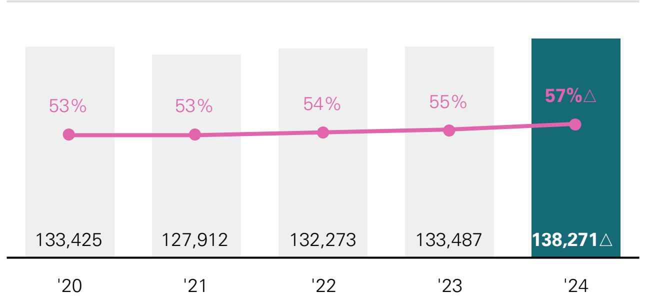
Our leadership teams are increasingly multicultural and ethnically diverse, with 30 nationalities in our leadership group reporting to the divisional chief executives, business managing directors and group functional directors. We are pleased with the progress that we are making on ethnic diversity in this most senior population. Globally, 14.5% of these roles are held by leaders from minority ethnic backgrounds based on UK definitions, up from 12.4% last year. In the UK, while those of minority ethnic backgrounds are under-represented in our most senior leadership positions, we are pleased to have increased their representation from just over 8% in 2023 to just over 9% this year. We commit to a continued focus on ensuring women and those from ethnic minorities are represented in our most senior roles.

We voluntarily report on our overall gender pay gap for employees in Great Britain (GB) on page 121. Each of our GB-based businesses with over 250 employees also reports on its own gender pay gap, with these reports published on their websites.

These reports share some inspirational business-level insights about the actions being taken to enable all employees to successfully grow their careers with us.

For more information on this topic see www.abf.co.uk/responsibility.

Number of employees, highlighting percentage of women in the workforce
(%)



Gender metrics

	Total employees[1]	Men in workforce	Women in workforce	Percentage of workforce who are women	Number of senior management roles[2]	Number of men in senior management roles	Number of women in senior management roles	Percentage of senior management who are women
Retail	82,123	18,646	63,477	77 %	268	143	125	47 %
Grocery	16,692	10,713	5,979	36 %	841	496	345	41 %
Ingredients	6,699	4,837	1,862	28 %	670	443	227	34 %
Sugar	28,679	22,748	5,931	21 %	246	166	80	33 %
Agriculture	3,446	2,208	1,238	36 %	455	259	196	43 %
Central	632	378	254	40 %	82	60	22	27 %
Total	**138,271 △**	**59,530**	**78,741**	**57 %△**	**2,562**	**1,567**	**995**	**39 %**

Board directors are not included in the table above. As at 14 September 2024 we had four women and five men on the Board, but this has increased to five women and five men on 1 October 2024. The Board is pleased that our composition continues to meet the recommendations of the Parker Review and the recommendations of the FTSE Women Leaders Review as well as the targets on gender and ethnic diversity in the UK Listing Rules.

1. Full-time, part-time and seasonal/contractors.
2. Includes directorships of subsidiary undertakings.
See our website for definitions.

Engagement and development

We believe the engagement and development of our people is directly linked to the performance and long-term sustainability of our businesses. A highly engaged workforce drives productivity, innovation, and operational excellence, while robust development programmes ensure we have the talent pipeline necessary to meet future challenges. By investing in our people, we foster a culture of continuous improvement, which translates into stronger financial outcomes, enhanced customer satisfaction, and a competitive edge.

We prioritise open communication within our businesses, offering multiple channels for employees to share their views and engage in two-way dialogue. Alongside direct conversations with managers and leaders, we use engagement surveys, discussion groups, and digital forums to foster feedback.

In his role as Independent Non-Executive Director for workforce engagement, Richard Reid provides assurance to the Board that our businesses have cultures of openness, that our people can share their views, and have their voices heard and acted upon. Read more about workforce engagement on pages 95 and 96.

We are dedicated to attracting and nurturing talent, creating space for professional and personal growth. Our businesses encourage their people to leverage their unique skills and diverse abilities through development opportunities, that equip our people with the skills to excel in their current roles and develop their careers within their business or across the Group.

Our businesses encourage employee involvement in their performance, with many offering incentives to employees based on the performance of the business where they work.

We have multiple development programmes across the Group. For details on these, please visit our website.

Speak Up

We are committed to always acting with integrity. We proudly promote and protect a culture of trust, fairness and accountability.

Our Speak Up Policy empowers our people to raise a grievance or tell us whenever they encounter 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 platform, managed by an independent provider.

We encourage all individuals working for the Group, in any of our businesses, in any country and in any capacity, to use 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.

In the year to 30 June 2024, 276 notifications were received, of which:

- 20% were resolved, with outcomes ranging from reviews of processes and support for individual employees to, where necessary, disciplinary procedures being followed;
- 52% were investigated as appropriate and required no action; and
- 28% remain under investigation.

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

Anti-Bribery and Corruption Policy

Our approach to governance is to respect not simply the letter, but also the spirit, of our Anti-Bribery and Corruption 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 policy is available online.

People in our supply chains and surrounding communities

Group approach to human and labour rights

Our businesses work with a diverse range of suppliers from large businesses to smallholder farmers. They recognise the importance of the United Nations Guiding Principles on Business and Human Rights (UNGPs) and their guidance on human rights due diligence processes.

Our Group Supplier Code of Conduct is an essential requirement of the responsible business conduct of our businesses.
This Code is based on the core conventions of the International Labour Organization (ILO) and on the Base Code of the Ethical Trading Initiative.

In their application of the Group Supplier Code of Conduct, our businesses continue to develop and improve human rights due diligence processes. Some of them are guided by the UNGPs, the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct, and the ILO Decent Work Agenda.

Our devolved business model enables each of our businesses to adopt tailored risk-based approaches based on their specific supply chains and the nature of their supplier relationships. Assessing where potential negative human rights impacts might exist, combined with supply chain mapping, helps some of our businesses to identify, monitor and where they can address actual issues, to seek remedies, or even anticipate and prevent issues before they arise, prioritising those that are most salient.

Group priority

Human and labour rights in Primark's supply chain

Primark does not own any factories. Given the scale and complexity of Primark's supply chain, human rights are particularly material for the Group, making robust due diligence practices essential. Primark's Ethical Trade and Environmental Sustainability (ETES) programme is one of the key elements of how human rights due diligence is implemented in its product supply chains. Through this programme, Primark conducted over 2,000 social audits over the last year. Primark carries the full cost of these audits, which include rigorous checks for human rights issues and against the requirements of the Primark Supplier Code of Conduct, based on first-hand assessment of the working environment, reviews of relevant documentation and confidential worker interviews. At the end of each audit, supplier factories are issued with a time-bound corrective action plan that outlines any areas for improvement. Primark uses these audits in the approval process for all new tier one factories. Any potential new factories are audited and only if the outcome of the audit is satisfactory can any orders be placed.

Primark's ETES team has over 130 people based in its 10 key sourcing markets. The team works across all aspects of human rights due diligence, from strategy and risk assessment to supporting suppliers and their factories in implementing the Supplier Code of Conduct. Where inherent risks and more systemic issues are identified, Primark's Social Impact team works with suppliers and their factories, as well as partners and other brands, to address these issues through longer-term solutions and projects.

Carbon and climate

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 commitments. In line with our devolved business model, our businesses set plans and commitments appropriate to their operations and supply chains regarding Scope 1 and Scope 2 greenhouse gas (GHG) emissions, and several of our businesses have set their own GHG emissions reduction commitments.

ABF Sugar and Primark each have specific public commitments for reducing their GHG emissions. The reduction targets for ABF Sugar and Primark have been validated by the Science Based Targets initiative (SBTi), ensuring they align with the latest climate science. This year Primark and ABF Sugar have also published transition plans detailing their strategies for achieving these goals. Achieving net zero across the Group will depend on a number of factors that are beyond our control, however, we will do our upmost to deliver on this objective in our operations.

Energy and renewables

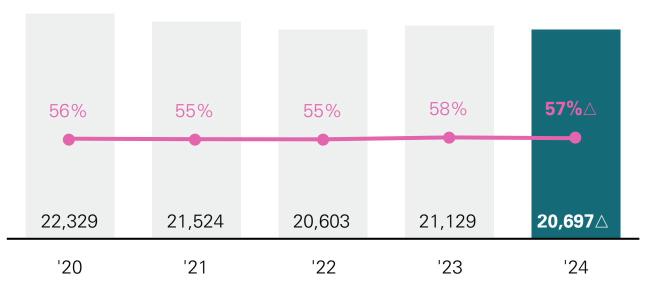
We remain focused on energy efficiency and transitioning to renewable energy where viable. This year our businesses consumed 20,697△ gigawatt hours (GWh) of energy in our operations, which is a 2% decrease compared with last year. Of this total energy, 57%△ was derived from renewable sources, predominantly biomass fuels from by-products generated as part of the production process within our agricultural businesses.

This year 31% of the electricity we bought came from renewable sources, with the majority coming from the UK and European renewable energy markets.

Several of our businesses also export surplus renewable energy back into national grids. During 2024, 887 GWh of renewable energy generated by our sites was exported, with ABF Sugar contributing 96%. Of the renewable energy we generate, 87% comes from bagasse, the plant-based fibre that remains after the extraction of juice from the crushed stalks of sugar cane. Some renewable energy is also derived from the anaerobic digestion of a range of waste materials.

For more examples of energy efficiency actions, see www.abf.co.uk/responsibility.

Total energy consumed highlighting percentage from a renewable source
(GWh)



Scope 1 and 2 GHG emissions

Our Scope 1 and 2 (location-based) GHG emissions increased by 1% this year from 2,834 kt of CO_2e to 2,868 kt of CO_2e. Unless otherwise stated, Scope 2 GHG emissions are location-based figures.

Our Sugar segment is the most significant contributor of Scope 1 and 2 emissions within the Group at 72%. As a result this has been a priority for the Group over many years.

Sugar's Scope 1 and 2 emissions had an increase of 5% this year. The drivers for the increase are as a result of Vivergo (our bio-ethanol plant) returning to near full operating capacity, British Sugar contending with the operational challenges due to difficult wet weather conditions and Azucarera processing more sugar beet. Despite the short-term increase, Sugar has reduced its Scope 1 and 2 emissions by 18% against its 2018 baseline by continuously improving how efficiently it produces sugar, investing in new technology, innovating to use less energy and reducing its use of fossil fuels.

Our Retail, Grocery, Ingredients and Agriculture segments have reduced their Scope 1 and 2 emissions compared with last year which has been driven by decreases in imported electricity, changes to the fuels used as well as investment in on-site renewable generation and purchased power and in more efficient equipment which reduces overall energy use.

Group priority

British Sugar decarbonising its operations

British Sugar, the largest contributor to the Group's Scope 1 GHG emissions at 36%, has made significant investment across its sites to reduce GHG emissions. From the 2018 baseline through to 2023/24, British Sugar invested approximately £96 million in various initiatives, resulting in a cumulative reduction of around 162 kt of CO_2e.

Key initiatives include the energy reduction scheme at the Wissington site, which targets a 25% reduction in steam usage, and ongoing improvements in pulp pressing processes across multiple sites. Additionally, British Sugar is improving factory performance and efficiency by upgrading heaters, evaporators, and dryers to save energy and reduce coal and gas consumption. These efforts have contributed substantially to lowering Scope 1 emissions.

Looking ahead, British Sugar plans to further its decarbonisation strategy with major projects, such as the implementation of a new modular gas-fired Combined Heat and Power (CHP) plant at its Cantley site, expected to be fully operational by 2025.

Group priority

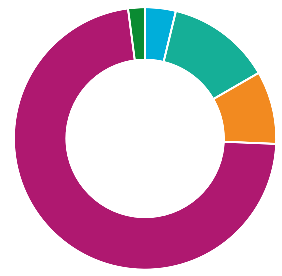
Scope 3 GHG emissions

Understanding our total Group GHG emissions will be an important step towards achieving our ambition to meet net zero by 2050. At a Group level, we are supporting the divisions in the process of calculating their material Scope 3 GHG emissions, which will help us identify where to focus our priorities. Most of our divisions have either published or are in the process of calculating their Scope 3 GHG emissions from across their value chains.

Primark first completed this process in 2021 and this year reported 6,211kt of CO_2e for its Scope 3 emissions, which is a 12% decrease compared with 2023. This represents a 0.6% decrease against its 2018/19 baseline, despite the significant increase in volumes. This reduction was achieved through investments in its Environmental Sustainability team and in supplier factory efficiency programmes aimed at supporting GHG emission reductions through targeted training, upskilling, and energy-saving projects.

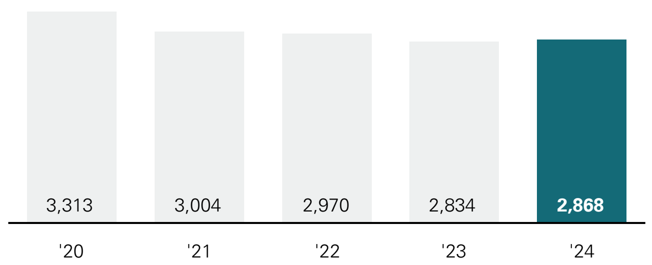
For more information on this topic see www.abf.co.uk/responsibility.

Scope 1 and 2 (location based) GHG emissions by segment
(000 tonnes CO_2e and % of Group total)



Retail	109	(4 %)	Sugar	2,072	(72 %)
Grocery	370	(13 %)	Agriculture	59	(2 %)
Ingredients	258	(9 %)			

Scope 1 and 2 (location-based) GHG emissions
(000 tonnes CO_2e)



Streamlined energy and carbon reporting

	2023			2024		
	UK only	Non-UK	Total	**UK only**	**Non-UK**	**Total**
Scope 1: 000 tonnes of CO_2e	1,039	1,164	2,203	**1,218**	**1,035**	**2,253△**
Scope 2 location-based method: 000 tonnes of CO_2e	158	472	631	**179**	**436**	**615△**
Scope 2 market-based method: 000 tonnes of CO_2e	174	444	618	**190**	**379**	**569△**
Total Scopes 1 and 2 location-based method: 000 tonnes of CO_2e	1,197	1,637	2,834	**1,397**	**1,470**	**2,868**
Scope 3 – Primark's Scope 3 emissions: 000 tonnes of CO_2e			7,019			**6,211**
Biogenic carbon emissions: 000 tonnes of CO_2e	108	4,080	4,188	**142**	**3,903**	**4,045△**
Intensity ratio: Scopes 1 and 2 emissions per £1m revenue Scopes 1 and 2 location-based method: tonnes CO_2e/£1m			143			**143**
Energy consumed: GWh	5,008	16,121	21,129	**5,653**	**15,045**	**20,697△**

We calculate and disclose our Scope 1 and 2 GHG emissions based on the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard Revised Edition. We use carbon emission factors published by the UK Government in June 2023, 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. Energy consumption is calculated using country-specific conversion factors from physical quantities to kWh to provide an accurate representation of our energy consumption.

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

This is different from the period in respect of which the Directors' Report is prepared. Where indicated the information for this period is externally assured and allows for like-for-like comparison with previous years.

Water

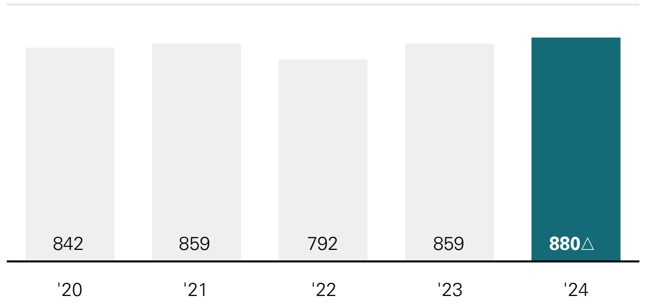
Our businesses aim to reduce the amount of water they abstract for their own operations, reuse process water as much as possible, and return treated waste water to nature after ensuring it meets or exceeds local and national water regulations and standards.

This year, businesses across the Group collectively abstracted 880△ million m^3 of water for use in its operations, a 2% increase compared with last year. While this aligns with the increase in production tonnage, the main driver was increased irrigation demand due to drought impacting our sugar businesses in Africa. The total water use of these businesses accounts for 97% of the Group's total water use.

Of the water used by our businesses, 97% comes from surface water, such as rivers and lakes, as well as man-made dams. Our businesses' sites are regulated by water permits or licences, and they withdraw water within their agreed limits.

This year, across the Group, 24% of the water abstracted was reused before being returned to the environment. This is both a cost and resource efficient way of managing water. Our sites reuse the water for irrigation, land spreading, cleaning machinery, and horticultural purposes.

Total water abstracted in own operations
(million m^3)



Group priority

Waste water treatment at AB Mauri

Waste water treatment at AB Mauri is a priority for the Group. The business carefully assesses water risks affecting each of its sites, and manages any water returned to the environment as safely as possible and to meet legal requirements. To support this approach, AB Mauri has built significant in-house capability in water use and waste water management. Since 2010, it has invested $120m in waste water treatment. Many of its production facilities have complex on-site effluent treatment plants that include biological processes, evaporators and reverse osmosis membrane systems that can produce reusable water and useful co-products. The selection of technologies addresses the local aquatic sensitivities and water quality objectives. As a minimum, sites equalise their flow so as not to disrupt any downstream municipal processes.

The proportion of water used that is treated and returned safely to the environment, is up from 74% in 2019 to 84% in 2024.

For more information on this topic see www.abf.co.uk/responsibility.

Waste and packaging

Waste and circularity

We have a long history of finding ways to make more from less and maximise the use of by-products and co-products from our operations. We believe that waste materials are simply products for which we have not yet found a use. With that in mind, our businesses are implementing practices to reuse, recycle or reduce food, plastic and textile waste.

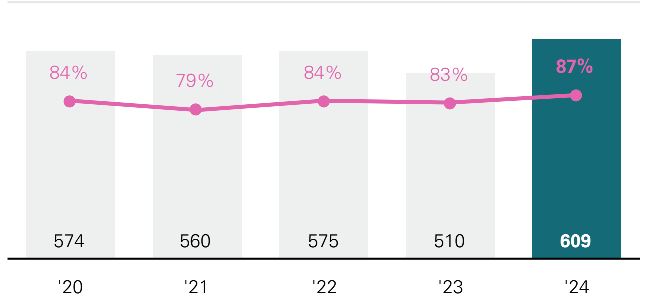
Our businesses produce many commercially viable products from sources potentially considered waste. For example, our sugar businesses have become a major supplier of raw materials for animal feed, an important feedstock source for many different sectors, and is a supplier of raffinate and betaine for use in the petrochemical and pharmaceutical sectors.

Our food and ingredients businesses are highly efficient, and aim to avoid products going to waste by donating surpluses to food banks, community groups and charities. Once no longer fit for human consumption, food waste is used as animal feed or in energy generation.

Across the Group, we generated 609kt of waste in 2024 which is a 19% increase compared with the 510kt tonnes generated in 2023. This increase is primarily due to our sugar business in Spain operating longer campaigns and processing larger quantities of sugar beet, as well as management of settlement ponds to maintain efficient operations. The soil from the settlement ponds is sent off-site for agricultural purposes as fertiliser and soil conditioning.

Of the total waste generated by the Group, 87% was sent for recycling or other beneficial use.

Total waste generated and percentage sent for recycling in our own operations
(000 tonnes)



Plastic and packaging

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

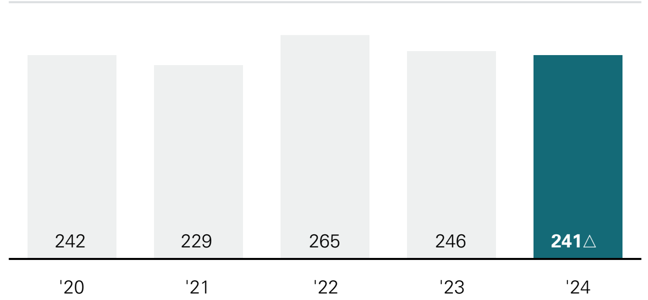
Though we fully recognise the harmful effects of plastic waste on ecosystems, plastic currently plays a vital role in both ensuring the safety and quality of products and reducing food waste by extending the shelf life of food. Our challenge is to use plastic materials responsibly and find solutions that balance the needs of our customers and our desire to reduce the impact of plastics on ecosystems. Where viable, our businesses are doing this by removing unnecessary packaging, switching to more easily recyclable types of plastic and increasing the use of recycled content in the plastics we use.

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

In 2024, our businesses used 241 kt△ of packaging compared with 246 kt used in 2023, marking a 2% decrease year-on-year.

For more information on this topic see www.abf.co.uk/responsibility.

Quantity of packaging used
(000 tonnes)



Food safety and nutrition

Our businesses are united by our purpose to provide safe, nutritious and affordable food. Our food and drink businesses operate quality management systems based on the WHO Codex Alimentarius Hazard Analysis Critical Control Point (HACCP) principles and the Global Food Safety Initiative (GFSI) range of standards, with most retailer-facing businesses required to seek formal GFSI certification, typically via unannounced audit schemes. Additionally, each division, as a minimum, sets and monitors a range of KPIs for each of its sites, including in relation to recalls and withdrawals, incidents and complaints.

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.

For more information on this topic see www.abf.co.uk/responsibility.

Agriculture and farming practices

Our businesses depend on agricultural systems for the majority of the raw materials and ingredients used in our products. Global supply chains need to move towards sustainable farming and crop production, and not just sustainable land use, in order to meet a growing population's need for food and clothing. We therefore recognise the need to support more sustainable farm management practices and address the most material biodiversity-related impacts, risks and opportunities.

We have a strong association with the UK agricultural sector. Globally, we are a significant purchaser of cotton, sugar beet, sugar cane, tea and cereals.

We expect our businesses to go further than legal compliance by continuously considering and implementing activities, voluntary commitments and internationally recognised management systems to reduce their environmental and social impacts and risks.

This encompasses the responsible stewardship of our environment in line with the following requirements as a minimum:

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

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

For more information on this topic see www.abf.co.uk/responsibility.

Climate-related Financial Disclosures ('TCFD')

We are steadfast in our commitment to taking action and our approach is 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.

This year within our Climate-related Financial Disclosures, we highlight the work that our businesses are undertaking to address risks and embrace opportunities. The risks and opportunities identified previously are still relevant, and the actions identified within last year's transition plans are ongoing and evolving.

Climate-related commitments continue to be defined by our businesses based on their material risks and what is relevant and realistic for them.

Some of our material businesses have had emission reduction commitments validated and approved by the Science Based Targets initiative ('SBTi').

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.

Our material businesses continue to be ABF Sugar, Primark and Twinings, within Grocery. These businesses comprise 77% of Group adjusted operating profit (2023 – 77%) and 77% of Scope 1 and 2 GHG emissions. Primark is the primary contributor of our reported Scope 3 emissions. Scope 3 emissions account for 96% (2023 – 98%) of Primark's total GHG emissions. See pages 62 to 63 for the detailed disclosure.

The Group considers that it has included climate-related financial disclosures that are consistent with the TCFD recommendations and recommended disclosures, and that comply with the requirements under section 414CB(2A) of the Companies Act 2006.

TCFD disclosure index

TCFD Pillar	TCFD recommendation	Reference
Governance	A) Describe the board's oversight of climate-related risks and opportunities.	page 55
	B) Describe management's role in assessing and managing climate-related risks and opportunities.	pages 55 to 56
Strategy	A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	pages 68 to 70
	B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	pages 67 to 70
	C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including 2°C or lower scenario.	page 67
Risk Management	A) Describe the organisation's process for identifying and assessing climate risk.	page 67
	B) Describe the organisation's processes for managing climate-related risks.	page 67
	C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	page 67
Metrics and Targets	A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	pages 68 to 77
	B) Disclose scope 1, 2 and, if appropriate, scope 3 greenhouse gas emissions and the related risks.	page 63
	C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	pages 68 to 77

Governance

The Board has continued to make strategic decisions regarding our approach to climate change. Some of these decisions include the evolution of ABF Sugar and Primark transition plans and continued work with our businesses and SBTi validation process.

In 2023 we stated our intention to publish Twinings' transition plan in the 2024 TCFD statement. Since then, Twinings has been working on gathering the data needed to assess Scope 3 emissions and to set a baseline against which the business can measure and report progress.

This work is progressing, but we have deferred publication of its baseline and transition plan until the GHG emission reduction targets have been submitted and validated by SBTi.

The Board possesses sufficient competencies to lead the Group in responding to climate-related risks and opportunities. Please refer to pages 90 to 91 for details of the Board.

Risk management

Climate-related considerations are included in a number of processes affecting our financial statements. These include going concern assumptions, impairment assessments, capital expenditure and acquisition considerations.

Identifying, assessing and managing climate-related risks and opportunities

Identifying, assessing and managing ESG risks, including climate-related risks and opportunities, resides with the business where the risk or opportunity sits. This is the same process for all other business risks. Annually, climate-related risks are collated and reviewed at the individual business and divisional level, which includes existing and emerging regulatory requirements.

During the year, we held sessions with every division reviewing current identified risks and opportunities questioning whether they are still appropriate and also to identify any new risks or opportunities. In light of these sessions, we have determined that the current scenario analysis still remains appropriate for the current year. However, this has identified areas of future focus.

We considered the results of the risk refresh exercise conducted this year and concluded that in aggregate, there continued to be no material risks or opportunities. However, we note the prevalence of heat stress on workers within our businesses. This will be a focus of the Group and affected divisions in the coming year.

Where risks or opportunities were identified but not deemed material for the Group, the businesses will incorporate these into their risk registers and their wider ESG strategies as appropriate.

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, 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	Malawi		Coastal and river flood risks: key Group manufacturing sites
Heat stress Resilience of workers to mitigate or adapt to climate change	Physical risks	Heat stress impact on farmers 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 the Primark Cotton Project locations in India and Pakistan.

Scenario analysis and strategic decisions

This year's risk refresh process and our existing risk process has confirmed that the scenarios previously assessed remain appropriate and no further update is required at this stage. This means that our businesses' actions to tackle risks and embrace opportunities remain relevant and the businesses will continue to evolve these strategies. The results of this and current mitigating actions demonstrate that our business is resilient to climate-related risks and opportunities.

Financial planning

Each business has developed their own plans which detail strategic actions through which they are planning to achieve their carbon reduction targets. These focus on areas that will have the largest or most material impact. They will be embedded in budgets and long-term plans and translate to a balance sheet and income statement impact. Disclosing the individual amounts of these plans would not provide meaningful information for investors as they are part of the overall business and capital plans.

Impact assessment

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

	Years	Rationale
Short term	2025	Mid-decade
Medium term	2030	Our most material businesses, ABF Sugar, Primark and Twinings have set 2030 emission commitments, 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

When assessing our mitigating factors, we have considered several factors:

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 smallholder farmers in Primark's Cotton Project.
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 adapt to their impacts.

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

Climate models still have several fixed assumptions and there is some uncertainty around the impacts of climate change and how governments will respond.

Some of the below metrics have been assured by Ernst & Young. These are marked with Δ.

Results of the climate-related risks and opportunities assessment

Given no update to our scenario analysis was required, all physical and transition risks in the table on page 67 are still relevant. 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

2023 assessment

Low 2030 — Medium 2050

Scenarios assessed

2022 RCP2.6 and RCP8.5 / 2024 No update required.

Assessment

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

- Farmers in our Primark Cotton Project (formerly the Primark Sustainable Cotton Programme) are trained in farming methods aimed at increasing cotton yields and reducing inputs including water use, chemical pesticide and fertiliser use, with the goal of helping to address the environmental impacts of growing cotton.
- Primark is working with its implementation partner to further develop the impact performance indicators and farmer reporting processes of the Primark Cotton Project, allowing for enhanced disclosure in future reports.
- Primark has developed a cotton sourcing strategy in order to achieve its commitment that all cotton in Primark clothing will be organic, recycled or sourced from the Primark Cotton Project. Part of this strategy is to diversify the sourcing regions of cotton, which can help to mitigate potential climate-related impacts on cotton availability and supply.

2024 update

Metrics and targets

- Percentage of Primark's cotton clothing units sold containing cotton that is organic, recycled or from the Primark Cotton Project: 100% by 2027. 57%Δ (2023 – 46%)
- Number of farmers trained in the Primark Cotton Project. We have achieved our target number of farmers trained. The total number of farmers to date is 309,394Δ

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

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

2023 assessment

Low 2030 — Medium 2050

Scenarios assessed

2022 RCP2.6 and RCP8.5 / 2024 No update required.

Assessment

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.
- We are improving irrigation efficiency and overall farming methods to mitigate the risk of drought, including investing in drip irrigation and river defences to reduce storm damage.

2024 update

Metrics and targets

- Sugar production (tonnes): 3,200kt (2023 – 2,800kt)
- ABF Sugar has a target to reduce its end-to-end supply chain water usage by 30% by 2030. Water usage has increased by 6.7% this year.

Climate impact on tea yields

2023 assessment

Low 2030 — Low 2050

Scenarios assessed

2022 RCP8.5 / 2024 No update required.

Assessment

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 from multiple locations 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.

2024 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

2023 assessment

Low 2030 — Medium 2050

Scenarios assessed

2022 Bangladesh: RCP4.5 and RCP8.5 – China: RCP8.5 / 2024 No update required.

Assessment

Bangladesh

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

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

- Primark's sourcing strategy is focused on geographical diversification, creating a more balanced global footprint and developing risk mitigation strategies to increase flexibility and agility when unexpected events occur.
- The analysis shows that the majority of Primark's suppliers in Bangladesh are located in areas of Dhaka which are less susceptible to flooding.
- We ensure a geographical spread of supplier factories across China.
- Flood Risk Assessment Inspection reports and corrective action plans ('CAP') are issued to factories, along with guidance notes. Remediation meetings are then held with the factories to address items noted in the CAP.
- Structural Integrity Programme – Mott MacDonald flood pilot update:
  - Following on from last year's pilot study covering inspection programmes in Bangladesh, a further 16 factories were identified under phase two. All 16 sites were inspected during the year and CAPs are currently under review. For the phase one locations, the average CAP progress rate is 78%.
  - A similar project is planned for China in autumn this year, targeting 27 factories for the initial pilot.

2024 update

Metrics and targets

- Number of Primark supplier factories (Bangladesh and China) subject to high flood risk. The below figures relate to Primark's most recent flood risk assessment, for which an update on mitigation activities has been provided for the current year.

Bangladesh ravine and coastal assessment – 4.5%

China ravine and coastal assessment – 13.7%

Impact of carbon pricing mechanisms on ABF Sugar

2023 assessment

Medium 2030

Scenarios assessed

2022 International Energy Agency's Net Zero Emissions by 2025 scenario, Sustainable Development Scenario and Stated Policies Scenario Assessment / 2024 No update required.

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 are expected to have a return on investment above 15%. Beyond 2030, while some technologies exist, they are not yet commercially viable.

Mitigation

- Please refer to the ABF Sugar transition plan on page 70.

2024 update

Metrics and targets

- Please refer to the transition plan on pages 70 to 73.

Impact of carbon pricing mechanisms on Primark

2023 assessment

Medium 2030

Scenarios assessed

2022 International Energy Agency's Net Zero Emissions by 2025 scenario, Sustainable Development Scenario and Stated Policies Scenario Assessment / 2024 No update required.

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.

Mitigation

- Please refer to the Primark transition plan on page 73. The plan focuses on Primark's top five sourcing markets and supporting suppliers in implementing energy efficient measures and making a switch to renewable sources. The plan does not assume the purchase of offsets.

2024 update

Metrics and targets

- Please refer to the transition plan on pages 73 to 77.

Transition plans

ABF Sugar

In 2018 ABF Sugar launched the 2018 Commitments with an aspiration to reduce our carbon footprint (Scope 1 and 2) by 30%. In 2024 ABF Sugar transformed our 2030 commitment to a Science Based Target, under the SBTi. This means we are following the latest science, have targets that will help them articulate our progress in reducing carbon at the factory, in the field and on the move.

SBTi validation is a significant milestone in their journey to manage and align our transition plan.

Governance

There has been no change in the ABF Sugar governance structure from last year. The ABF Sugar Chief Executive and business unit managing directors remain responsible and accountable for overseeing climate-related risks, opportunities, overall strategy and transition plans. Please refer to our website for a more detailed understanding of our governance process.

To ensure plans will be delivered and savings captured for all projects, the 'Results Delivery Office' has developed an integrated approach to measure carbon savings and categorise projects for ESG. All ABF Sugar businesses have access to a central system that provide up-to-date carbon information to track targets and define savings.

Risk management

Each business within ABF Sugar develops action plans to respond to the climate-related risks and opportunities that apply to them. All plans and projects have passed through a well-established governance process that examines each performance improvement proposal against internal rate of return criteria and ESG and climate factors. These plans are then approved by the ABF Sugar Chief Executive and business unit managing directors.

Strategy, metrics and targets

In working towards reducing greenhouse gas emissions (GHG) for Scope 1 and 2, Energy & Industry (E&I), ABF Sugar have categorised our proposed plans and projects into three focuses.

1. Immediate term: Focusing on reducing operation GHG emissions, investing in energy efficiency with the aim of reducing energy consumption and eliminating coal.
2. Short term (to 2030): Targeting key sites and pairing them with key technological resources.
3. Long term (to 2050): Focusing on employing low emission technologies, managing climate-related risks across the value chain, and partnering to innovate at factories across the business.

ABF Sugar does not intend to utilise carbon offsets in their de-carbonisation strategy.

ABF Sugar GHG improvement roadmap

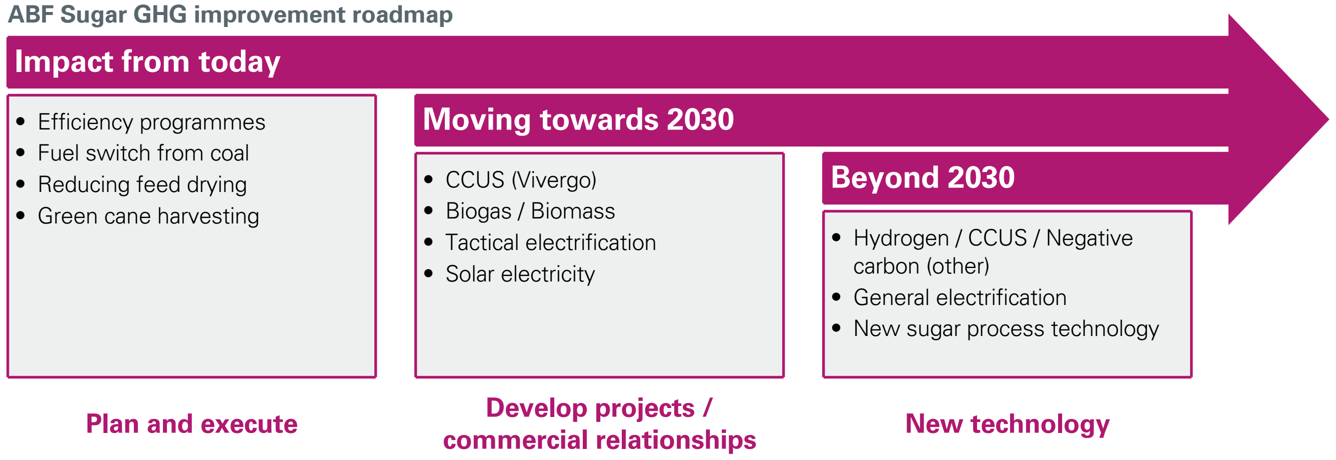


Figure ABF Sugar road map 1.

Progress to target: Energy and Industrial ('E&I')

British Sugar, the largest contributor to this category of emissions, has reduced its Scope 1 and 2 emissions by 21% from baseline year. Another significant contribution comes from the reduction of the use of coal in Illovo South Africa.

ABF Sugar has a continued focus on scope 1 and 2 E&I as this is the most material risk to the business and is an area of significant spend. In 2023/24 ABF Sugar spent approximately £73m on 39 approved projects. To date 30 of these projects have contributed a saving of 53,721 tCO_2e. For their 5-year plan, ABF Sugar is planning to spend 6% of their planned capex to support their climate change strategy and ESG initiatives.

E&I Scope 1 and 2, 52% reduction by 2030

The reductions have been achieved by a focus on three areas – efficiency, fuel switch and investment in new technology. Each business has a decarbonisation plan focused on their area of risk and opportunity, British Sugar is focused on Scope 1 factory emissions reduction plan with projects, efficiency programmes and clear KPIs. The reductions are achieved by capital investments but also understanding and running our factories more efficiently. For example, at our Sezela and Noodsberg factories in South Africa, we have reduced coal usage in boilers through our efficient use of bagasse.

Projects supporting carbon reduction

Entity	British Sugar – Bury
Project	Decarbonisation steam reduction (Phase 1)
Description	This project replaces four existing Roberts type evaporators with three new falling-film type evaporators. This will realise a significant reduction in LP liquid prolene gas burn for sugar manufacturing (approx. 25%) as well as increasing engineering reliability of the station. The second main element of the project will be to upgrade the Raw Juice Heating Station. This project will replace the station as a whole, eliminating the planned essential replacement plan spend, and will allow the factory to realise the full gas burn reduction of the three new evaporators as well as improving engineering and process reliability of the site.
Year of approval	2023/24
Expected tCO_2e saving	19,500
Target project close-out date	1 December 2026

Projects supporting carbon reduction continued

Entity	British Sugar – Cantley
Project	Provision of modular steam and power
Description	This project will re-establish a steam generation capacity of up to 60 t/hr at the Cantley Factory to meet a range of business requirements within upcoming Medium Combustion Plant Directive emission limits. The low-pressure ‘modular technology’ utilised will deliver process/maintenance simplification, improve process safety, as well as enable operational effectiveness through ‘Industry 4.0’ methodology.
Year of approval	2023/24
Expected tCO_2e saving	16,000
Target project close-out date	1 September 2025

Entity	Azucarera – Guadalete
Project	Pre-scalders and 6th evaporation effect
Description	This project reduces the global energy consumption of the Guadalete factory through the installation of pre-scalders, and implementation of evaporators. In turn, this will improve the heating steam scheme.
Year of approval	2023/24
tCO_2e saving	5,202
Project close-out date	Completed.

Entity	Illovo Sugar – Sezela
Project	Steam traps replacement on juice heaters
Description	Over the years, the steam traps on the juice heaters were replaced with non-return valves (NRVs) which has caused excessive steam wastage. The ideal opportunity is to reinstate the steam traps on the juice heaters to allow energy savings to be made. It will install x13 steam traps on the various heaters and these will be placed before the NRV to ensure the energy is captured. In turn, this will reduce energy and save coal use within the Sezela heaters area.
Year of approval	2022/23
tCO_2e saving	3,605
Project close-out date	Completed

Entity	Azucarera – Miranda
Project	Energetic improvements APRO (Phase 1)
Description	The objective of the project is to modify the heating of the raw juice, improving the use of the pan vapours and reducing the consumption of steam in the heating of the purification stage.
Year of approval	2023/ 2024
Expected tCO_2e saving	1,000
Target project close-out date	1 December 2025

Entity	Illovo Sugar – Ubombo
Project	Entry-level housing upgrade (Phase 8 – 15)
Description	The project involves the phased upgrading of staff housing at agricultural and industrial villages to comply with the minimum Illovo Group entry-level housing standards. As part of the project, houses for employees at Nyetane, Majombe and Shonalanga villages will be electrified to eliminate the usage of domestic coal within the villages.
Year of approval	2023/24
tCO_2e saving	1,177
Project close-out date	Completed

Emission reduction plan

Looking ahead and per figure ABF Sugar roadmap 1, there is a strong pipeline of accretive GHG reduction projects. Each business has its own environmental plan which has been categorised between short and long term.

Short term

- British Sugar: Projects focus on smaller factory energy efficiency/steam reduction, coal elimination and reduction of energy use for pulp drying.
- Our sugar businesses in Africa: across all businesses projects focus on energy efficiency and green cane harvesting, while Illovo Sugar South Africa has coal elimination/ reduction projects too.
- Azucarera: Projects focus on factory energy efficiency and automation as well as the specific Guadalete project.

Long term

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

Primark

Governance

A comprehensive governance system has been established at Primark to oversee sustainability and ethics matters, including the delivery of the commitments related to its Primark Cares strategy, which coincides with Primark’s transition plan in the medium term. There has been no change in this position from last year. The Primark chief executive officer (‘CEO’) and Executive Committee remain responsible and accountable for all decision-making and implementation, and ultimately approve the transition plan. Please refer to Primark’s most recent reporting for a more detailed understanding of its sustainability and ethics governance structure.

Risk management

In 2021/22 the ABF Group performed an initial assessment of the impact of climate-related risks and opportunities on Primark for which material risks and opportunities underwent scenario analysis. Any identified climate-related risks connected to the implementation of Primark’s transition plan are managed through the governance structure described above.

Primark recognises the need to evolve the initial scenario analysis by performing a deeper and more focused assessment of climate-related risks and opportunities across its value chain, ensuring that these get embedded into long-term transition, strategic and financial planning.

Strategy, metrics and targets

In 2021, Primark launched its Primark Cares strategy building on the work of its Ethical Trade and Environmental Sustainability (‘ETES’) programme. Under Primark Cares, the business has set out a number of public commitments up to 2030 with a focus on three areas, Product, Planet and People, which are expected to accelerate its transition to a lower-carbon economy. As such, in the medium term the Primark Cares strategy coincides with Primark’s transition plan.

The strategy includes an overarching objective to halve carbon emissions across Primark’s value chain by 2030, from a base year of 2018/19, which is aligned with Primark’s commitments under the UNFCCC Fashion Charter for Climate Action (FICCA) and, therefore, the 1.5°C Paris Agreement. Under the FICCA, Primark has also pledged to achieve net zero emissions no later than 2050. The organisation is working to define its plan to reach this long-term goal, taking into consideration uncertainties beyond 2030 in technology development and innovation, as well as the political and regulatory global landscape.

At present, Primark has not included carbon offsets in its transition planning.

Progress to target

Please refer to page 63 for information on Primark’s progress to target.

Projects supporting carbon reduction to date

Primark Cares Commitment	**Protecting Life on the Planet** – Primark will halve carbon emissions across its value chain by 2030
Project	Energy efficiency and renewable energy procurement in the supply chain
Timeline	2018 – present
Description	Primark has been working on a decarbonisation programme with key suppliers, which focuses on improving energy efficiency, reducing the energy intensity of manufacturing goods and moving away from a carbon-intensive fuel mix within manufacturing under tier 1, tier 2 and tier 3 of our supply chain. At the same time, Primark has been working to pool some of the factories in its value chain and assisting them in negotiating contracts so they can use their combined purchasing power to access renewable energy.
Target	Reduce absolute Scope 3 GHG emissions from 'purchased goods and services category' by 50% by 2030 from a 2018/19 base year.
Metric	Annual Scope 3 GHG emissions from purchased goods and services (tCO_2e)
Methodology	Primark's Scope 3 calculation methodology has been third-party reviewed by the Carbon Trust. It is not currently public.
Underlying uncertainties, challenges and assumptions	• Challenge – maturity of renewable energy procurement in specific sourcing regions • Challenge – supply chain monitoring and reporting for lower tiers
Progress to date	**Energy efficiency:** Primark keeps scaling up its resource efficiency programme, having now engaged a cumulative total of 108 factories in all key sourcing regions (Bangladesh, India, China, Cambodia) since activities started. **Renewable energy procurement:** Primark kicked-off activities to support factories with collective renewable power procurement in India, according to the roadmap developed in 2022/23. In particular, a solar power profile was created for all first 39 contributing factories and a collective Request for Proposal ('RFP') will be released to local renewable power developers. Please refer to page 63 for commentary of Primark's Scope 3 emissions.

Primark Cares Commitment	**Protecting Life on the Planet** – Primark will eliminate single-use plastics and all non-clothing waste by 2027
Project	Eliminate non-clothing waste – Packaging Centre of Excellence
Timeline	Early 2019 – present
Description	A dedicated team, within Primark's Packaging Centre of Excellence, manages the delivery of packaging transformation projects. An example of a project is Primark's durable new plastic clothes hanger design made from a minimum of 90% recycled polypropylene which has been designed for reuse/ to be retained. This design is being phased in for main apparel ranges, with completion due in 2027. Alongside reusing hangers retained in stores, Primark also collects unusable hangers to be recycled and made into new hangers. The move to recycled materials for all hangers is expected to achieve a reduction in Primark's carbon footprint attributable to hangers by 40%.
Target	Eliminate single-use plastics by 2027
Metric	1. % reduction in tonnage of single-use plastic (SUP) packaging against 2022 baseline year 2. % of SUP to overall packaging in tonnes
Methodology	The methodology is publicly available at the Basis of Reporting page of the Primark website corporate.primark.com/en-ie/primark-cares/resources/reports
Underlying uncertainties, challenges and assumptions	• Challenge and uncertainty – there are practical limitations, technical constraints and an absence of suitable alternatives that may impact Primark's goal of complete elimination of SUP by 2027
Progress to date	• Performance against Primark's baseline will be reported from 2024/25 onwards • Primark's SUP baseline of 21,797 tonnes represents 19.4% of our total packaging footprint for the baseline year

Primark Cares Commitment	**Giving Clothes a Longer Life** – All Primark clothes will be made from recycled or more sustainably sourced materials by 2030
Project	Clothes made from recycled or more sustainably sourced materials
Timeline	Early 2021 – present
Description	Primark has committed to have all Primark clothes made from recycled or more sustainably sourced materials by 2030. The business works with certification bodies, to certify and validate claims it makes on individual materials relevant to these standards. Primark also works hard to ensure that all Primark Cares products containing recycled fibres meet Primark's quality testing requirements.
Target	All Primark clothes will be made from recycled or more sustainably sourced materials by 2030
Metric	1. Percentage of Primark's clothing units sold containing recycled or more sustainably sourced materials 2. Percentage of Primark's clothing units sold containing cotton that is organic, recycled or sourced from the Primark Cotton Project
Methodology	The methodology is publicly available at the Basis of Reporting page of the Primark website corporate.primark.com/en-ie/primark-cares/resources/reports
Underlying uncertainties, challenges and assumptions	• Challenge – restriction on the handling and trade of recycled materials due to regulatory changes • Challenge – some sourcing markets may not have access to all recycled or more sustainable material types • Challenge – for some less commonly used fabrics such as elastane, there are currently no sustainable alternatives available
Progress to date	66% of Primark clothing units sold in 2023/24 contained recycled or more sustainably sourced materials, up from 55% the previous year and 25% in 2021. 57% of Primark cotton clothing units sold in 2023/24 contained organic cotton, recycled cotton, or cotton sourced from the Primark Cotton Project, up from 46% last year. As our Primark Cares initiatives continue to grow in number, Primark is actively working on training and embedding processes to facilitate the conversion to recycled and more sustainably sourced materials. Building on last year's training of 286 suppliers, Primark is continuing its efforts to further educate suppliers on the criteria required for products to meet its Cares standards. The business has already hosted six training sessions in February and March 2024, with plans for additional sessions in July 2024. The aim is to provide clarity to suppliers regarding Primark Cares requirements, including minimums, certification and chain of custody.

Primark Cares Commitment	**Protecting Life on the Planet** – Primark will halve carbon emissions across its value chain by 2030
Project	Energy efficiency and renewable energy procurement in own operations
Timeline	Early 2021 – present
Description	While significantly smaller than Scope 3, Scope 1 and 2 emissions are areas where the business has the most direct influence. **Energy efficiency:** Primark uses a system called the Energy Bureau, which allows the business to manage energy consumption remotely by monitoring and modifying environmental parameters, to maintain suitable store conditions in an energy-efficient manner. To further reduce energy consumption, Primark has also been switching to energy-efficient LED lightbulbs in stores globally. **Renewable energy:** Primark's ambition is to switch all stores to renewable energy, as well as exploring ways to reduce emissions from on-site heating.
Target	Reduce absolute Scope 1 and 2 GHG emissions by 50% by 2030 from a 2018/19 base year
Metric	Annual Scope 1 and 2 (market-based) emissions (tCO_2e)
Methodology	Annual Scope 1 and 2 emissions are calculated by ABF at Group level
Underlying uncertainties, challenges and assumptions	• Challenge – Misalignment between lease lifetime of some retail properties and payback period for installing new high-efficient equipment • Challenge and uncertainty – Maturity of renewable energy procurement in specific markets
Progress to date	• By the end of 2023/24, renewable power contracts were in place in 8 countries, covering approximately 64% of Primark's electricity demand • The number of Primark stores fitted with energy-efficient LED lightbulbs significantly increased, from 141 in July 2023 to 274 in July 2024. At the end of 2023, the Energy Bureau covered more than 179 locations across the UK. Please refer to page 62 for commentary of Primark's Scope 1 and 2 emissions.

Projects supporting carbon reduction to date continued

Primark Cares Commitments	**Giving Clothes a Longer Life** – Primark clothes will be recyclable by design by 2027. Primark will strengthen the durability of its clothes by 2025.
Project	Giving Clothes a Longer Life
Timeline	Late 2021 – present
Description	**Circular design:** Since the launch of Primark's Circular Product Standard ('CPS') and its pilot clothing collection designed in line with CPS in April 2023, Primark has focused efforts on: • continuing to expand and improve knowledge of circularity within the business via training • scaling up the use of circular design principles in key product categories • investing in additional expertise The CPS is as an integral and foundational part of Primark's overarching public ambition to become a more sustainable and more circular business. **Durability:** Durability to Primark means the amount of wear or use that a customer can get from an item of clothing over a period of time. Clothing is durable if it remains functional and wearable without requiring too much maintenance or repair, when faced with the challenges of normal wash and wear over its lifetime. As part of the Textiles 2030 initiative, Primark is taking part in a durability project led by WRAP.
Target	1. Primark clothes will be recyclable by design by 2027 2. Primark will strengthen the durability of its clothes by 2025
Metric	1. % of all clothing units sales that are circular by design 2. % of clothing which passed the aspirational level of the durability framework
Methodology	1. Developed in 2023 with support from a third-party consultant primark.a.bigcontent.io/v1/static/Primark-Circular-Product-Standard-2023 2. Will be developed in the next financial year with support from a third-party consultant
Underlying uncertainties, challenges and assumptions	• Uncertainty – No industry-wide definition for 'circularity' • Uncertainty – No recognised standard for durability across the fashion industry • Challenge – Today, many items of clothing are inherently hard or impossible to recycle based on their design, componentry, and fabric composition. For example – elastane is widely used within the fashion industry to ensure that a garment has adequate stretch to function and fit, but it is virtually impossible to recycle today. Primark's approach to circular design is category specific and will evolve as textile recycling innovation grows
Progress to date	**Circular design:** Training: Primark estimates that 80% of product colleagues have completed the foundation course of the Circular Design training by July 2024. This is an increase from 74% last year. Primark's expert level training was trialled in October/November 2023. This training will continue its roll-out. Product categories: Following from the pilot collection in April, sales from circular clothing products have reached 3% of total clothing units sales (August 2023 – July 2024). For Spring / Summer 2024, Primark has seen major progress in menswear, kidswear and womenswear, with an increasing number of products meeting the CPS. Circularity team: The team has grown from one colleague to four in the past 12 months. **Durability:** • Primark has launched its Primark Durability Framework which is guided by the WRAP Clothing Longevity Protocol. Information on the framework is available on the website. • As of January 2024, extended wash testing has been implemented on all machine washable products across all product categories (excluding exempted categories of hand wash and dry clean only products) • Primark's extended wash testing methodology has been standardised and aligned across all machine washable products

Emission reduction plan

Key priority areas for action were identified on the basis of the influence and materiality of emissions categories, assessed from the base year of 2018/19 (see the table below).

These are Primark's Scope 1 and 2 emissions, where the business has direct ownership, and the most significant Scope 3 categories in terms of absolute emissions (purchased goods and services; upstream transportation; use of sold products).

Primark's baseline emissions (2018/19) (% of total emissions across all scopes)

Scope 1 and 2 (location-based)	2.5 %
Scope 3	97.5 %
Of which:	
Purchased goods and services	74.5 %
Capital goods	1.9 %
Fuel and energy-related activities	0.5 %
Upstream transportation	7.9 %
Waste generated in operations	0.1 %
Business travel	0.2 %
Use of sold products	11.8 %
End-of-life treatment of sold products	0.6 %

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 2018/19 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)

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

Primark acknowledges the uncertainties and challenges connected to the implementation of its medium-term plan, which include: supply chain monitoring and reporting for lower tiers; evolving climate policy in operating markets and sourcing regions; technology innovation and costs; consumer sentiment and behaviour. Primark is planning to address these through targeted long-term actions such as policy advocacy, data systems enhancement, supplier engagement and consumer education. Please refer to Primark's latest reporting for detailed information.

Managing our risks

Our approach to risk management

The delivery of our strategic objectives, sustainable growth and long-term shareholder value is dependent on effective risk management. The diversified nature of our operations, geographical reach, physical and technological assets and currencies are important factors in mitigating the risk of us missing our strategic goals.

As with any business, risks and uncertainties are inherent in our business activities and these risks may have a financial, operational, environmental and reputational impact. It is through a structured approach to risk management that we are able to mitigate and manage risks and embrace opportunities when they arise.

The Board is accountable for effective risk management, for agreeing the principal, including emerging, risks facing the Group and ensuring that 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 conducted 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 to ensure each business's compliance with relevant legislation, our business principles and Group policies. Their risk assessments are wide-ranging and consider operational, environmental and other external risks, in the context of the overall materiality, key controls and relevance to the markets in which they operate. The divisional chief executives individually present their division's consolidated risks to the Director of Financial Control and the Finance Director on an annual basis, who review and challenge them.

Emerging risks are identified and considered at both a Group and business unit level, as part of the overall risk management process. They are identified 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.

Group functional heads including Legal, Treasury, Tax, IT, Pensions, HR, Procurement and Insurance also assess the key risks in their functional area, together with the controls that are in place or planned to mitigate them. The Director of Financial Control takes these perspectives and combines them with the business risk assessments to create 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 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 then 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.

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 material 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.

Consumer confidence

Household budgets continue to face real pressures and consumer confidence remains low in a number of key markets. Primark's cost leadership position continues to be attractive to the customer. In the food businesses, there is continued 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.

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 Corporate Sustainability Reporting Directive (CSRD) requiring companies operating in the EU to 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.

UK Corporate Governance Code 2024

In January 2024, the FRC issued a revised version of the UK Corporate Governance Code. Upon its release, we undertook a detailed review to evaluate the impact that the new Code will have on our governance and risk management arrangements. We have concluded that the key change impacting risk management and controls at ABF relates to Provision 29.

Provision 29 will require companies to make a declaration of the effectiveness of the Group's material controls as at the balance sheet date in the annual report. The new Code will apply to the Group for its financial year 2025/26, except for Provision 29 which will apply to the Group for its financial year 2026/27.

Whilst this revised provision clarifies the Board's responsibilities and requires explicit confirmation on the effectiveness of material controls, we believe that our existing risk management and control monitoring and validation processes mean that we are well-placed to meet the new requirements.

Risk appetite

Our approach to risk management gives the authority to our business leaders to make decisions that enable them to deliver our strategy of delivering long-term value for our shareholders and other stakeholders as detailed on pages 8 to 11. They achieve this by identifying and managing their risks within acceptable levels through our devolved operating model and our people, culture and values. These principles underline how we manage the Group within the Board's risk appetite.

Divisional risks and their impact on business performance are reported during the year and are considered as part of the monthly and quarterly management review process.

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.

ABF is exposed to a variety of other risks related to a range of issues such as human resources, commodity prices, 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 the Responsibility section at pages 54 to 65 and on our website at www.abf.co.uk/responsibility.

Outlined below are the Group's principal risks and uncertainties which we believe are likely to have the greatest current or near-term impact on our strategic and operational plans and reputation, 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.

Our risks 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 2023' describe our experience and activity over the last year.

Key

Risk trending	Stakeholders impacted by the risk
Increasing risk	Customers
Unchanged risk	Investors and shareholders
Decreasing risk	Employees
	Suppliers
	Communities
	Governments

External risks

Complexity of operating across global markets

Context and potential impact

Associated British Foods operates in 56 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 evolving legislation.

Geopolitical uncertainty remains high given the ongoing war in Ukraine, the escalation of the conflict in Gaza into Lebanon, the closure of the Suez Canal, the recent resignation of the Prime Minister in Bangladesh and the wider political landscape including elections in the US, and a number of countries in South America, Africa and south east Asia.

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 considers potential short-term market volatility and evaluates longer-term socio-economic and political scenarios.

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 geopolitical 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.

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

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.

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.

Changes since 2023

Whilst supply chain volatility has eased and energy prices have continued to reduce during the year, the ongoing geopolitical situations remain fragile. This could have an impact on the cost and availability of raw materials and key commodities. Our procurement teams continue to work closely with suppliers to maintain the effective operation of our supply chains.

The war in Ukraine means that there remains a risk of volatility in energy prices and of further supply chain disruption.

We have experienced no direct impact by the escalating conflict in Gaza, but we are monitoring the situation. We continue to monitor the situation in the Red Sea and the closure of the Suez Canal but at this stage we have been able to manage without any significant disruption to our supply chain.

The general election in the UK saw a change in government in July 2024 and we are monitoring the direction of the new government. General elections are planned in a number of our key markets, including the US and in a number of countries in South America, Africa and south east Asia. The commercial implications of any governmental changes are being evaluated.

Consumer spending has continued to be resilient in this trading period; however, a number of our countries face the risk of recession that could exacerbate debt problems, raise risks of emerging market crises and trigger market instability. High inflation continues to be a particular challenge for our yeast and bakery ingredients businesses based in Argentina and Turkey.

Geopolitical tensions continue to be a factor in a number of countries in which we or our supply chain operate. We monitor the situation on an ongoing basis and there have been no major impacts for our businesses. For example, we have been able to successfully work with our suppliers to manage the implications of the political unrest in Bangladesh and as a result there has been no material impact on the Primark business.

Fluctuations in commodity and energy prices

Context and potential impact

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

Mitigation

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

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

Changes since 2023

Certain commodity prices have been volatile in the financial year, however most commodity markets on average are falling in price. Energy markets in the UK and Europe have fallen from highs in the prior year. However, the risk of volatility remains as a result of market uncertainty and supply concerns.

The extreme pace of the decline in European sugar prices has impacted our European sugar businesses.

Businesses continue to manage commodity price risk under existing risk management frameworks and, where appropriate, pricing of products.

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 ensure appropriate actions are taken to manage the impact of currency movements.

Board-approved policies require businesses to hedge 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 2023

On average, sterling has strengthened against most of our trading currencies this year, resulting in an operating loss on translation of £97m.

Cash and liability balances held in our businesses in Malawi and Nigeria in non-functional currencies had a devaluation loss of £45m.

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.

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 acquisition activity.

We invest in research with experts to improve our understanding of the science and societal trends.

Changes since 2023

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

Our businesses always take nutritional factors into account when developing their product ranges. To support this approach, many of our consumer-branded grocery businesses have adopted nutrition policies which set out the businesses' principles of: transparency about nutritional properties of products; consumer choice through product development and reformulation; responsible product development and advertising. Our businesses also operate a formal process to ensure that any health claims across their brands are subject to in-house legal review to ensure they meet necessary legal requirements and are responsibly communicated.

In addition to reformulating existing products, our businesses have launched a range of products with nutritional benefits, all of which are non-HFSS (high in fat, salt or sugar). These include: Patak's Curry Creations, a range of sauce kits; Jordan's Popped Oat Crunch, high fibre breakfast cereal; and Kingsmill Fruit Fingers, a source of fibre.

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

The safety, health and wellbeing of our employees and contractors continues to be one of our main priorities. The chief executives of each business, who lead by example, are accountable for the performance of their business.

Our Health, Safety and Wellbeing Policy, refreshed in November 2023, makes it very clear that we require the businesses to continuously improve and to make sure that we understand the hazards and risks of our activities and have in place appropriate controls to look after our people.

We have an external annual independent audit programme to verify implementation of our risk management processes and to support a culture of continuous improvement.

Best practice guidance is shared across the businesses, co-ordinated from the corporate centre, to supplement the delivery of their own programmes. These address 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 2023

Businesses have continued to treat health and safety as the key priority and have delivered numerous improvements during the year.

The safety performance of the Group is reported on our website at www.abf.co.uk/responsibility.

We are deeply saddened to report that in the year there were six work-related fatalities: one employee in an on-site accident and five contractors (one in an off-site accident and four in on-site incidents). These occurred in Brazil and Africa.

Following these tragic events, our priority was to support the families and colleagues of those who died. Our businesses have conducted thorough root cause analyses, have implemented safety changes and communicated the findings to the other businesses.

This year just under £39m was invested in reducing health and safety 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 inspections centres and management of its supply base.

Changes since 2023

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.

Breaches of IT and information security

Context and potential impact

The cyber security risk landscape has continued to evolve, with threats continuing to be prevalent, sophisticated, organised and aggressive. This increasing risk requires continual improvement activities by our cyber security teams to manage our ongoing risk exposure.

Our delivery of efficient and effective business and manufacturing operations is enhanced using relevant technologies and by sharing of information. A successful cyber-attack due to malicious activity by an internal or external threat actor could result in data loss, operational disruption, non-compliance with regulations, or loss of customer confidence.

Mitigation

There is an ongoing programme of investment in both technology and people to enhance the longevity of our IT environments. This ongoing investment includes the control and protection of the IT and manufacturing environments.

We continue to improve our security culture through user awareness training programmes including phishing simulations. This reduces the likelihood of our workforce falling victim to such attacks.

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

Our cyber security teams implement and monitor security tools and controls to ensure effective and efficient security operations.

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 2023

We have continued to invest in and make improvements to security policies, procedures and capabilities during the year across our IT estates and manufacturing facilities. We have also continued to strengthen our central cyber security capabilities and support.

The Group has remained vigilant as, like all businesses, we remain subject to attack from increasingly sophisticated malicious actors.

We work with independent third-party security specialists that provide periodic penetration tests.

Coverage of our tools to protect our email systems have been expanded providing greater defence against more advanced threats which have become prevalent with the weaponisation of artificial intelligence.

A new crisis simulation platform has been selected for use by all ABF businesses. This is part of our improvements in cyber major incident response capabilities.

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:

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

Mitigation

The processes followed by our businesses to manage supply chain due diligence are key to identifying, mitigating, preventing and ceasing human rights violations. These processes are reviewed on an ongoing basis.

The due diligence requires our businesses to understand the issues specific to the workers within their respective supply chains and, where appropriate, the communities in which they reside. In line with our Group Supplier Code of Conduct, our businesses prohibit all forms of modern slavery, including forced labour and human trafficking. For more information, see our Group Modern Slavery Statement 2024 which is reported on our website at www.abf.co.uk/responsibility.

Compliance with our Group Supplier Code of Conduct is mandatory and this sets out the essential requirements of responsible business conduct. It 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 recognised for its Ethical Trade and Environmental Sustainability programme. Primark has a well-established Ethical Trade auditing and monitoring programme, which is key for identifying risks within the supply chain and for ensuring that mitigating actions are taken where necessary. Primark's approach to due diligence is explained in its Supply Chain Human Rights Policy which is available at corporate.primark.com/en-gb/policies-and-reports/policies.

Several of our businesses, including UK Grocery, ABF Ingredients and George Weston Foods, monitor their supply chains and engage suppliers using the Sedex (Supplier Ethical Data Exchange) online database.

Twinings recognises the challenges within its tea and herb supply chain and the importance of working closely with our suppliers. Twinings uses a comprehensive community needs assessment framework, developed in consultation with expert external stakeholders, which in addition to labour rights covers housing, water and sanitation, health and nutrition, land, gender and children's rights, farming practices and more.

Some of our businesses, including Primark and Twinings, 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 to identify, mitigate and remediate risks.

Changes since 2023

We continue to report, as required, under relevant regulations, including the UK Modern Slavery Act, the Australian Modern Slavery Act, the US Uyghur Forced Labor Prevention Act (UFLPA) and the recently introduced Canadian Forced Labour and Child Labour Act.

The most significant changes in the year relate to new and emerging regulations which focus on reporting, due diligence and supply chain governance. This has prompted businesses to further review their current governance and supply chain due diligence processes as well as key reporting metrics.

In preparation for the EU Corporate Sustainability Reporting Directive ('CSRD'), which some of our entities will be required to report under from 2025/26, our in-scope businesses have initiated double materiality assessments (DMA), which include detailed value chain mapping, to identify material sustainability matters and reporting metrics.

The established Group ESG Policy and Reporting Steering Committee, oversees the activities to prepare for upcoming material regulations and emerging risks, including requirements for publishing mandatory ESG information.

Our use of natural resources and managing our environmental impact

Context and potential impact

We are reliant on the use of a range of natural resources to deliver our products. 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 waste water especially in water-stressed areas; and
- waste which cannot be reused or recycled, including single-use plastics.

Failure to manage these could pose a risk to the environment and local communities, also potentially creating risks to our licences to operate and result in additional costs.

We continue to set key performance indicators to quantify the outcome of our efforts to reduce our environmental impact. We also continue to strengthen our existing data management processes to facilitate the reporting of robust data. There continues to be increased regulatory scrutiny and ESG reporting requirements that we must meet in many countries where we operate. We are committed to remaining compliant with these requirements.

Mitigation

We recognise our role in supporting the transition to a low-carbon economy and we are aligned with the commitment to the goals of the 2015 Paris Climate Agreement.

Climate-related targets continue to be set by our businesses based on their material risks. The reduction methodologies used by ABF Sugar and Primark have been validated by the Science Based Targets initiative (SBTi).

Our businesses are targeting reductions in GHG Scope 1 and 2 emissions through carbon reduction plans, which include both energy efficiency measures and growing the use of renewable energy. British Sugar, which is our most material business for Scope 1 GHG emissions, has a number of projects that focus on factory energy efficiency, steam reduction, coal elimination and reduction of energy use for pulp drying.

Our businesses continuously seek ways to improve the efficiency of both their operations and supply chains by using technologies and techniques to reduce their use of natural resources. Areas of focus include minimising garment, packaging and food waste. At the agricultural and farm level, our businesses support a wide range of environmental interventions. These span many farm management models, including certified organic production, standards to promote wildlife biodiversity, engagement with smallholder growers in developing markets, and adoption of farm management systems built on the principles of sustainable intensifications.

Water is an essential input for clothing and food production. It is a valuable resource and our businesses aim to reduce the amount of water they abstract for their own operations. In addition, we reuse process water as much as possible and treat waste water ensuring it meets or exceeds local and national water standards.

For example, AB Mauri has built significant in-house capability in water use and waste water management to assess water risks at each of its sites and to ensure that any water returned to the environment meets regulations and is managed as safely as possible.

ABF Sugar continues to focus on water usage, particularly in Africa. This year, the division has concentrated activities in two areas: accuracy of water measurement and investment in irrigation efficiency.

An example of how some of our businesses work with their supply chain to encourage responsible use of natural resources is the Primark Cotton Project (PCP). As part of this project, farmers are trained in methods aimed at increasing cotton yields and reducing inputs including water use, chemical pesticide and fertiliser use.

Changes since 2023

The environmental performance of the Group and its businesses is reported in our CDP submissions which can be found on the ABF website at www.abf.co.uk/responsibility. For details on transition plans and our risk management and materiality assessment approach, refer to the 2024 TCFD report and the ABF website at www.abf.co.uk/responsibility.

There have also been new regulations that will require additional levels of reporting, data gathering, and supplier due diligence regarding our impact on the environment.

For example, a number of our businesses will be impacted by the upcoming EU Deforestation Regulation (EUDR). Those in scope of this regulation are working to address the new requirements, including by working with external bodies, suppliers and customers.

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. Most of our businesses rely on agricultural crops with complex supply chains. Long-term climate change will impact agricultural crops, while extreme weather events have the potential to cause disruption to supply chains and operations.

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

Mitigation

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

Where appropriate, our businesses work with third-party experts to understand division- and location-specific climate-related risks and opportunities. Where risks are considered to be significant, these are incorporated into the relevant business risk registers and mitigating controls and processes identified.

For example, ABF Sugar's businesses are investing in more sustainable agriculture approaches and trialling more regenerative practices. Initiatives are being carried out on our African estates and across the wider supply chain of the other ABF Sugar businesses. In Spain we have partnered with growers through the Research Association for Sugar Beet Crop Improvement ('AIMCRA').

One of the aims is to help strengthen the links between individual farmers and field technicians to enhance the resilience and productivity of crops. Our annual TCFD reporting focuses on ABF Sugar, Primark and Twinings which together comprise 62% of the Group's adjusted operating profit. A climate-related scenario analysis identified the material risks for the Group, and actions to mitigate these are overseen by the relevant businesses. Further information and updates on our material Group climate-related risk is provided in the TCFD report on page 67.

Changes since 2023

Our review of the current environmental risks and opportunities has determined that the scenario analysis delivered as part of our Group TCFD reporting remains appropriate.

Our businesses continue to implement specific actions, which aim to reduce the impact of climate change and natural disasters on our businesses.

For details on the scenario analysis, transition plans, and our risk management and materiality assessment approach, refer to the TCFD section on pages 66 to 77 and our website at www.abf.co.uk/responsibility.

Viability statement and going concern

Viability statement

The Board has 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. 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 78 to 86 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. The impact of potential mitigating actions under the Group's control were also considered in this analysis. The Group is highly diversified operating in 56 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. This has been more than sufficient to meet not only our ongoing financing obligations but also to fund the Group's expansionary capital investment.

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 0.7x. In addition, the Group requires a certain level of total liquidity at all times. At the end of the financial year, the Group had total cash, cash equivalents and current asset investments of £1.7bn and an undrawn committed Revolving Credit Facility of £1.5bn. The Group's committed Revolving Credit Facility is free of performance covenants and matures in 2029.

In April 2024, S&P Global Ratings reaffirmed their assignment to the Group of an 'A' grade long-term issuer credit rating. The Group's access to a diverse funding base is supported by the existing £400m public bond due in 2034. 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 18 September 2027.

Going concern

After making enquiries, the Board has 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 28 February 2026 has been updated for the business's latest trading in October and is the best estimate of cash flow in the period.

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 total net debt including lease liabilities to adjusted EBITDA to be well under 1.5x. At the end of this financial year, the financial leverage ratio was 0.7x. At the end of the financial year, the Group had total cash, cash equivalents and current asset investments of £1.7bn and an undrawn committed Revolving Credit Facility of £1.5bn. The Revolving Credit Facility is free of performance covenants and matures in 2029, after a further one year extension was made in April 2024. The $100m of outstanding private placement notes were repaid on 2 April 2024, after which point Group funding is not subject to financial performance covenants.

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

As a downside scenario, the directors considered the adverse scenario in which inflationary costs are not fully recovered, high levels of volatility in key commodities prices without price adjustments, adverse movement to the cash conversion cycle within the Group and server IT outages leading to extended periods of non-operation. 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, annual profit before tax would need to decline by 17% 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