

# Chairman's introduction



**Michael McLintock**  
Chairman

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

## Dear fellow shareholders

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

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

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

The Board continues to be kept informed about, and engages with, the individual businesses through regular updates by

the executive directors and through annual updates by senior management of the businesses. This gives the Board the opportunity to provide effective guidance and constructive challenge.

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

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

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

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

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

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

**Michael McLintock**  
Chairman

## Compliance with the UK Corporate Governance Code

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

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

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

### Board leadership and company purpose

See pages 82 to 86

### Chairman's introduction

See page 78

### Leadership, values, culture and purpose

See pages 9 to 13; 46 to 55; 82 to 86

### Strategy

See pages 9 to 13; 82 to 83

### Stakeholder and shareholder engagement

See pages 40 to 45; 46 to 55; 82; 84 to 86

### Division of responsibilities

See pages 87 to 88

### Commitment, development and information flow

See pages 84 to 85 and 87 to 88

### Composition, succession and evaluation

See pages 87; 89 to 92

### Board evaluation

See page 89

### Nomination Committee Report

See pages 90 to 92

### Audit, risk and internal control

See pages 93 to 99

### Risks, viability and going concern

See pages 68 to 77; 94 to 99

### Audit Committee Report

See pages 93 to 99

### Remuneration

### Directors' Remuneration Report

See pages 100 to 115

# Board of Directors



**Michael McLintock**  
Chairman

(N) (R)

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

#### Other appointments:

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



**George Weston**  
Chief Executive

George was appointed to the Board in 1999 and took up his current appointment as Chief Executive in April 2005. In his former roles at Associated British Foods, he was Managing Director of Westmill Foods, Allied Bakeries and George Weston Foods Limited (Australia).

#### Other appointments:

- Non-Executive Director of Wittington Investments Limited
- Trustee of the Garfield Weston Foundation
- Trustee of the British Museum



**Eoin Tonge**  
Finance Director

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

Greencore's grocery division and Chief Strategy Officer.

#### Other appointments:

- None



**Dame Heather Rabbatts**  
Independent Non-Executive Director

(N) (A) (R)

Dame Heather Rabbatts was appointed a director on 1 March 2021 and has been Senior Independent Director since 1 May 2023. Heather has held a number of executive and non-executive

roles including in local government, infrastructure, media and sports. She has previously been a Non-Executive Director of Grosvenor Britain & Ireland, a Non-Executive Director of Kier Group plc and was the first woman on the Board of the Football Association in over 150 years. She continues to work in film and sports.

#### Other appointments:

- Chair of Soho Theatre

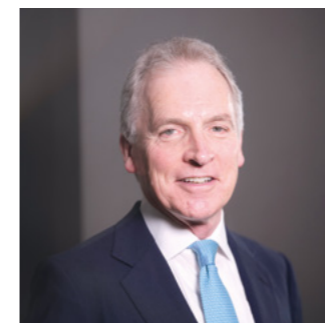


**Emma Adamo**  
Non-Executive Director

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

#### Other appointments:

- Director of Wittington Investments Limited



**Graham Allan**  
Independent Non-Executive Director

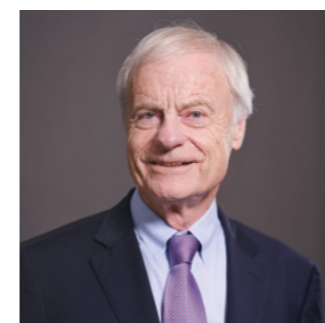
(N) (A) (R)

Graham was appointed a director in September 2018 and became chair of the Remuneration Committee in May 2023. Graham was formerly the Group Chief Executive of Dairy Farm

International Holdings Limited, a pan-Asian retailer. Prior to joining Dairy Farm, he was President and Chief Executive Officer at Yum! Restaurants International. Graham has previously held various senior positions in multinational food and beverage companies with operations across the globe and has lived and worked in Australia, Asia, the US and Europe.

#### Other appointments:

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



**Wolfhart Hauser**  
Independent Non-Executive Director

(N) (A) (R)

Wolfhart was appointed a director in January 2015. Starting his career with various research activities, he went on to establish and lead a broad range of successful international service industry

businesses. He was Chief Executive of Intertek Group plc for 10 years until he retired from that role and the board in May 2015. He was previously Chief Executive Officer and President of TÜV Süddeutschland AG for four years and Chief Executive Officer of TÜV Product Services for 10 years. He has also held other directorship roles, including as a Non-Executive Director of Logica plc from 2007 to 2012, as a Non-Executive Director of RELX plc from 2013 to 2023 and Chair of FirstGroup plc for four years from 2015 to July 2019.

#### Other appointments:

- Board member in the Trescal Group



**Annie Murphy**  
Independent Non-Executive Director

(A) (R)

Annie was appointed a director in September 2023. Annie has held senior roles at fast moving consumer goods and retail companies including PepsiCo and Procter & Gamble and, most recently, as SVP,

Global Chief Commercial Officer – Brands and International at Walgreens Boots Alliance until January 2023.

#### Other appointments:

- Deputy Chair and Board Member of the British Beauty Council



**Richard Reid**  
Independent Non-Executive Director

(N) (A) (R)

Richard was appointed a director in April 2016. He was formerly a partner at KPMG LLP ('KPMG'), having joined the firm in 1980. From 2008, Richard served as London Chairman at KPMG until he

retired from that role and KPMG in September 2015. Previously, Richard was KPMG's UK Chairman of the High Growth Markets group and Chairman of the firm's Consumer and Industrial Markets group.

#### Other appointments:

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

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

#### Key to Board Committees

- (N) Nomination Committee (R) Remuneration Committee  
(A) Audit Committee (●) Committee Chair

## Board leadership and company purpose

### The Board

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

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

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

### Purpose, business model and strategy

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

### Culture and values

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

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

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

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

### Whistleblowing

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

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

### Conflicts of interest procedure

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

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

### Engagement with stakeholders

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

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

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

## The work of the Board during the year

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

### Strategy

- conducting regular strategy update sessions with the divisions in Board meetings; and
- receiving a strategy update from the Director of Business Development.

### Acquisitions/disposals/projects

- considering/approving various acquisitions including the acquisitions of: Vital Solutions, active in polyphenol-based botanical ingredients for human dietary supplements, Kite Consulting, active in dairy consulting and performance products, and National Milk Records plc, which provides an integrated service provider working for both farmers and milk buyers as well as an independent source of data from advisers such as vets, farm consultants and breed societies;
- considering and approving capital investment including in relation to the opening of new Primark stores and upgrades to existing stores, the expansion of yeast production and introduction of spray drying capability for Ohly in Germany, the establishment of a manufacturing facility for Ovaltine in Nigeria, expansion and upgrades in our African sugar businesses and various ERP projects across the Group; and
- receiving regular updates on proposed acquisitions and disposals.

### Financial and operational performance

- receiving regular reports to the Board from the Chief Executive;
- receiving, on a rolling basis, senior management presentations from Group business segments;
- considering the Group budget for the 2023/24 financial year;
- approving the Company's full year and interim results;
- deciding to recommend payment of a 2022 final dividend (paid in January 2023) and deciding to pay an interim dividend (paid in July 2023); and
- approving banking mandate updates and various other treasury-related matters.

### Governance and risk

- reviewing the material financial and non-financial risks facing the Group's businesses;
- receiving regular updates on corporate governance and regulatory matters;
- participation in, as well as review and discussion of recommendations from, the internal Board evaluation;
- receiving reports from the Board Committee Chairs as appropriate;
- confirming directors' independence and conflicts of interest;
- reviewing and approving gender pay reporting and the Modern Slavery and Human Trafficking Statement; and
- undertaking appropriate preparations for the holding of the AGM including considering and approving an 'outlook' statement and, subsequently, discussing any issues arising from the AGM.

### Corporate responsibility

- continuing to support the enhanced activity on ESG matters;
- receiving regular management reports as well as annual presentations on health and safety and on environmental issues; and
- receiving an update on ESG matters including priorities, commitments, risks and opportunities, and the requirements in relation to climate-related financial disclosures.

### Investor relations and other stakeholder engagement

- one or more of the Chairman, Chair of the Remuneration Committee, Chief Executive and Finance Director attending meetings with institutional investors to hear their views; and
- receiving reports on investor relations activities and regular feedback on directors' meetings held with institutional investors.

### People

- approving the appointment of Annie Murphy and Kumsal Bayazit as Non-Executive Directors of the Company with effect from 6 September 2023 and 1 December 2023 respectively;
- Richard Reid, Non-Executive Director for engagement with the workforce, continuing to work with the businesses to ensure that the voice of the workforce is heard and acted upon – see further details on pages 84 and 85;
- receiving updates from senior management of the businesses on how they have engaged with their workforces and the outcomes of such engagement; and
- receiving and considering presentations on succession planning and talent management from the Chief People and Performance Officer.

## Board leadership and company purpose continued

### Non-Executive Director for engagement with the workforce



**Richard Reid**  
Non-Executive Director

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Richard Reid**  
Non-Executive Director

## Board leadership and company purpose continued

### Engagement with shareholders

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

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

#### Meetings

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

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

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

#### AGM

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

The AGM provides an opportunity for the directors to engage with shareholders, answer their questions and to meet them informally. The AGM will be held on Friday 8 December 2023 at 11.00 am at the Congress Centre, 28 Great Russell Street, London WC1B 3LS. It is planned that shareholders will be able to attend in person. There will also be the possibility for registered shareholders to follow proceedings through a livestream on the AGM website. We encourage all shareholders not attending in person on the day to vote by proxy in advance

of the meeting on all resolutions put forward as shareholders will not be able to vote on the day if they are not attending in person. Shareholders will also have the opportunity to put their questions to the Board either at the meeting (if attending in person) or in advance of the meeting. Further details are included in the Notice of AGM and documentation accompanying the proxy form. All votes are taken by a poll. In 2022, voting levels at the AGM were over 85% of the Company's issued share capital.

#### Annual Report

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

#### Responsibility/ESG

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

#### Website ([www.abf.co.uk](http://www.abf.co.uk))

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

## Division of responsibilities

### Board composition

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

#### Chairman

Michael McLintock

#### Executive Directors

George Weston (Chief Executive)

Eoin Tonge (Finance Director) – appointed 6 February 2023

#### Non-Executive Directors

Dame Heather Rabbatts (Senior Independent Director)

Emma Adamo

Graham Allan

Wolfgang Hauser

Annie Murphy – appointed 6 September 2023

Richard Reid

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

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

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

#### Chairman and Chief Executive

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

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

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

### Senior Independent Director

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

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

#### The non-executive directors

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

#### Board Committees

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

#### Board independence

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

#### Commitment

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

## Division of responsibilities continued

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

### Board meetings

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

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

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

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

### Information flow

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

### Board induction

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

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

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

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

### Training, development and engagement

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

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

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

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

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

### Attendance of directors at Board and Committee meetings

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

# Composition, succession and evaluation

### Board composition and succession

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

### Election and re-election of directors

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

### Board evaluation

#### 2022 internal Board evaluation

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

#### Actions from 2022 internal evaluation

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

#### 2023 internal Board evaluation

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

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

#### How the Board evaluation was conducted

The main strands of work were as follows:

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

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

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

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

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

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

# Nomination Committee Report



**Michael McLintock**  
Nomination Committee Chair

## Members

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

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

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

## Meetings

The Committee met four times during the year under review.

## Primary responsibilities

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

- leading the process for Board appointments (both executive and non-executive) and making recommendations to the Board;
- reviewing regularly the Board structure, size and composition (including skills, knowledge, experience and diversity) and recommending any necessary or desirable changes;

- ensuring effective succession plans are in place for the Board and senior management and overseeing the development of a diverse pipeline for orderly succession based on merit and objective criteria, with due regard to diversity of age, gender, ethnicity, sexual orientation, disability, educational, professional and socio-economic background, cognitive and personal strengths; and
- making recommendations to the Board on the Board's policy on boardroom diversity and inclusion, its objectives and linkage to strategy, how it has been implemented and progress on achieving its objectives.

## Governance

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

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

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

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

The terms of reference of the Nomination Committee are available on the Corporate Governance section of the Company's website: [www.abf.co.uk](http://www.abf.co.uk).

## Committee activities during the year

### Succession planning

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

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

## Board appointments process

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

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

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

## Re-election of directors

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

## Performance evaluation

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

## Diversity and inclusion

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

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

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

The objectives under our Board Diversity Policy include:

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

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

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

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

**Michael McLintock**  
Nomination Committee Chair

**Director skill sets**

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

**Board and executive management gender and ethnicity metrics**

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

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

**Gender representation at Board and executive management level**

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

**Ethnicity representation at Board and executive management level**

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

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

# Audit Committee Report



**Richard Reid**  
Audit Committee Chair

**Members**

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

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

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

**Meetings**

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

**Primary responsibilities**

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

**Financial reporting**

- monitoring the integrity of the Group's financial statements and any formal announcements relating to the Company's performance, reviewing significant financial reporting judgements contained in them before their submission to the Board;
- informing the Board of the outcome of the Group's external audit and explaining how it contributed to the integrity of financial reporting;

- reviewing and challenging, where necessary, the consistency of, and changes to, accounting and treasury policies; whether the Group has followed appropriate accounting policies and made appropriate estimates and judgements; the clarity and completeness of disclosure; significant adjustments resulting from the audit; and compliance with accounting standards;

**Narrative reporting**

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

**Internal financial controls**

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

**Whistleblowing and fraud**

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

**Internal audit**

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

**External audit**

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



## Governance

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

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

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

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

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

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

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

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

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

The terms of reference of the Audit Committee can be viewed on the Investors section of the Company's website: [www.abf.co.uk](http://www.abf.co.uk).

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

## Board responsibilities on audit, risk and internal control

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

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

### Risk management and internal control

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

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

### Standards

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

### High-level controls

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

## Financial reporting

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

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

### Internal audit

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

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

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

### Assessment of principal risks

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

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

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

- the annual risk management review, a comprehensive process identifying the key external and operational risks facing the Group and the controls and activities in place to mitigate them, the findings of which are discussed with each member of the Board individually (refer to the risk management section on pages 94 to 95 for details of the process undertaken); and

- the annual assessment of internal control, which, following consideration by the Audit Committee, provided assurance to the Board around the control environment and processes in place around the Group, specifically those relating to internal financial control.

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

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

### Going concern and viability

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

### Audit Committee activities during the year

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

### Monitoring the integrity of reported financial information

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

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

These reviews considered:

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

### Significant accounting issues considered by the Audit Committee in relation to the Group's financial statements

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

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

### Areas of significant accounting judgement and estimation material to the Group financial statements

#### Impairment of goodwill, intangibles, property, plant and equipment and right-of-use assets

Assessment for impairment involves comparing the book value of an asset with its recoverable amount, being the higher of value-in-use and fair value less costs to sell. Value-in-use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty.

#### Audit Committee assurance

The Committee considered the reasonableness of cash flow projections which were based on the most recent budget approved by the Board and reflected management's expectations of sales growth, operating costs and margins based on past experience and external sources of information. The Committee focused on China Sugar, Don, Illovo Mozambique, Jordans Dorset Ryvita and Vivergo.

Long-term growth rates for periods not covered by the annual budget were challenged to ensure that they were appropriate for the products, industries and countries in which the relevant cash-generating units operate. The Committee reviewed and challenged the key assumptions made in deriving these projections: discount rates, growth rates, and expected changes in production and sales volumes, selling prices and direct costs. The Committee also considered the adequacy of the disclosures in respect of the key assumptions and sensitivities. Refer to notes 8, 9 and 10 to the financial statements for more details of these assumptions.

The Committee was satisfied that the discount rate assumptions appropriately reflected current market assessments of the time value of money and the risks associated with the particular assets. The other key assumptions were all considered to be reasonable.

On the basis of the key assumptions and associated sensitivities, it is considered that the charge of £109m, comprising £41m in the Don business, £15m in north China Sugar, £35m in Illovo Mozambique and £18m in Primark was appropriately recognised and included within exceptional items as detailed in notes 8, 9 and 10.

The external auditor undertook an independent audit of the estimates of value-in-use and fair value less costs to sell, including a challenge of management's underlying cash flow projections, long-term growth assumptions and discount rates. On the basis of its work, and its challenge of the key assumptions and sensitivities, it considered that the impairment charges as detailed in notes 8, 9 and 10 were appropriately recognised.

#### Impact of inflationary pressures on the viability statement and going concern

The Group has continued to experience inflationary pressures in raw material, supply chains and energy. These inflationary pressures have been exacerbated by the war in Ukraine.

The Board considered future performance and cash flows in its going concern assessment, through to February 2025, and its viability statement over the next three years.

Management has undertaken a detailed financial modelling exercise that has considered the impact on profit, cash and working capital of a number of potential scenarios.

The Committee has reviewed and challenged the scenarios considered by management and concluded that these, and the stress-testing scenarios and assumptions, were appropriate and adequate.

The Committee has reviewed the detailed cash flow forecasts, which incorporate the mitigating actions proposed by management. The Committee also reviewed and challenged the reverse stress assumptions to confirm the viability of the Group.

The Committee has been kept informed of the impacts of inflationary pressures on the Group, including accounting matters, going concern and viability considerations. The Committee has satisfied itself that management has adequately identified and considered all potentially significant accounting and disclosure matters.

### Areas of significant accounting judgement and estimation material to the Group financial statements

#### Post-retirement benefits

Valuation of the Group's pension schemes and post-retirement medical benefit schemes require various subjective judgements to be made including mortality assumptions, discount rates, general and salary inflation, and the rate of increase for pensions in payment and those in deferment.

#### Audit Committee assurance

Actuarial valuations of the Group's pension scheme obligations are undertaken every three years in the UK by an independent qualified actuary who also provides advice to management on the assumptions to be used in preparing the accounting valuations each year. Actuarial valuations in other jurisdictions are performed as required. Details of the assumptions made in the current and previous year are disclosed in note 12 of the financial statements together with the bases on which those assumptions have been made.

The Committee reviewed the assumptions by comparison with externally derived data and also considered the adequacy of disclosures in respect of the sensitivity of the surplus to changes in these key assumptions.

### Other accounting areas requiring management judgement or estimation

#### Taxation

Current and deferred tax recognised in the financial statements is dependent on subjective judgements as to the outcome of decisions by tax authorities in various jurisdictions around the world and the ability of the Group to use tax losses within the time limits imposed by various tax authorities.

#### Audit Committee assurance

The Committee reviews the Group's tax policy and principles for managing tax risks annually.

The Committee reviewed and challenged the provisions recorded and the contingent liabilities disclosed at the balance sheet date and management confirmed that they represent their best estimate of the financial exposure faced by the Group.

The external auditor explained to the Committee the work that they had conducted during the year, including how their audit procedures were focused on those provisions requiring the highest degree of judgement.

The Committee discussed with both management and the external auditor the key judgements which had been made. The Committee was satisfied that the judgements were reasonable and that, accordingly, the provision amounts recorded were appropriate.

### Misstatements

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

### Internal financial control and risk management

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

- the external auditors' summary of management letters and their Audit Committee reports;
- internal audit reports on key audit areas and any significant deficiencies in the financial control environment;
- reports on the systems of internal financial control and risk management, including the preparatory work for additional control reviews under the Group's ACE programme;
- an assessment of business continuity plans in place in the Group's businesses;
- reports on fraud perpetrated against the Group;

- the Group's approach to anti-bribery and corruption, and whistleblowing;
- the Group's approach to IT and cybersecurity;
- reports on significant systems implementations; and
- inflationary pressure challenges and response assurance plan.

### Internal audit

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

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

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

To fulfil its duties, the Committee reviewed:

- internal audit's reporting lines and access to the Committee and all members of the Board;
- internal audit's plans and its achievement of the planned activity;
- the results of key audits and other significant findings, the adequacy of management's response and the timeliness of their resolution; and
- changes in internal audit personnel to ensure appropriate resourcing, skills and experience are put in place.

The Group's Director of Financial Control meets with the Chair of the Audit Committee as appropriate but at least quarterly, without the presence of executive management, and has direct access to the Chairman of the Board.

### Whistleblowing and fraud

The Whistleblowing Policy 'Speak Up' is designed to protect ABF's culture of fairness, trust, accountability and respect, encouraging effective and honest communication at all levels. In addition, an independent external service provider receives, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters for reporting to the Audit Committee as appropriate. Further details on the Policy can be found on page 52. The Committee reviewed reports from internal audit and the actions arising therefrom and reported this to the Board (to the extent any Board member was not in attendance at the relevant meeting).

The Group's Anti-fraud Policy has been communicated to all employees and states that all employees have a responsibility for fraud prevention and detection. Any suspicion of fraud should be reported immediately and will be investigated vigorously. The Audit Committee reviewed all instances of fraud perpetrated against the Group and the action taken by management both to pursue the perpetrators and to prevent reoccurrences.

### External audit

#### Auditor independence

The Audit Committee is responsible for the development, implementation and monitoring of policies and procedures on the use of the external auditor for non-audit services, in accordance with professional and regulatory requirements. These policies are kept under review to meet the objective of ensuring that the Group benefits in a cost-effective manner from the cumulative knowledge and experience of its auditor, whilst also ensuring that the auditor maintains the necessary degree of independence and objectivity. The Committee's policy on the use of the external auditor to provide non-audit services is in accordance with applicable laws and takes into account the relevant ethical guidance for auditors. Any non-audit work to be undertaken by the auditor requires authorisation by the Finance Director, and above a certain threshold, the Audit Committee, prior to its commencement.

The Committee also ensures that fees incurred, or to be incurred, for non-audit services, both individually and in aggregate, do not exceed any limits in applicable law and take into account the relevant ethical guidance for auditors.

The Committee is required to approve the use of the external auditor to provide: accounting advice and training; corporate responsibility and other assurance services; financial due diligence in respect of acquisitions and disposals; and will consider other services when it is in the best interests of the Company to do so, provided they can be undertaken without jeopardising auditor independence. Tax services including tax compliance, tax planning and related implementation advice may not be undertaken by the external auditor except in very exceptional circumstances where specialist knowledge is required. The aggregate expenditure with the Group auditor is reviewed by the Audit Committee. No individually significant non-audit assignments that would require disclosure were undertaken in the financial year.

The Company has a policy that any partners, directors or senior managers hired directly from the external auditor must be pre-approved by the Chief People and Performance Officer, and the Finance Director or Group Financial Controller, with the Chair of the Audit Committee being consulted as appropriate.

The Audit Committee has formally reviewed the independence of the external auditor. EY has reported to the Committee confirming that it believes it remained independent throughout the year, within the meaning of the regulations on this matter and in accordance with its professional standards.

To fulfil its responsibility to ensure the independence of the external auditor, the Audit Committee reviewed:

- a report from the external auditor describing arrangements to identify, report and manage any conflicts of interest, and policies and procedures for maintaining independence and monitoring compliance with relevant requirements; and
- the extent of non-audit services provided by the external auditor.

The total fees paid to EY for the 52 weeks ended 16 September 2023 were £11.2m, of which £1.0m related to non-audit work. Further details are provided in note 2 to the financial statements.

#### Auditor effectiveness

To assess the effectiveness of the external auditor, the Committee reviewed:

- the external auditor's fulfilment of the agreed audit plan and variations from it (including changes in perceived audit risks and the work undertaken by the external auditors to address those risks);
- reports highlighting the major issues that arose during the course of the audit;
- feedback from the businesses via questionnaires evaluating the conduct and performance of each assigned audit team (including in respect of their planning, challenge and interaction with the business); and
- a report on EY, as a firm, from the Audit Quality Review Team ('AQRT') of the Financial Reporting Council ('FRC') and the discussions with EY on the contents of such report.

There is regular open communication between EY and the Audit Committee as well as between EY and the businesses' senior management. The Audit Committee holds private meetings with the external auditor after each Committee meeting to review key issues within their sphere of interest and responsibility and to satisfy itself that the audit is of a sufficiently high standard.

To fulfil its responsibility for oversight of the external audit process, the Audit Committee reviewed:

- the terms, areas of responsibility, associated duties and scope of the audit as set out in the external auditor's engagement letter;
- the overall work plan and fee proposal;
- the major issues that arose during the course of the audit and their resolution;
- key accounting and audit judgements;
- the level of errors identified during the audit; and
- the content of, and any recommendations made by the external auditor in, their management letters and the adequacy of management's response.

#### Auditor appointment

The Audit Committee reviews annually the appointment of the auditor, taking into account the auditor's effectiveness and independence, and makes a recommendation to the Board accordingly. Any decision to open the external audit to tender is taken on the recommendation of the Audit Committee.

The Company's current external auditor, EY, was first appointed at the annual general meeting in December 2015, with effect from 2016, following the conclusion of a competitive tender process. The Audit Committee is satisfied with the auditor's effectiveness and independence and has recommended to the Board that EY be reappointed as the Company's external auditor for 2023/24. The Board accepted such recommendation. In accordance with applicable law and regulation, the Company is required to conduct a competitive audit tender during 2025.

The Audit Committee has discussed the most appropriate time to carry out the external audit tender process, taking into account the independence, objectivity and quality of EY's external audit and has concluded that, based on current performance, it is anticipated that a competitive tender process will commence in 2024. The Audit Committee considers that a competitive tender is in the best interests of the Company's shareholders as it will allow the Company to appoint the audit firm that will provide the highest quality, most effective and efficient audit.

#### Compliance with the Competition and Markets Authority Order

The Company confirms that, during the period under review, it has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

#### Minimum Standard

The FRC's 'Audit Committees and the External Audit: Minimum Standard' (the 'Minimum Standard') was published in May 2023, eight months into the financial year. Between its publication and the end of the financial year on 16 September 2023, one Audit Committee meeting has taken place, at which the Minimum Standard was considered. The Audit Committee's initial assessment is that there is nothing of note in the Minimum Standard that differs from how the ABF Audit Committee currently operates. However, this is being reviewed further, including to the extent that there may be useful points to consider in relation to the assessment of the effectiveness of the audit process and to the audit tender process.

#### Richard Reid

#### Audit Committee Chair

# Annual statement by the Remuneration Committee Chair



**Graham Allan**  
Remuneration Committee Chair

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The Annual Remuneration Report is subject to an advisory vote at the 2023 AGM.

**Dear shareholders**

In this first letter as the new Remuneration Committee Chair, I am pleased to present the Directors' Remuneration Report for the year to 16 September 2023. I would like to acknowledge Ruth Cairnie's extensive work as the previous Committee Chair and to thank her for her support with the transition.

**Work of the Committee in 2022/23**

The role of the Committee includes incentivising strong business performance and appropriately rewarding contributions to the Company's long-term success. We are pleased that the 2022 Remuneration Policy, which was based on these principles, received support from more than 92% of shareholders at the 2022 AGM.

The Committee has, as part of its regular work, reviewed the policy based outcomes under the annual short-term incentive plan (STIP) and the long-term incentive plan (LTIP), as well as consulting with shareholders on the proposed restricted share plan (RSP) award level for the Chief Executive for 2023-26 onwards.

**Incentive Plan Outcomes for 2022/23**

At the beginning of the year, the Company was facing extreme market volatility, as well as significant cost inflation at Primark and in most of the food businesses. Given the challenging trading environment, adjusted operating profit and adjusted earnings per share were, at that time, expected to be lower than in 2021/22. During the course of the year, however, the Company successfully navigated these headwinds and outperformed against both expectations and the prior year. At Primark, well-received ranges, good results from new stores, and selective price increases generated a solid sales and profit outcome. Several other businesses had impressive sales growth, particularly in Grocery and Ingredients, and international brands performed well. In Sugar, performance was slightly better than expected and adjusted operating profit was moderately above last year. For the Group overall, this strong all-round performance resulted in adjusted operating profit finishing ahead of last year. The remuneration outcomes for 2022/23 reflect these results.

**Short-Term Incentive Plan (STIP) 2022/23**

Underpinned by year-on-year sales growth, operating profit exceeded the maximum target established under the STIP. However, working capital levels were impacted by supply chain challenges and inflationary pressures and the threshold for the working capital modifier was not met. Accordingly, the overall outcome under the financial performance measures for this year is 66.67% of maximum.

Last year, as part of our review, the personal element of the STIP was replaced with strategic KPIs, with a weighting of 15%. This year our strategic KPIs were all related to ESG. The diversified nature of ABF means that ESG targets are developed by division, with the centre having a key role in governance, overseeing progress and ensuring accountability for performance. Our scorecard of measures for the year incorporated both the key ESG priorities within the divisions and the evolution of our governance model. For the 2022/23 STIP, against a broad scorecard of measures, the Committee assessed the overall score at 21/30.

Combining these measures, the overall formulaic outcome for the 2022/23 STIP was 67.17% of maximum.

**Long-Term Incentive Plan 2020-23**

Reflecting the Group's strong post-COVID recovery, EPS performance for the 2020-23 LTIP was broadly in line with the target set back in 2020. The Group three-year average ROACE without Sugar exceeded the maximum level. The four-year average Sugar ROACE outcome was just below the maximum level. Note that the Group ROACE without Sugar modifier and the Sugar ROACE modifier act only as downward modifiers to the calculated incentive outcomes.

Based on these results, the overall formulaic outcome for the 2020-23 LTIP was 58.46% of maximum.

The Committee believes that the STIP and LTIP outcomes are appropriate, taking into account the performance of the Company in the year and the strong recovery of the business over the three-year LTIP performance period.

**Appointment of Eoin Tonge**

In the year, the Committee finalised the terms of buy-out awards in place of awards forfeited by Eoin Tonge at his previous employer, Marks and Spencer ('M&S'), upon his appointment as Finance Director of ABF. These awards, along with their terms, were disclosed in last year's Directors' Remuneration Report. Three of these awards vested in July 2023. Details of these can be found on page 111.

**Remuneration decisions for 2023/24**

**Salary and fees**

In ABF's decentralised model, each business is given flexibility to determine its own salary increases and there is no single budgeted increase rate for UK employees. We assess that our average UK salary increases will be 9.2% including hourly-paid Primark staff, and 4.7% if hourly-paid Primark staff are excluded. In this context, the Committee has determined that for 2023/24, the executive directors will receive salary increases of 4.5%, below the average increase for the wider employee population.

**STIP 2023/24**

For 2023/24, the financial measures under the STIP remain the same as those used in 2022/23, with a modest rebalancing towards EBIT performance versus working capital. Strategic measures, focused on ESG, will continue to represent 15% of the total measures.

**Restricted Share Plan (RSP) 2023-26**

The shareholder-approved 2022 Remuneration Policy included a move from LTIP awards to RSP awards for those in Group roles. In line with shareholder expectations, the RSP awards represent a 50% reduction in award opportunity compared to the previous LTIP awards.

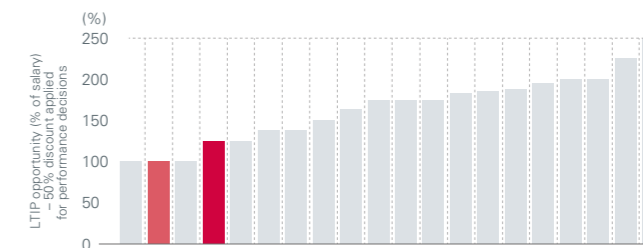
ABF has operated a conservative overall incentive quantum for many years, with the maximum LTIP award level having been set at 200% of salary since 2010. Recognising the modest level of our incentive packages, the 2016 and 2019 remuneration policies included headroom for LTIP awards to be increased up to 300% of salary for new hires.

As disclosed last year, the recruitment of Eoin Tonge as Finance Director afforded an opportunity to test the competitiveness of senior level remuneration at ABF. As anticipated, use of the policy headroom was required and an LTIP opportunity of 250% of salary was needed to secure Eoin in the role. Under the 2022 Remuneration Policy, this translated to an RSP award of 125% of salary.

Reliance on this policy headroom to successfully recruit a new Finance Director caused the Committee last year to consider an increase in the maximum opportunity for the Chief Executive to an LTIP of 250% or an RSP award of 125% of salary. At that time, the Chief Executive requested that this increase be deferred. As a result, his RSP opportunity for 2022-25 was 100% of salary.

This year, the Committee again reviewed market data and internal relativities, and concluded that it would be inappropriate to continue awarding RSP awards to the Chief Executive at a lower level than those awarded to the Finance Director. Recent market data reveals that an RSP award of 100% of salary is not competitive, with ABF having the joint lowest opportunity within a comparator group of similar sized UK listed companies.

The chart below shows the LTIP opportunities in the FTSE 15 – 45 (excluding Financial Services) with awards subject to performance conditions discounted by 50% to allow for ready comparison to the RSP, alongside the current and proposed opportunities at ABF:



From 2023/24 onwards, we plan to make RSP awards at 125% of salary to both executive directors. This remains modest compared to other companies of our scale.

As part of the normal consultation process we engaged with 22 of our largest shareholders on this proposal. No significant concerns have been raised with the Committee in the course of these consultations.

**Consideration of wider workforce views and remuneration approaches**

The Group is geographically dispersed and subject to quite different employment market conditions, both of which complicate meaningful comparisons against wider workforce compensation. However, the Committee is mindful of reward practices across the Group when setting and implementing its approach to executive remuneration. The Committee receives data on the remuneration structure for two tiers of management below the executive directors and uses this information to ensure as much consistency of approach as is practicable.

Divisional HR directors provided input to the most recent remuneration policy review and they also share, on an ongoing basis, feedback they receive from employees on remuneration. Richard Reid, a member of the Committee, engages with employees through his work as the Non-Executive Director for workforce engagement and specifically affords them an opportunity to share their views on pay and conditions. This feedback is shared fully with the Committee. We have also created an email inbox (remcochair@abfoods.com) to enable employees and other stakeholders to share directly their views on the Company's executive remuneration approach should they so wish.

**2023 AGM**

This year the Committee has maintained its approach of aligning compensation with business performance and the shareholder experience. I hope that you will feel able to support our Directors' Remuneration Report at the 2023 AGM.

**Graham Allan**  
Remuneration Committee Chair

## Remuneration summary/at a glance

### Remuneration principles

Our remuneration approach needs to support efforts to attract and retain top executive talent and to promote the strategic and financial performance of the business. Our principles, which are consistent with the requirements of Provision 40 of the UK Corporate Governance Code, are considered in the Committee's decision making. We believe that pay should be:

#### Fair

Total remuneration should fairly reflect the performance delivered by executives. Where appropriate, this may include the application of discretion to ensure remuneration outcomes are aligned to performance that creates value for shareholders and other stakeholders

#### Aligned

The portfolio we operate is diverse and complex. We aim to align remuneration and business objectives and to use performance measures which provide clear line of sight for executives

#### Clear & simple

We believe that executive remuneration should be clear and simple for participants to understand. The best way to achieve this is through close alignment with business performance

### Remuneration approach

The Remuneration Policy for the executive directors, approved by shareholders last year, includes the following elements:

Base salary	Pension and benefits	Short-Term Incentive Plan (STIP)	Restricted Share Plan (RSP)	Shareholding requirement
Base salary set at an appropriate level for ABF's size and scale	The Chief Executive will opt out of his current EFRBS and will not receive a cash allowance thereafter  The Finance Director receives a cash allowance of 10% of salary aligned with other employees	Maximum of 200% of salary  (Up to 150% of salary cash, and 50% of salary STIP shares)	Normal annual RSP award of 125% of salary	Set at 250% of salary, retained for 2 years after leaving employment

The policy worked as intended this year and outcomes are in line with performance. The full Remuneration Policy wording is set out in the 2022 Annual Report and Accounts which is available on the Company's website <https://www.abf.co.uk>

### Time horizons for STIP and RSP awards

	2022/23	2023/24	2024/25	2025/26	2026/27
<b>STIP cash</b>	One year performance				
<b>STIP shares</b>	One year performance				
	Deferral period				
	Vest at end of year three				
<b>RSP</b>	Three year performance period – underpins apply			Two year holding period	
	Vest at end of year three				

STIP and RSP payments are subject to malus and clawback provisions.

### Performance alignment

**Reward in Group and business roles** – Group roles, including the executive directors, are granted RSP awards. This structure is consistent with their responsibility for managing the portfolio to achieve sustainable growth in shareholder value. Performance-based LTIPs are used at division and business level where tangible and directly relevant targets are set.

**STIP performance measures** – STIP performance is based on financial measures (adjusted operating profit and working capital) and a portion based on strategic measures including ESG.

**RSP underpins** – The RSP underpins are intended to avoid rewards for failure. The underpins ensure a disciplined approach to investment (ROACE), alignment with shareholders (dividends), strategic focus for future sustainable growth, good governance and meaningful progress on the ESG agenda.

**Discretion and judgement** – In line with the principle of fairness, the Committee has a long history of applying discretion both to increase and reduce incentive outcomes to ensure that they 'feel fair' given the circumstances and achievements across our portfolio, consistent with our established remuneration principles.

### Shareholder voting and engagement

We were pleased last year that 92.37% of those voting supported our new remuneration policy and that 99.11% supported the Directors' Remuneration Report, as shown below.

Resolution	Dates of AGM	Votes for	Votes against	Votes withheld
Directors' Remuneration Policy 2022	December 2022	92.37%	7.63%	2,539,398
Directors' Remuneration Report 2022	December 2022	99.11%	0.89%	928,042

During the year, the Committee engaged with its major shareholders on the proposed increase to the Chief Executive's RSP award level. See page 101 for more information on this consultation.

### Annual remuneration report

#### Single total figure of remuneration for the executive directors (audited)

		George Weston		Eoin Tonge		John Bason	
		2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Fixed pay	Salary	1,118	1,084	446	–	478	748
	Benefits	18	17	17	–	11	17
	Pension	0	101	45	–	81	187
	Total fixed remuneration	1,136	1,202	508	–	570	952
Variable pay	STIP cash	1,167	1,084	449	–	484	745
	STIP deferred shares	469	–	253	–	194	–
	LTIP	1,328	0	–	–	756	0
	Other	–	–	2,372	–	–	–
	Total variable remuneration	2,964	1,084	3,074	–	1,434	745
Single total figure	4,100	2,286	3,582	–	2,004	1,697	

#### Notes to single total figure of remuneration for the executive directors

##### Salary

For George Weston, the salary paid is reduced for pension-related salary sacrifices. The benefit of these salary sacrifices is captured in the increase in pension entitlements for which a remuneration value is shown in the pensions row.

##### Benefits

The value of benefits for George Weston comprised £15,656 taken in cash and £2,114 taxed as benefits-in-kind; for Eoin Tonge comprised £15,197 taken in cash and £1,363 taxed as benefits-in-kind; and for John Bason benefits comprised £9,725 taken in cash and £1,001 taxed as benefits-in-kind.

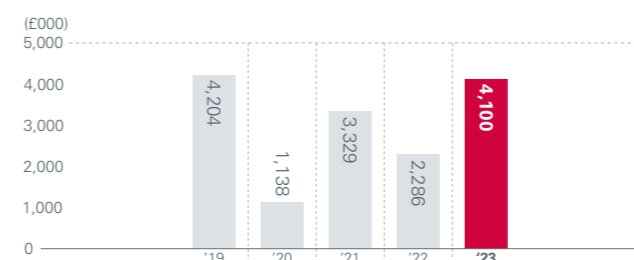
##### Pension

In 2022/23 George Weston had an overall benefit promise of 1/45<sup>th</sup> of final pensionable pay for each year of pensionable service up to 5 April 2016 and 1/50<sup>th</sup> of final pensionable pay for each year of pensionable service thereafter, subject to a maximum of 2/3rds of final pensionable pay (basic salary during the last 12 months before retirement, plus if applicable, the average of the last three years' fluctuating earnings). He opted out of the Associated British Foods Pension Scheme on 5 April 2006 and has a deferred benefit in that scheme; the balance of the promise is provided under an EFRBS. His pension benefits are payable from age 65. No alternative defined benefit arrangements are available to any member who chooses to take their benefits early. His accrued pension at 16 September 2023 was £754,991 per annum. George Weston will opt out of the EFRBS on 31 December 2023.

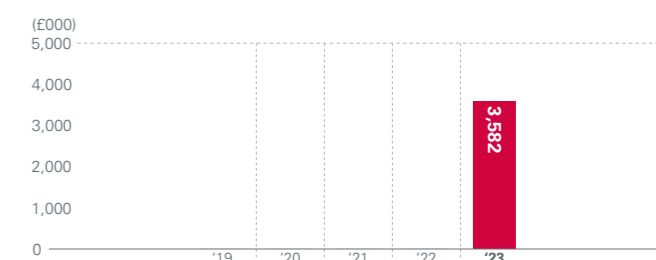
While the nature of George Weston's pension benefits has not changed during the year, the pensions number for remuneration purposes is £0 as inflation exceeded salary increases in the year.

Eoin Tonge received a cash allowance of 10% of salary in lieu of pension, which is reported under the pensions section in the single figure table for clarity. Between 24 April 2019 and 31 December 2022, John Bason received a cash supplement of 25% of salary in lieu of pension contributions. This reduced to 10% of salary from 1 January 2023.

#### George Weston total remuneration



#### Eoin Tonge total remuneration



## Annual Remuneration Report

### STIP 2022/23

#### Achievement against financial targets

This table details the financial performance ranges for STIP 2022/23 and the calculated outcome for the cash element of the STIP.

	Cash element			2022/23 STIP outcome
	Cut In	Target	Maximum	
Adjusted operating profit £m	1,130	1,255	1,380	1,513.19
STIP based on profit (as % of salary)	15.94%	63.75%	106.25%	106.25%
Working capital as % of 3 <sup>rd</sup> party sales	15.40%	14.39%	13.38%	15.88%
% modifier to Profit element	80%	100%	120%	80%
<b>Total STIP cash financial element (as % of salary)</b>	<b>12.75%</b>	<b>63.75%</b>	<b>127.5%</b>	<b>85%</b>

At the start of the year, the Company was facing extreme market volatility and significant cost inflation. Given the challenging trading environment, adjusted operating profit was expected to be lower than in 2021/22. As explained on page 100, the Company successfully navigated these headwinds. For the Group overall, this strong all-round performance resulted in adjusted operating profit finishing ahead of last year and ahead of the maximum of the STIP performance range. However, working capital levels were impacted by supply chain challenges and inflationary pressures and the threshold for the working capital modifier was not met. Accordingly, the overall outcome under the financial performance measures for this year is 66.67% of maximum.

#### Achievement against ESG strategic KPIs

This year our STIP strategic KPIs were all related to ESG. In our diversified Group, ESG-related targets are set by the businesses based on their material risks and what is relevant and achievable for them. As detailed in our TCFD report, our most material businesses each have their own emissions reduction targets.

We are committed to a range of sustainability goals, including reaching net zero by 2050, and believe that the best way to incentivise management to deliver this is by setting targets in their short-term incentive plans linked to the delivery of key projects. In our TCFD report we have included transition plans for ABF Sugar and Primark as they contribute most significantly to adjusted operating profit and total GHG emissions.

In line with our governance model, we have assessed the STIP outcome taking into account progress in four key areas, as set out in the table below. The targets set were demanding and tightly-aligned with our approach to ESG. Against a scorecard of measures, the overall score achieved was 21/30, 70% of the maximum for this element.

The Committee also considered our progress on ESG in the round, ensuring that our ESG governance approach is robust, that each operating division has its own ESG framework and increasing understanding of future legislation and implications for reporting. The Committee concluded that progress had been good and was therefore satisfied that 21/30 (70%) was a fair outcome.

	Score	Commentary and performance outcome
<b>Primark sustainability</b>	5/6	<ul style="list-style-type: none"> <li>55% of clothing made from recycled/more sustainably sourced material, up from 45% in 2022.</li> <li>46% of cotton clothing units sold contained organic, recycled or Sustainable Cotton Programme (PSCP) cotton, up from 40% in 2022.</li> <li>Over 299,000 farmers trained or currently in PSCP.</li> </ul>
<b>People and community</b>	6/9	<ul style="list-style-type: none"> <li>Primark Phase 2 pilot completed using Fair Labour Association (FLA) tool to assess wage data in 30 factories compared with the Global Living Wage Coalition benchmark.</li> <li>Social and supply chain risks documented to same level as environmental risks – significant progress made.</li> <li>Further review of the human rights risks across 15 key commodities is underway.</li> <li>Board Diversity Policy introduced with principles applied across the Group.</li> <li>Health, Safety and Wellbeing Policy updated to reflect focus on mental health and wellbeing.</li> </ul>
<b>Carbon</b>	6/8	<ul style="list-style-type: none"> <li>Progress on key Sugar projects in the UK designed to reduce carbon emissions including:                             <ul style="list-style-type: none"> <li>modifications to driers to enable them to run on natural gas rather than coal; and</li> <li>removing calcium from juice to enable evaporators to operate more efficiently.</li> </ul> </li> <li>For further information please refer to page 65.</li> </ul>
<b>Water</b>	4/7	<ul style="list-style-type: none"> <li>Around half of Illovo abstraction sites have &gt;95% instrumentation accuracy and capital plans are in place to ensure remaining sites are at this level by the end of 2024.</li> <li>Carried out annual water risk assessments for our operations using internationally recognised methodologies to identify sites in water-stressed areas.</li> <li>25% of water abstracted was reused before being returned to watercourses.</li> </ul>

#### Overall achievement

The overall outcome for the STIP cash element was 100.75% of salary (67.17% of maximum) as shown in the table below.

	Cut In	Target	Maximum	Actual
STIP financial element	12.75%	63.75%	127.5%	85%
STIP ESG/KPI element	2.25%	15%	22.5%	15.75%
<b>STIP cash total</b>				<b>100.75%</b>

The 2022-25 STIP shares element was subject to the same performance conditions as the cash element. 67.17% of the shares that were allocated at the beginning of the performance period will vest in 2025, subject to a service condition. The remaining allocated shares have now lapsed. The number of shares vesting is shown on page 111.

#### STIP amounts included in the single total figure table

For 2022/23, the figures shown in the single total figure table comprise the annual cash bonus, which is paid in December in respect of the preceding financial year, and the value of deferred share awards, earned for performance in the 2022/23 financial year, calculated based on the average mid-market closing price over the last quarter of the financial year of 2,008.02p. These shares are subject to a two-year deferral period. 20.6% of the value of the deferred awards is attributable to share price appreciation as the share price has increased from 1,665.3p at allocation in December 2022. No value is included in respect of the STIP deferred shares based on performance in 2020/21 and vesting in November 2023 as these values were required to be reported in the 2020/21 annual report. The directors are also paid dividend equivalents in respect of vested shares. These are not included in the single total figure as the amounts do not relate to the periods being reported on.

For 2021/22, this figure comprises the annual cash bonus, which was paid in December 2022 in respect of the preceding financial year, and the value of deferred share awards, earned for performance in the 2021/22 financial year, calculated based on the average mid-market closing price over the last quarter of the 2021/22 financial year of 1,580.52p. These shares are subject to a two-year deferral period. These values are not updated to reflect vesting share price as the awards have not yet vested. None of this value is attributable to share price appreciation as the share price decreased in the 2021/22 financial year. The directors are also paid dividend equivalents in respect of vested shares. These are not included in the single total figure as the amounts do not relate to the periods being reported on.

#### LTIP 2020–23

Boosted by a strong post-COVID recovery, the EPS performance for the 2020-23 LTIP was just ahead of target. The Group three-year average ROACE without Sugar exceeded the maximum level. The four-year average Sugar ROACE outcome was just below the maximum level. Note that the Group ROACE without Sugar modifier and the Sugar ROACE modifier act only as downward modifiers to the calculated incentive outcomes. The overall formulaic outcome for the 2020-23 LTIP was 58.46% of maximum, as shown in the table below.

	Threshold	Target	Maximum	Performance	Calculated outcome	
100% of award	Group adjusted earnings per share in the non-Sugar businesses	125p	132p	142p	133.7p	58.5%
	3-yr ROACE in the non-Sugar businesses downward modifier	10%	12%	13.07%		100%
	4-yr Sugar ROACE downward modifier	5%	8%	7.99%		99.93%
	Vesting as % of maximum					58.46%

#### LTIP amounts included in the single total figure table

The numbers in the single total figure table reflect the number of shares vesting. George Weston will receive 63,063 shares and John Bason will receive 35,870 shares. As required by UK regulations, the vesting value for 2020–23 has been estimated using the mid-market closing price over the last quarter of 2022/23 of 2,008.02p. Vesting will be on 20 November 2023 and a figure recalculated for the share price on that date will be presented in the 2023/24 annual report. The values shown in the table also include an amount in respect of cash dividend equivalent payments that will be made in respect of the shares vesting. The amount included for George Weston is £62,054 and for John Bason is £35,296. None of the amount shown is in respect of an increase in share price as the price used in the calculation is below the allocation price.

None of the shares under the LTIP for 2019–22 vested in November 2022.

#### Other

The values shown for other remuneration in the single total figure table for Eoin Tonge are:

- the buyout awards made to replace awards that he held in M&S of 96,210 shares, which vested on 3 July 2023 at a price of 2,006.7p; and
- £440,605 in cash made as a buyout award in respect of the M&S STIP he forfeited on joining ABF.

**Implementation of policy in 2023/24**

<b>Base salary</b>	Salaries for the executive directors will increase as shown below in December 2023. Estimated average UK salary increases are expected to be 9.23% including hourly-paid Primark staff, and 4.68% excluding them.		
		Increase	Salary from 1 December 2023
	George Weston	4.5%	£1,210,000
Eoin Tonge	4.5%	£757,500	

**Pension**

The Group has a wide variety of pension arrangements in place and a history of honouring the commitments we make to individuals at appointment. Our UK defined benefit pension scheme remains open to future accrual for members who joined the Group before it closed to new members.

George Weston participates in an EFRBS designed to replicate benefits under the UK defined benefit scheme. Whilst this is consistent with others who joined the Group at a similar time, it is different from the wider workforce of more recent recruits who participate in a defined contribution scheme.

In 2021/22 George Weston agreed that his EFRBS participation would end on 31 December 2023. He will then opt out of the EFRBS and become a deferred member of the Scheme. Thereafter he will receive no further EFRBS accruals from the Group, nor will he receive a cash allowance in lieu of pension contributions.

Eoin Tonge will receive a cash supplement of 10% of salary in lieu of pension contributions, in line with the approach for the wider ABF UK workforce.

<b>STIP 2023/24 150% of salary in cash 50% of salary in shares</b>		EBIT (% of salary)	Modification based on average working capital	Total financial element (% of salary)	ESG and strategic measures (% of salary)	Total STIP (% of salary)
	Maximum	147.83%	x1.15	170%	30%	200%
	On-target	85%	X1	85%	20%	105%
	Threshold	20%	x0.85	17%	3%	20%
	Below threshold	0%	x0.85	0%	0%	0%

The financial measures remain the same as in 2022/23, with a modest rebalancing in weighting towards EBIT performance.

STIP share awards will be granted in November 2023 and will lapse at the end of the financial year to the extent that performance conditions have not been met. The balance of the shares will remain conditional and be deferred for a further two years.

Malus and clawback provisions apply to STIP awards for up to two years after being paid.

**RSP 2023-26  
125% of salary in shares**

Restricted share awards will be granted in November 2023. At the Committee's discretion, vesting may be reduced if the following underpins are not met:

- ROACE above the weighted average cost of capital;
- dividend payments maintained;
- consideration of whether the right actions have been taken to strengthen ABF's competitive position for long-term sustainable growth. Performance will be assessed in the round. The underpin will be deemed to not be met in the event that there is an identified and agreed specific management failure; and
- satisfactory governance performance including no ESG issues that result in material reputational damage (as determined by the Board).

A two-year post-vesting holding period applies to net of tax shares. Malus and clawback provisions apply for two years post-vesting.

**Shareholding requirement  
250% of salary**

George Weston's shareholding very significantly exceeds the 250% of salary requirement.

Eoin Tonge's shareholding does not yet meet the requirement and at least 50% of net shares vested under the STIP and RSP awards as well as 50% of net shares vested under certain new joiner awards must be held by him until it is met.

**NED Fees**

Non-executive directors' fees will increase from £78,250 to £81,750 in December 2023.

The fee for the Senior Independent Director will increase from £24,500 to £25,000 in December 2023.

The fee for responsibility for workforce engagement will increase from £23,500 to £25,000 in December 2023.

The Chairman's fee will increase from £440,000 to £459,800 in December 2023.

**Wider Workforce Remuneration**

**Fair pay**

Associated British Foods is a diversified business that currently operates in 55 countries and employs 133,000 people working across five business segments. Our people are central to our business and we pride ourselves on being a first-class employer.

As an international business, we have a duty to operate responsibly and are keen to ensure that the people who work in our businesses are paid fairly. We support the work of governments to ensure that minimum wages are sufficient to allow employees to have an acceptable standard of living. Our businesses, each of which is responsible for setting and managing its own remuneration approach, operate in line with the principles set out below and in compliance with all local laws.

**Pay should be...**

<b>Appropriate</b>	<b>Free from discrimination</b>	<b>Intuitive</b>	<b>Explainable</b>	<b>Market competitive</b>
For the employee's role, experience and skills Fixed pay will meet/exceed legal minimum and appropriate industry standards (e.g. collective bargaining agreements)	Pay should not be impacted by an individual's age, gender, sexual orientation, ethnicity or other characteristics	Employees should always receive compensation regularly, in full and on time	The business should be able to explain how pay has been calculated so that it is easy to understand	Local market conditions (industry/location/cost of living) should be considered when setting pay levels

**Workforce engagement on remuneration**

Please see the Remuneration Committee Chair's letter on pages 100 and 101 for more information on how the Committee communicates with the wider workforce.

**Inflation and wider workforce remuneration**

This year has seen exceptionally high inflation in the UK, with the lowest paid workers disproportionately impacted. In our decentralised model, the salary management approach varies from business to business but all have targeted higher rates of salary increase to our more junior employees. Many have also paid temporary allowances or made specific additional payments to lower paid colleagues to assist them with the additional costs they are facing.

This year we have updated our Health, Safety and Wellbeing Policy to include a greater focus on mental health and wellbeing. In addition, many of our businesses have reviewed their financial wellness activities to help protect employees from financial shocks. 96% of our people have access to an EAP to support their wellbeing. More information on the actions our businesses take to support employees' wellbeing can be found in our Responsibility Report.

### Directors' Pay in the Context of the Group's Wider Pay Practices

The Committee has regard to workforce remuneration and related policies across the Group and ensured alignment of incentives and reward with the Company's culture when determining the 2022 Policy for directors. The table below summarises the remuneration structure for the wider workforce.

	Below the Board	Executive directors
<b>Salary</b>	Salary increase budgets are determined by each of the businesses for each country, taking into account country-specific conditions such as inflation. Salary increases are then determined by line managers based on factors such as development in role and local market practice. Salaries are benchmarked to ensure that we are able to recruit and retain talented people.  We review the ratio of the Chief Executive's pay to that of our UK employees on page 109	Salary increases as a percentage of salary are normally aligned with, or lower than, those of the wider workforce.  Consistent with the wider workforce, salaries are set competitively against peers in support of the recruitment and retention of executive directors.
<b>STIP</b>	In our decentralised model the approach to incentives varies by division. This is consistent with our line of sight approach and ensures design is appropriate for the strategy of each business and market. There is a common governance framework, with central oversight, for signing off all changes to incentive design to ensure that risks are mitigated and cultural considerations are appropriately taken into account.  Key performance measures of adjusted operating profit, working capital, ESG targets and personal performance are commonly used across the Group.  As employees progress and are promoted, their target and maximum bonus opportunities increase.	The STIP for executive directors is primarily based on the financial performance of the Company. 15% of the STIP is based on ESG performance.  STIP share awards are made for 25% of the total STIP payment and are deferred for a further two years after the performance condition has been met.
<b>LTIP</b>	We make share-based LTIP or RSP awards to around 200 of our most senior managers across the Group to support the remuneration philosophy of incentivising superior long-term business results and shareholder value creation.  The performance measures for around a third of participants are aligned fully or partially to those of the executive directors. For other participants, the appropriate measures are agreed with the individual business to reflect the strategy and role in the portfolio of the business. Measures include profit growth, returns, working capital management and strategic objectives e.g. related to business transformation or ESG priorities.  We also operate a cash LTIP to ensure long-term incentivisation for a wider population of senior managers and to reward performance in businesses, where relevant long-term targets can be set.  All of our LTIPs have a performance period of at least three years with some being up to five years. Awards are made as a percentage of base salary.	Executive directors' LTIP grants up to 2021 were subject to achievement of EPS and ROACE performance conditions.  From 2022 the LTIP was replaced with an RSP, granted by reference to a percentage of salary that is half the amount of an equivalent LTIP award and which vest provided underpins are met.  Vested shares are subject to a two-year holding period.
<b>Pension</b>	A pension/provident fund is offered to our employees in line with local market requirements and practices. Exceptions to this are countries where pension provision is not prevalent in the local market and/or is provided by the state.  In the UK, newly appointed employees and executives of all ABF companies are entitled to receive a Company pension contribution that matches their own contribution to a maximum of 10% of salary. They are eligible to take some or all of this as a cash alternative if subject to the lifetime or annual allowance.  In certain countries, including the UK and Ireland, longer-serving employees continue to participate in and accrue benefits under defined benefit pension schemes which are closed to new members.	Newly appointed executive directors are eligible to receive a Company pension contribution of up to 10% of salary in line with the wider workforce in the UK. They are eligible to take some or all of this as a cash alternative if subject to the lifetime or annual allowance.
<b>Benefits</b>	In our decentralised model, we expect our businesses to ensure that core benefits provided to employees in each country remain appropriate and local market competitive. For example, in the African sugar businesses, outside South Africa, we have on site clinics/hospitals (dependent on country) available to employees and their families to ensure that they have access to healthcare. In other locations such provision may be through the state or may be covered by insurances that we offer as a benefit to employees.	Executive directors receive benefits which consist primarily of the provision of a company car/allowance and health cover.  In addition, executive directors are eligible for benefits available to the wider head office workforce.

### CEO Pay Ratio

Year	Methodology used	Lower quartile	Median	Upper quartile
2022/23	Option B	196:1	166:1	131:1
2021/22	Option B	114:1	104:1	85:1
2020/21	Option B	171:1	155:1	115:1
2019/20	Option B	79:1	70:1	48:1
2018/19	Option B	253:1	238:1	169:1

We have chosen to use Option B of the available methodologies to calculate our CEO Pay Ratio. Given the complexity of our Group, this approach enables us to use existing gender pay data for Great Britain (GB) as a foundation for our calculations. We determined the hourly rates at each quartile of our 5 April 2023 gender pay data then calculated the average annual salary and total remuneration for each quartile as each point represents multiple individuals. We pro-rated the data for part-time individuals to reflect full-time equivalent remuneration and excluded leavers from the calculation.

Those at the lower quartile data point are Primark and Allied Bakeries employees, at median they are from Primark, Speedibake and Vivergo and at upper quartile they are from Speedibake, Primark, Allied Bakeries, Westmill and SilverSpoon.

The increase in the pay ratio reflects the increase in incentive outcomes this year for the Chief Executive. We are pleased that the remuneration levels for our GB-based employees have increased year-on-year by 11.7% at the median.

Whilst based on data for GB only, this year's pay ratio reflects the relationship between the Chief Executive's pay and the experience of UK employees as a whole. Many of our early career employees are in Primark and this affects the data, with those in the food businesses typically later in their careers and with remuneration at higher levels in line with their skills and experience.

	Lower quartile	Median	Upper quartile
Salary for GB-based employees	£19,898	£23,031	£29,406
Single figure of total remuneration for GB-based employees	£20,957	£24,655	£31,390

### Annual percentage change in remuneration of directors and employees

	% change in salary/fees				% change in benefits <sup>5</sup>				% change in cash STIP <sup>6</sup>			
	2023	2022	2021	2020	2023	2022	2021	2020	2023	2022	2021	2020
George Weston <sup>1</sup>	3.14%	0.15%	33.09%	(23.52)%	5.88%	5.45%	0%	0%	33.8%	0.04%	100%	(100)%
Eoin Tonge	–	–	–	–	–	–	–	–	–	–	–	–
John Bason <sup>1</sup>	(36.10)%	0.60%	34.30%	(21.19)%	(35.29)%	4.91%	0%	(23.81)%	(19.7)%	1.35%	100%	(100)%
Michael McLintock <sup>3</sup>	3.56%	0.96%	15.19%	(11.49)%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ruth Cairnie <sup>2,4</sup>	(11.67)%	0%	17.65%	(8.11)%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Richard Reid <sup>2,4</sup>	3.52%	(2.07)%	42.16%	(8.11)%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Graham Allan <sup>2</sup>	15.79%	1.33%	15.38%	(12.16)%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Heather Rabbatts <sup>2</sup>	14.47%	1.33%	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a	–
Emma Adamo <sup>2</sup>	2.63%	1.33%	15.38%	(12.16)%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Wolfhart Hauser <sup>2</sup>	2.63%	1.33%	15.38%	(12.16)%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Annie Murphy	–	–	–	–	–	–	–	–	–	–	–	–
Average ABF plc UK employee <sup>7</sup>	2.1%	9.5%	4.70%	(0.70)%	(1.5)%	15.1%	3.90%	2.90%	9.3%	13.5%	167%	(63)%

- George Weston and John Bason's salary rates increased by 3.5%, a lower increase rate than for other head office employees, whose standard increase was 6%. The lower increase shown in the table reflects an increase in the number of more junior roles in the head office.
- The NED fee increased from £76,000 to £78,250 in December 2022.
- Michael McLintock's fee increased to £440,000 in December 2022.
- The Committee Chair fee increased from £23,500 to £27,000 in December 2022 and the Senior Independent Director fee increased from £21,000 to £24,500 in December 2022. There was no change to other additional responsibility fees in the period, but the change in base NED fee detailed in note 2 applies to these roles.
- Benefits data is calculated on the same basis as the benefits data in the single total figure table on page 103 and includes benefits in kind and benefits taken in cash but excludes any pension allowances. The reduction in benefits for the average employee reflects a reduction of the number of employees eligible for a company car.
- Includes cash STIP payments only.
- The numbers for 2022 have been restated to correct an error in the 2022 disclosure, which led to the salary and benefits increases being understated and the STIP increase overstated for the average employee.



### 2023 Gender pay gap reporting

Women comprise 55% of our total global workforce. We have chosen to report on the gender pay gap that relates to our employee population in Great Britain (GB) as of 5 April 2023. However, more than half of our workforce is employed outside Great Britain and is not included in this analysis. Consistent with last year we have presented data for the whole Group and for the Group without Primark.

	ABF Group businesses in GB		ABF Group businesses in GB (excluding Primark)	
	2023	2022	2023	2022
Women's mean hourly pay rate is <b>below</b> that of men by	<b>28.2%</b>	31.6%	<b>3.6%</b>	4.0%
Women's median hourly pay rate is <b>below</b> that of men by	<b>18.9%</b>	22.6%	<b>10.2%</b>	9.0%
Women's mean bonus pay rate is <b>below</b> that of men by	<b>27.0%</b>	34.1%	<b>24.1%</b>	34.0%
Women's median bonus pay rate is <b>above</b> that of men by	<b>21.8%</b>	25.9%	<b>29.8%</b>	30.0%
Percentage of men who received a bonus	<b>26.6%</b>	26.5%	<b>50.8%</b>	48.0%
Percentage of women who received a bonus	<b>7.9%</b>	7.2%	<b>66.5%</b>	61.3%

Gender pay and bonus gaps are calculated by comparing the mean (average) and median (central value in the data list) measures for women to that of men and identifying the percentage difference between the two. As required by the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, we submit data for our relevant legal entities to the UK Government through their website.

#### Group

The Group pay gap has improved, though it remains in favour of men. A significant number of female employees work as retail assistants, with 77.2% of roles in the lower pay quartile taken by women. Whilst men take up more of the highest paid roles, we are pleased that the proportion of women in the upper quartile is increasing, reducing the pay gap.

One of the Company's strengths is that business leaders have detailed knowledge of every aspect of their organisation. That knowledge often comes from many years in role. Institutional memory is critical in our decentralised operating model.

Whilst the gender balance at the top of the Group is changing, it is slow due to long tenure. Balancing long tenure, fresh external insights and the need for diverse thinking is a focus across our businesses. We support new colleagues to build strong internal networks so that they can more quickly understand the organisation.

The greater presence of senior men in the bonus pool has a distorting effect on the mean bonus gap. The median bonus gap, which includes recognition awards, is in favour of women. Recognition awards are smaller in quantum and often given to men with long service in the manufacturing environment. They are compared to bonuses for women in middle management.

#### Non-retail businesses

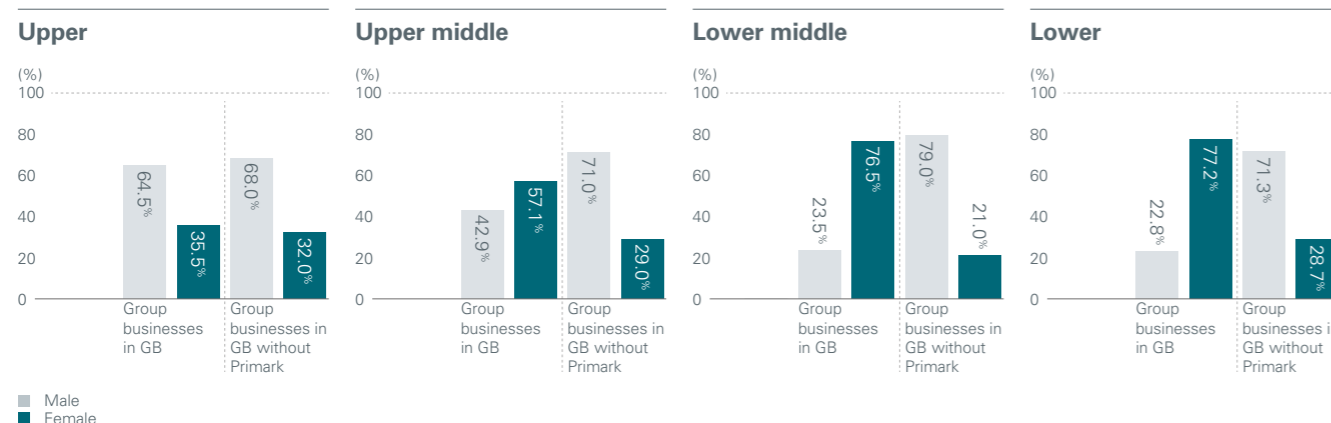
In the non-retail businesses the pay gap remains in favour of women as we have a significant majority of male employees in the food businesses who work in a manufacturing environment. These employees are being compared to women who, on average, work in middle management.

#### Primark

The Primark gender pay data can be found on their website. At median we have only a 1.4% pay gap in Primark.

For more information on our approach to DEI, please refer to our Responsibility Report.

### Proportion of men and women in each pay quartile



### Executive directors' shareholding and scheme interests

#### Scheme interests (audited information)

The table below details the conditional share interests held by the executive directors as at 16 September 2023. The awards made before December 2022 were made in line with the 2019 Remuneration Policy.

#### LTIP, RSP and Buyout Awards

Vesting of LTIP awards is subject to meeting performance conditions over the performance period. A further two-year post-vesting holding period applies to net of tax shares. The RSP is expected to vest in full, subject to meeting performance underpins.

	Scheme	Award date	Maximum award			End of performance period	Shares vesting			Release date	
			% of salary	Face value at grant £000	Market price at grant <sup>1</sup>		Maximum	Target (50% of maximum)	Threshold (10% of maximum)		
George Weston	LTIP	20/11/20	200%	2,180	2,020.9p	16/09/23	107,873	53,937	10,787	20/11/23	
		19/11/21	200%	2,180	1,974.7p	14/09/24	110,397	55,199	11,040	19/11/24	
	RSP	09/12/22	100%	1,158	1,665.3p	13/09/25	69,537	N/A	N/A	17/11/25	
John Bason	LTIP	20/11/20	200%	1,440	2,020.9p	16/09/23	71,255	35,628	7,126	20/11/23	
		19/11/21	200%	1,440	1,974.7p	14/09/24	74,381	37,191	7,438	19/11/24	
	RSP	09/12/22	100%	152	1,665.3p	13/09/25	9,113	N/A	N/A	17/11/25	
Eoin Tonge	RSP	03/03/23	125%	906	1,665.3p	13/09/25	54,420	N/A	N/A	17/11/25	
	<b>Vested M&amp;S buyout awards<sup>2</sup></b>										
	STIP 22/23 buyout <sup>3</sup>	03/07/23	-	441	1,604.6p	N/A	27,459	N/A	N/A	03/07/23	
	RSP buy out <sup>4</sup>	03/03/23	-	364	1,604.6p	N/A	22,656	N/A	N/A	03/07/23	
	PSP 20-23 buy out <sup>5</sup>	03/03/23	-	1,450	1,604.6p	16/09/23	90,383	-	18,077	03/07/23	
	<b>Unvested M&amp;S buyout awards</b>										
	DSBP buy out <sup>4</sup>	03/03/23	-	570	1,604.6p	N/A	35,511	N/A	N/A	01/07/25	
PSP 21-24 buy out <sup>6</sup>	03/03/23	-	1,358	1,604.6p	14/09/24	84,611	42,306	8,461	01/11/24		
PSP 22-25 buy out <sup>7</sup>	03/03/23	-	113	1,604.6p	13/09/25	7,068	N/A	N/A	01/11/25		

- The price used to determine the number of shares allocated under the LTIP and RSP is the average closing price on the five trading days immediately preceding the main allocation in November/December each year. The details of the buyout awards for Eoin Tonge, including the price used to determine the number of shares allocated was agreed as part of his joining arrangements as set out on page 146 of our 2022 Annual Report. None of the buyout awards is pensionable.
- These awards were allocated and vested this financial year. The beneficial ownership shown on page 112 is the amount of shares retained from those that vested in July 2023 after selling sufficient to cover tax and National Insurance due.
- All of these shares vested in July 2023 and are to be retained until 01/07/26.
- All of these shares vested in July 2023 and are to be retained until 06/07/25.
- 46,095 of these shares vested in July 2023 after applying the performance conditions that applied to the M&S 20-23 PSP award. Net vested shares to be retained until 01/07/25.
- Performance will be assessed 30% against ABF 21-24 EPS targets, 30% against ABF strategic KPIs and 40% against ABF average STIP as a percentage of maximum for 2022/23 and 2023/24.
- Net vested shares to be retained until 01/07/27, underpins apply in line with those on the 22-25 RSP award.

#### STIP – shares

The value of deferred STIP shares released is determined based on the achievement of the STIP performance conditions.

	Scheme	Award date	% of salary	Maximum award			End of performance period	Deferred awards		
				Face value at grant £000	Market price at grant <sup>1</sup>	Maximum shares		Shares lapsed for performance	Shares subject to service condition	Release date
George Weston	Deferred awards	20/11/20	50%	545	2,020.9p	18/09/21	26,968	13,484	13,484	20/11/23
		19/11/21	50%	545	1,974.7p	17/09/22	27,599	14,233	13,366	19/11/24
		09/12/22	50%	579	1,665.3p	16/09/23	34,769	11,415	23,354	17/11/25
Eoin Tonge	Deferred awards	03/03/23	50%	312	1,665.3p	16/09/23	18,745	6,154	12,591	17/11/25
John Bason	Deferred awards	20/11/20	50%	360	2,020.9p	18/09/21	17,814	8,907	8,907	20/11/23
		19/11/21	50%	360	1,974.7p	17/09/22	18,595	9,589	9,006	19/11/24
		09/12/22	50%	240	1,665.3p	16/09/23	14,421	4,734	9,687	17/11/25

- The share price used for determining the number of shares in an allocation is the average closing price on the five trading days immediately preceding the main annual award date. The awards to Eoin Tonge were made at the same share price as those for the main award.

**Executive Directors' shareholding requirements (audited information)**

The interests below as at 16 September 2023 remained the same at 7 November 2023. George Weston has met our shareholding requirement. Since joining the business this year, Eoin Tonge has begun to build a holding of ABF shares.

	Holding requirement	Beneficial	Beneficial as % of salary <sup>1</sup>	LTIP/RSP/buyout awards subject to performance condition/underpins	Unvested deferred STIP/buyout awards	Total 16 September 2023	Total 17 September 2022 <sup>2</sup>
George Weston <sup>2</sup>							
Wittington Investments Limited, ordinary shares of 50p	n/a	15,060.5	n/a	n/a	n/a	15,060.5	6,328
Associated British Foods plc, ordinary shares of 5 <sup>15</sup> / <sub>22</sub> p	250% of salary	3,795,585	6,821%	287,807	50,204	4,133,596	4,127,648
Eoin Tonge							
Associated British Foods plc, ordinary shares of 5 <sup>15</sup> / <sub>22</sub> p	250% of salary	50,855	146%	146,099	48,102	245,056	–
John Bason							
Associated British Foods plc, ordinary shares of 5 <sup>15</sup> / <sub>22</sub> p	250% of salary	229,369 <sup>3</sup>	612%	154,749	27,600	411,718	446,758

1. Calculated using share price as at close of business on 15 September 2023 of 2,081p and rate of base salary as at 16 September 2023.
2. George Weston is a director of Wittington Investments Limited which, together with its subsidiary Howard Investments Limited, held 431,515,108 ordinary shares in Associated British Foods plc as at 16 September 2023.
3. Beneficially owned shares are shown as at retirement date.
4. Prior year restated to reflect revised approach of including only the element of STIP shares that is subject to a holding condition. Adjustment for George Weston is 4,177,101 shares minus 76,303 (the full amount of STIP shares shown on page 143 of the 2022 Annual Report) plus 26,850 (the number of STIP shares subject to a service condition). Adjustment for John Bason is 479,612 shares minus 50,767 plus 17,913. This methodology is then consistent with the numbers shown for unvested deferred awards and total shares for 2023.

**Directors' service contracts/letters of appointment**

	Date of appointment	Date of current contract/letter of appointment	Notice from Company	Notice from individual	Unexpired period of service contract
<b>Executive Directors</b>					
George Weston	19/04/99	01/06/05	12 months	12 months	Rolling contract
Eoin Tonge	06/02/23	20/07/22	12 months	12 months	Rolling contract
<b>Non-Executive Directors</b>					
Michael McLintock	01/11/17	11/04/18	6 months	6 months	Letter of appointment
Emma Adamo	09/12/11	09/12/11	6 months	6 months	Letter of appointment
Wolfhart Hauser	14/01/15	14/01/15	6 months	6 months	Letter of appointment
Richard Reid	14/04/16	13/04/16	6 months	6 months	Letter of appointment
Graham Allan	05/09/18	05/09/18	6 months	6 months	Letter of appointment
Heather Rabbatts	01/03/21	16/02/21	6 months	6 months	Letter of appointment
Annie Murphy	06/09/23	31/05/23	6 months	6 months	Letter of appointment

Copies of service contracts are available for inspection at the Company's head office.

**Executive Director departures and appointments****Appointment of Eoin Tonge as Finance Director**

Our approach to remuneration for Eoin Tonge was set out in detail on page 146 of the 2022 annual report. The details of RSP and buyout awards made to him can be found in the share allocation tables on page 111.

**Retirement of John Bason as Finance Director**

John Bason retired on 28 April 2023 and was determined to be a good leaver. He remains subject to the following shareholding requirements:

- any shares vesting under the LTIP need to be retained, net of tax, for a further two years from the vesting date; and
- a personal holding of ABF shares to the value of 250% of salary must be maintained until 28 April 2025. Shares that are subject to a holding period post-vesting count towards this 250% shareholding requirement.

Details of the approach applied for incentive awards can be found on page 147 of our 2022 Annual Report.

**Payments to past directors and payments for loss of office (audited information)**

The only payments made to John Bason in relation to his role as Finance Director since his retirement are those noted above in respect of his participation in incentive schemes up to his leaving date.

No payments for loss of office were made in the year.

**Executive directors serving as non-executive directors**

To encourage self-development and external insight, the Committee has determined that, with the consent of both the Chairman and the Chief Executive, executive directors may serve as non-executive directors of other companies in an individual capacity, retaining any fees earned. Neither individual currently holds such other roles.

**Non-Executive Directors' remuneration (audited information)**

	Fees		Fixed pay		Variable pay		Single total figure of remuneration	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Michael McLintock	436	421	436	421	–	–	436	421
Ruth Cairnie <sup>1</sup>	106	120	106	120	–	–	106	120
Richard Reid	147	142	147	142	–	–	147	142
Emma Adamo	78	76	78	76	–	–	78	76
Wolfhart Hauser	78	76	78	76	–	–	78	76
Graham Allan <sup>2</sup>	88	76	88	76	–	–	88	76
Heather Rabbatts <sup>3</sup>	87	76	87	76	–	–	87	76
Annie Murphy <sup>4</sup>	6	0	6	0	–	–	6	0

1. Ruth Cairnie stepped down as Senior Independent Director and Remuneration Committee Chair on 1 May 2023 and left the Board on 31 August 2023.
2. Graham Allan was appointed as Remuneration Committee Chair on 1 May 2023.
3. Heather Rabbatts was appointed as Senior Independent Director on 1 May 2023.
4. Annie Murphy joined the Board on 6 September 2023.

**Non-executive directors' remuneration**

Non-executive directors' fees were reviewed during 2023 and it was determined that increases should be made as shown below.

	Fees effective 1 Dec 2023	Fees effective 1 Dec 2022
Chairman	£460,000	£440,000
Additional fee for Senior Independent Director responsibilities	£25,000	£24,500
Additional fee for Committee Chair (Audit/Remuneration only)	£27,000	£27,000
Additional fee for responsibility for workforce engagement	£25,000	£23,500
Additional fee for chairing Primark Finance and Risk Committee	£19,000	£19,000
Director	£81,750	£78,250

**NED shareholdings and share interests (audited information)**

The following shareholdings are ordinary shares of Associated British Foods plc unless stated otherwise. The interests remained the same at 7 November 2023.

	Total 16 September 2023	Total 17 September 2022	2023 total holding as % of annual fee <sup>3</sup>
Michael McLintock	24,000	24,000	114%
Ruth Cairnie <sup>1</sup>	5,223	5,223	84%
Richard Reid	3,347	3,347	47%
Emma Adamo <sup>2</sup>			
Wittington Investments Limited, ordinary shares of 50p	1,011	1,322	–
Associated British Foods plc, ordinary shares of 5 <sup>15</sup> / <sub>22</sub> p	511,234	511,234	13,596%
Wolfhart Hauser	7,161	7,161	190%
Graham Allan	10,000	10,000	198%
Heather Rabbatts	–	–	0%
Annie Murphy	–	–	0%

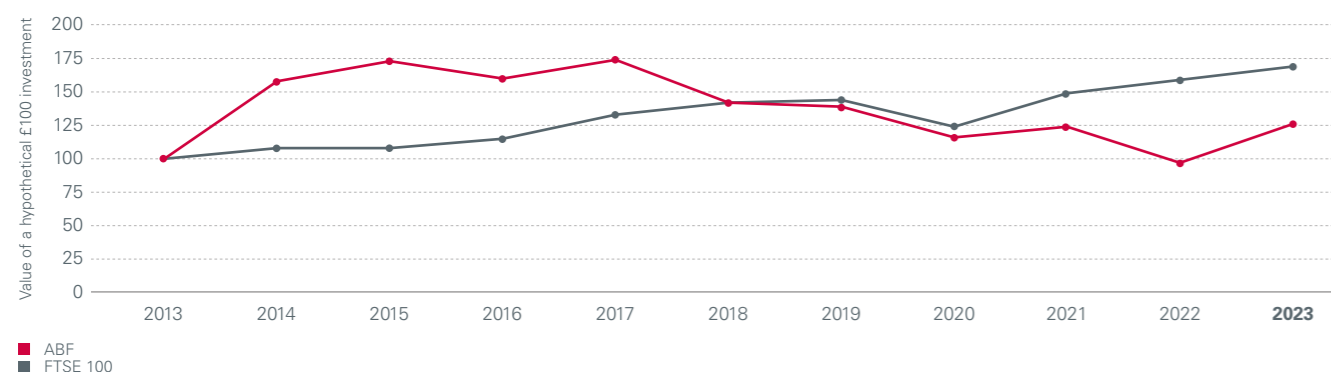
1. Shareholding at 31 August 2023 when Ruth Cairnie's appointment ended  
 2. Emma Adamo is a director of Wittington Investments Limited which, together with its subsidiary, Howard Investments Limited, held 431,515,108 ordinary shares in Associated British Foods plc as at 16 September 2023.  
 3. Calculated using share price as at close of business on 15 September 2023 of 2,081p and fee rate as at 16 September 2023.

**Total shareholder return (TSR) performance and Chief Executive's pay**

The performance graph below illustrates the performance of the Company over the 10 years from September 2013 to September 2023 in terms of total shareholder return compared with that of the companies comprising the FTSE 100 index.

This index has been selected because it represents a cross-section of leading UK companies and Associated British Foods is a part of the index.

In addition, the table below the graph provides a summary of the total remuneration of the Chief Executive over the last 10 years.



Source: DataStream Return Index

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single total figure remuneration (£'000)	7,470	3,056	3,133	4,849	3,843	4,204	1,138	3,329	2,286	4,100
Annual variable element – STIP (% of maximum before share price impacts)	59.49%	44.46%	86.75%	97.47%	50.34%	73.37%	0%	52.50%	51.09%	67.17%
Long-term variable element – LTIP (% of maximum)	100%	18.54%	0%	51.02%	100%	57.13%	0%	40.00%	0%	58.46%

**Relative importance of spend on pay**

A year-on-year comparison of the relative importance of pay with significant distributions to shareholders and taxes paid is shown below. Taxes paid represents part of our societal contribution, alongside the activities detailed in our Responsibility Report.

	2023 £m	2022 £m	Change %
Pay spend for Group	3,156	2,812	12%
Dividends relating to period	459	345	33%
Taxes paid	341	304	12%

**Members of the Remuneration Committee**

In the financial year and as at the date of this report, members and Chair of the Committee have been as follows:

	Role on Committee	Independence	Year of appointment	Meetings attended
Ruth Cairnie	Chair (until May 2023) then member	Senior (until May 2023) Independent Director	2014	3/3
Wolfhart Hauser	Member	Independent Director	2015	4/4
Richard Reid	Member	Independent Director	2016	4/4
Michael McLintock	Member	Chairman	2017	4/4
Graham Allan	Member then Chair (from May 2023)	Independent Director	2018	4/4
Heather Rabbatts	Member	Senior Independent Director (from May 2023)	2021	4/4
Annie Murphy	Member	Independent Director	2023	1/1

The Chairman was considered independent on appointment and, as such, is a member of the Committee. George Weston (Chief Executive), Sue Whalley (Chief People and Performance Officer), and Julie Withnall (Group Director of Reward) attend the meetings of the Committee. No individual is present when their own remuneration is considered.

**Role of the Committee**

The Committee is responsible to the Board for determining:

- the remuneration policy for the executive directors and Chairman, considering internal and external trends on remuneration;
- the overall policy for remuneration of the Chief Executive's direct reports;
- the design and monitoring of the operation of any Company share plans;
- stretching performance targets for executive directors to encourage enhanced performance;
- an approach that fairly and responsibly rewards contribution to the Company's long-term success; and
- the specific terms and conditions of employment of each executive director, ensuring that contractual terms and payments made on termination are fair to the individual and Company, that failure is not rewarded and loss is mitigated.

The Committee's remit is set out in detail in its terms of reference, which are reviewed regularly to ensure that they are compliant with the latest corporate governance requirements and were most recently updated in November 2022. They are available from the corporate governance section of our website at [www.abf.co.uk](http://www.abf.co.uk).

**Remuneration Committee advisers and fees**

Following a competitive tender the Committee appointed Deloitte LLP (Deloitte) in March 2020 to provide independent advice to the Committee. Deloitte are members of the Remuneration Consultants Group and adhere to its Code of Conduct in relation to executive remuneration consulting. The Committee is satisfied that the advice it received in the year was objective and independent. This advice included independent meetings with the Committee Chair during the year. During the year, other services that Deloitte provided to the Company were corporate and employment tax advice, advice related to transactions, and risk and controls-related advisory work. The fees paid to Deloitte for Committee assistance over the past financial year totalled £76,500.

Herbert Smith Freehills LLP and Addleshaw Goddard LLP provide the Company with legal advice. Their advice is made available to the Committee, where it relates to matters within its remit.

**Compliance**

Where information in this report has been audited by Ernst & Young LLP, it has been clearly indicated. The report has been prepared in line with the requirements of The Large and Medium-sized Companies Regulations (as amended), the recommendations of the UK Corporate Governance Code (July 2018) and the requirements of the UKLA Listing Rules.

The Directors' Remuneration Report was approved by the Board and signed on its behalf by

**Paul Lister**  
**Company Secretary**

7 November 2023

# Directors' Report

The directors of Associated British Foods plc present their report for the 52 weeks ended 16 September 2023, in accordance with section 415 of the Companies Act 2006. The Financial Conduct Authority's Disclosure Guidance and Transparency Rules and Listing Rules also require the Company to make certain disclosures, some of which have been included in other appropriate sections of the Annual Report and Accounts.

The information set out on page 119 and the following cross-referenced material, which would otherwise be required to be disclosed in this Directors' Report, is incorporated into this Directors' Report:

- likely future developments in the Group's business (pages 1 to 39);
- greenhouse gas emissions and energy consumption (page 52 to 54);
- the Board of Directors (pages 80 and 81);
- information on our employees including disabled persons (pages 50 and 51; 110);
- information on how the directors keep employees informed on and involved with the Company's performance (pages 40; 84 to 85);
- information on how the directors have engaged with employees (including those in the UK), have had regard to employee interests and the effect of that regard on the Company's principal decisions (pages 40 to 45; 50 and 51; 84 to 85);
- information on how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others and the effect of that regard, including on the principal decisions taken by the Company during the year (pages 40 to 55); and
- the Corporate Governance Statement (pages 78 to 115).

## Results and dividends

The consolidated income statement is on page 128. Profit for the financial year attributable to equity shareholders amounted to £1,044m.

The directors recommend a final dividend of 33.1p per ordinary share to be paid, subject to shareholder approval, on 12 January 2024. Together with the interim dividend of 14.2p per share paid on 7 July 2023, this amounts to 47.3p for the year. See page 147 for the note on dividends. In addition, a special dividend of 12.7p is proposed by the directors as an interim dividend which will also be paid on 12 January 2024 to holders of ordinary shares on the register at the close of business on 15 December 2023. Shareholder approval for this special dividend is not required.

## Directors

The names of the persons who were directors of the Company during the financial year and as at 7 November 2023 appear on page 87.

## Appointment of directors

The Articles give directors the power to appoint and replace directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Board. A person who is not recommended by the directors may only be appointed as a director where details of that director have been provided at least seven and not more than 35 days prior to the relevant meeting by at least two members of the Company.

The Articles require all directors to retire and seek re-election at each AGM in line with the 2018 Code.

Details of unexpired terms of directors' service contracts are set out in the Directors' Remuneration Report on page 149.

## Power of directors

The directors are responsible for managing the business of the Company and may exercise all the powers of the Company subject to the provisions of relevant statutes, to any directions given by special resolution and to the Articles. The Articles, for example, contain specific provisions and restrictions concerning the Company's power to borrow money. Powers relating to the issuing of shares are also included in the Articles and such authorities are renewed by shareholders at the AGM each year.

## Directors' indemnities and insurance

The directors of a subsidiary company that acts as trustee of a pension scheme benefited from a qualifying pension scheme indemnity provision during the financial year and at the date of this report.

The Company has in place appropriate directors' and officers' liability insurance cover in respect of legal action against its executive and non-executive directors, amongst others.

## Directors' share interests

Details regarding the share interests of the directors (and their persons closely associated) in the share capital of the Company, including any interests under the Restricted Share Plan, LTIP and any deferred awards, are set out in the Directors' Remuneration Report on pages 112 to 114.

## Disclosures required under Listing Rule 9.8.4R

The following table is included to meet the requirements of Listing Rule 9.8.4R. The information required to be disclosed by Listing Rule 9.8.4R, where applicable to the Company, can be located in the Annual Report at the references set out below.

Information required	Location in Annual Report
(4) Long term incentive scheme	See page 111
(12) Shareholder waiver of dividends	Note 24 on page 164
(13) Shareholder waiver of future dividends	Note 24 on page 164
(14) Board statement on relationship agreement with controlling shareholder	Directors' Report on page 116 (below)

Paragraphs (1), (2), (5), (6), (7), (8), (9), (10) and (11) of Listing Rule 9.8.4R are not applicable.

## Relationship agreement with controlling shareholders

Any person who exercises or controls, on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast at general meetings of a company is known as a 'controlling shareholder' under the Listing Rules. The Listing Rules require companies with controlling shareholders to enter into an agreement which is intended to ensure that the controlling shareholders comply with certain independence provisions in the Listing Rules and which must contain undertakings that:

- transactions and arrangements with the controlling shareholder (and/or any of its associates) will be conducted at arm's length and on normal commercial terms;

- neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the listed company from complying with its obligations under the Listing Rules; and
- neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Wittington Investments Limited ('Wittington') and, through their control of Wittington, the trustees of the Garfield Weston Foundation (the 'Foundation') are controlling shareholders of the Company. Certain other individuals, including certain members of the Weston family who hold shares in the Company (and including two of the Company's directors, George Weston and Emma Adamo) are, under the Listing Rules, treated as acting in concert with Wittington and the trustees of the Foundation and are therefore also treated as controlling shareholders of the Company. Wittington, the trustees of the Foundation and these individuals together comprise the controlling shareholders of the Company and, as at 16 September 2023, had a combined interest in approximately 59.8% of the Company's voting rights.

The Board confirms that, in accordance with the Listing Rules, on 14 November 2014 the Company entered into a relationship agreement with Wittington and the trustees of the Foundation containing the required undertakings (the 'Relationship Agreement' as most recently amended and restated on 3 November 2022).

Under the terms of the Relationship Agreement, Wittington has agreed to procure compliance with the undertakings by the other individuals who are treated as controlling shareholders (the 'Non-signing Controlling Shareholders'). The Board confirms that, during the period under review:

- the Company has complied with the independence provisions included in the Relationship Agreement;
- so far as the Company is aware, the independence provisions included in the Relationship Agreement have been complied with by the controlling shareholders and their associates; and
- so far as the Company is aware, the procurement obligation included in the Relationship Agreement as regards compliance with the independence provisions by the Non-signing Controlling Shareholders and their associates, has been complied with by Wittington.

The Company is a premium listed company on the London Stock Exchange and, under the Listing Rules, is required to carry on an independent business as its main activity.

## Major interests in shares

During the period under review, and up until 3 November 2023, the Company received the following formal notifications under the Disclosure Guidance and Transparency Rules of material interests in its shares:

Shareholder	Number of ordinary shares	% of issued share capital	Date of notification of interest
Wittington Investments Limited	431,515,108	56.1	4 September 2023

Further details of the Company's controlling shareholders for the purpose of the Listing Rules who, as at 16 September 2023, had a combined interest in approximately 59.8% of the voting rights are set out above.

## Share capital

Details of the Company's share capital and the rights attached to the Company's shares are set out in note 22 on page 162. The Company has one class of share capital: ordinary shares of 5<sup>15</sup>/<sub>22</sub>p. The rights and obligations attaching to these shares are governed by English law and the Articles.

No shareholder holds securities carrying special rights with regard to the control of the Company. There are no restrictions on voting rights.

There are no restrictions on the holding or transfer of the ordinary shares other than the standard restrictions for an English incorporated company.

## Authority to issue shares

At the last AGM, held on 9 December 2022, authority was given to the directors to allot shares in the Company up to an aggregate nominal amount equivalent to two thirds of the shares in issue (of which one third must be offered by way of rights issue). This authority expires on the date of this year's AGM to be held on 8 December 2023. No such shares have been issued. The directors propose to renew this authority at the 2023 AGM for the forthcoming year.

A further special resolution passed at the 2022 AGM granted authority to the directors to allot equity securities in the Company for cash, without regard to the pre-emption provisions of the Companies Act 2006 in certain circumstances. This authority also expires on the date of the 2023 AGM and the directors will seek to renew this authority for the forthcoming year.

## Authority to purchase own shares

The Companies Act 2006 empowers the Company to purchase its own shares subject to the necessary shareholder approval. At the last AGM, authority was given to the directors to allow the Company to purchase its own shares. This authority expires on the date of this year's AGM. The directors propose to renew this authority at the 2023 AGM for the forthcoming year.

On 9 November 2022, the Company commenced a share buyback programme in order to reduce the capital of the Company. That buyback programme completed on 27 October 2023, the Company having purchased 26,478,215 of its ordinary shares of 5<sup>15</sup>/<sub>22</sub>p (being 3.3% of called-up share capital) for a total consideration of £499,999,929. All such shares were subsequently cancelled. Further details of the Company's share capital are set out on page 162.

## Amendment to Articles

Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of special resolution of the shareholders.

### Significant agreements – change of control

The Group has contractual arrangements with many parties including directors, employees, customers, suppliers and banking groups. The following arrangements are considered to be significant in terms of their potential impact on the business of the Group as a whole and could alter or terminate on a change of control of the Company:

- the Group has a number of borrowing facilities provided by various banking groups. These facility agreements generally include change of control provisions which, in the event of a change of control of the Company, could result in their renegotiation or withdrawal. The most significant of these is a £1.5bn syndicated loan facility dated 9 June 2022, maturing in June 2028, which was undrawn at the year end. In the event of a change in control of the Company, the lenders may request cancellation of the commitment and repayment of any outstanding amounts;
- on 16 February 2022, the Company issued £400m 2.5 per cent Notes due 16 June 2034 ('the Notes'). In the event of a change of control of the Company, in certain circumstances set out in the Terms and Conditions of the Notes as set out in the Prospectus dated 14 February 2022 (which is available on the Company's website at [www.abf.co.uk](http://www.abf.co.uk)), noteholders shall have the option to require the Company to redeem or repay the notes at their principal amount together with interest accrued to (but excluding) the date of redemption or purchase;
- £81m (approximate sterling equivalent) of private placement notes are in issue to institutional investors. In the event of a change of control of the Company, the Company is obliged to make an offer of immediate repayment to the remaining note holders; and
- cross-currency swaps totalling \$100m are in place to swap all of the private placement debt denominated in US dollars to euros. In the event of a change of control of the Company, the agreement contains a typical 'Credit Event Upon Merger' termination event which permits the counterparty to terminate the agreement and all transactions under it.

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment that occurs as a result of a takeover bid.

### Political donations

During the year, the Group did not make any political donations or incur any political expenditure (within the ordinary meaning of those words) in the UK. However, under the wider definition of those terms in Part 14 of the Companies Act 2006, the Company and a subsidiary of the Company paid costs totalling approximately £3,150 during the year for attendance of employees at the Conservative and Labour Party Conferences which could potentially fall within that wider definition. The Group did not make any contributions to non-UK political parties during the year.

### Financial risk management

Details of the Group's use of financial instruments, together with information on our risk management objectives and policies, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and our exposure to price, credit, liquidity, cash flow and interest rate risks, can be found in note 26 starting on page 166.

### Research and development

Innovative use of existing and emerging technologies will continue to be crucial to the successful development of new products and processes for the Group.

The Company has a technical centre in the UK at the Allied Technical Centre. R&D facilities also exist across the Group, including at: ACH Food Companies in the USA; AB Mauri in Australia and the Netherlands (including the Global Technology Centre); AB Enzymes in Germany; and our Roal joint venture pilot plant in Rajamäki, Finland. These centres support the technical resources of the trading divisions in the search for new technology and in monitoring and maintaining high standards of quality and food safety. The Company also acquired National Milk Records plc (see further details on page 25) which invests in an innovative range of milk quality, herd health and genomic testing services, generating data and building robust insights that empower farmers to make informed decisions on cow productivity.

### Branches

The Company, through various subsidiaries, has established branches in a number of different countries in which the Group operates.

### Disclosure of information to auditor

Each of the directors who held office at the date of approval of this Directors' Report confirms that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

For these purposes, relevant audit information means information needed by the Company's auditor in connection with the preparation of its report on pages 120 to 127.

### Auditor

Resolutions for the reappointment of Ernst & Young LLP as auditor of the Company and to authorise the Audit Committee to determine its remuneration are to be proposed at the forthcoming AGM.

### Annual general meeting

The AGM will be held on 8 December 2023 at 11.00 am. Details of the resolutions to be proposed are set out in a separate Notice of AGM which accompanies this report for shareholders receiving hard copy documents and which is available at [www.abf.co.uk](http://www.abf.co.uk) for those who elected to receive documents electronically. All resolutions for which notice has been given will be decided on a poll.

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

**Paul Lister**  
Company Secretary

7 November 2023

Associated British Foods plc  
Registered office:  
Weston Centre  
10 Grosvenor Street  
London W1K 4QY

Company No. 293262

# Statement of directors' responsibilities

### Statement of directors' responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with Adopted IFRS and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards, including FRS 101.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period.

In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with Adopted IFRS;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Responsibility statement of the directors in respect of the Annual Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

**Michael McLintock**  
Chairman

**George Weston**  
Chief Executive

**Eoin Tonge**  
Finance Director

7 November 2023