

# Climate-related Financial Disclosures (TCFD)

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

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

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

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

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

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

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

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

## Background

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

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

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

## Governance

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

## Oversight by the Board and Audit Committee

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

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

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

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

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

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

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

## Management's role

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

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

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

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

## Risk management

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

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

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

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

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

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

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

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



An Illovo sugar cane field in Malawi

**Strategy and action, metrics and targets**

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

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

**Climate risks and opportunities**

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

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

**Scenario analysis**

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

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

We have used the following scenarios:

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

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

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

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

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

**TCFD physical risk: concepts and frameworks**

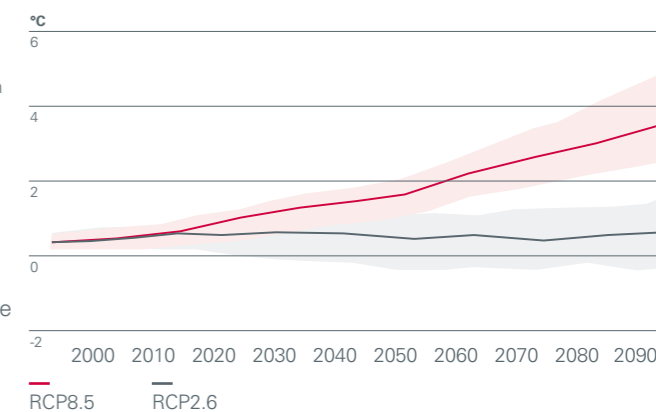
In all physical risk analysis, we have used the RCP8.5 scenario, which is widely considered to represent one of the worst-case climate scenarios with temperatures reaching some 4° C above pre-industrial levels by 2100. This scenario projects an extreme view of physical climate change impacts.

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

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

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

Global average surface temperature change



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

**Use of scenario results to support strategy and financial planning**

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

## Impact assessment

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

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

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

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

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

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

### Results of the climate-related risks and opportunities assessment

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

#### Climate impact on cotton yields

##### 2022 assessment

<b>Low</b>	2030	<b>Medium</b>	2050
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**Scenarios assessed: RCP2.6 and RCP8.5**  
**Assessment: based on RCP8.5**

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

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

##### Mitigation

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

##### 2023 update

###### Metrics and targets

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

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

#### Projects addressing physical risks

##### Primark Sustainable Cotton Programme

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

##### Project impact

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

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

##### 2022 assessment

<b>Low</b>	2030	<b>Medium</b>	2050
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**Scenarios assessed: RCP2.6 and RCP8.5**  
**Assessment: based on RCP8.5**

Climate impact on sugar yields varies country by country. The outcomes to 2030 under the USDA's EPIC crop model indicate a range from no change to a decline of 10%. The outcomes to 2050 indicate a 5% gain to a 29% decline.

##### Mitigation

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

##### 2023 update

###### Metrics and targets

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

#### Projects addressing physical risks

##### Irrigation and drainage investment

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

##### Project impact

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



#### Climate impact on tea yields

##### 2022 assessment

<b>Low</b>	2030	<b>Low</b>	2050
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**Scenarios assessed: RCP8.5**  
**Assessment: based on RCP8.5**

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

##### Mitigation

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

##### 2023 update

###### Metrics and targets

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

### Impact on flooding risk on Primark’s third-party manufacturers

#### 2022 assessment

Low	2030	Medium	2050
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#### Scenarios assessed: Bangladesh RCP4.5 and RCP8.5; China RCP8.5

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

#### China (based on RCP8.5)

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

#### Mitigation

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

#### 2023 update

##### Metrics and targets

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

##### China

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

##### Bangladesh

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

#### Projects addressing physical risks

##### Structural Integrity Programme – Mott MacDonald flood pilot – Bangladesh

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

##### Project impact

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



### Impact of carbon pricing mechanisms on ABF Sugar

#### 2022 assessment

Medium	2030
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#### Scenarios assessed: International Energy Agency’s Net Zero Emissions by 2050 Scenario, Sustainable Development Scenario and Stated Policies Scenario Assessment

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

#### Mitigation

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

#### 2023 update

##### Metrics and targets

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

See also the transition plan on pages 64 and 65.

#### Projects addressing physical risks

##### Technology adoption

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

##### Project impact

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



### Impact of carbon pricing mechanisms on Primark

#### 2022 assessment

Medium	2030
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#### Scenarios assessed: International Energy Agency’s Net Zero Emissions by 2050 Scenario, Sustainable Development Scenario and Stated Policies Scenario Assessment

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

#### Mitigation

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

#### 2023 update

##### Metrics and targets

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

See also the transition plan on pages 66 and 67.

## Transition plans

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

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

### ABF Sugar

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

### Governance

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

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

### Risk management

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

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

### Strategy, metrics and targets

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

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

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

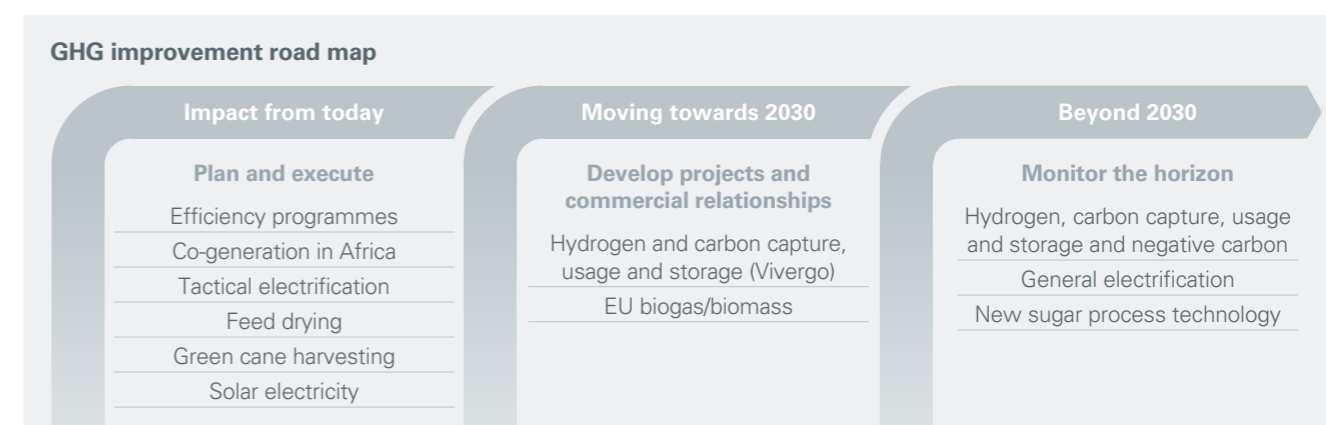
These goals have been set in line with the Science Based Targets Initiative (‘SBTi’). ABF Sugar’s emissions reduction target will be validated by the SBTi throughout 2023, with the aim of completion before the end of the calendar year.

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

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

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

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



### Projects supporting carbon reduction to date

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

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

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

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

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

### Short term (present to 2025)

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

### Medium and long term (2026 to 2050)

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

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

## Primark

### Governance

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

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

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

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

### Risk management

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

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

### Strategy, metrics and targets

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

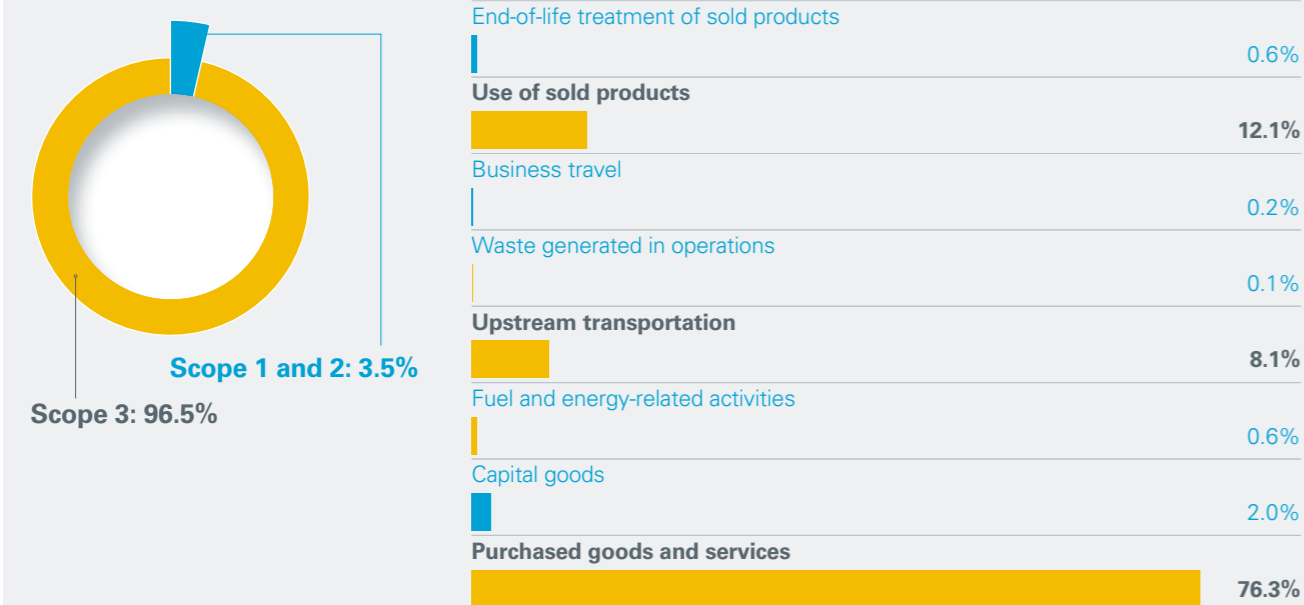
Short-term goals focus on maintaining current certifications, developing strategies for heat decarbonisation and energy efficiency. Medium-term goals focus on product-specific initiatives. Long-term goals are yet to be defined. Development of technology and innovations gaps in the market are constraints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

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

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

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

Primark’s baseline emissions (2018)



### Scope 1 and 2 emissions

#### Short term (present – 2025)

- Maintain ISO50001 certification for all stores, offices, and distribution centres.
- Develop appropriate regional pathways for heat decarbonisation in Primark properties.

#### Medium term (2026 – 2030)

- Reduce absolute Scope 1 and 2 GHG emissions by 50% by 2030, from a 2018/2019 baseline year.

### Scope 3 emissions

#### Short term (present – 2025)

- Launch an energy efficiency programme, engaging and supporting suppliers’ manufacturing facilities on energy demand reduction.
- Launch a renewable energy programme, engaging and supporting suppliers’ manufacturing facilities on sourcing low carbon and renewable energy.

- Optimise inbound transport modes to balance emissions, cost, and time.
- Strengthen the durability of Primark’s clothes by 2025.

#### Medium term (2026 – 2030)

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

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

### Projects supporting carbon reduction to date

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

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

This year, there has been an overall increase of 11% in carbon emissions across the value chain against Primark’s baseline year 2018/19. This is the result of an increased volume of material used to produce the products sold over that period. In the short term, this trend is likely to continue, but there will be a decline

as Primark increases the use of more sustainably sourced materials across its product range and once the energy programmes being rolled out across the supply chain begin to deliver at scale.