Associated British Foods plc

ACTING RESPONSIBLY

HEALTH, SAFETY AND ENVIRONMENT REPORT 2011

INTRODUCTION

WE ARE PLEASED TO PRESENT OUR HEALTH, SAFETY AND ENVIRONMENT REPORT 2011 SHOWING PROGRESS MADE IN MANAGING OUR HEALTH AND SAFETY RISKS AND OUR ENVIRONMENTAL IMPACT >>

George Weston, Chief Executive

We are encouraged to see evidence of further improvement in physical standards and in risk management. To support this we have increased our financial investment in risk management.

Our goal is always that nobody should lose their life whilst working for ABF. We have made good progress but are deeply saddened that three people died during this year. Our focus remains to provide a safe and healthy working environment for our employees and contractors. We require all managers to make safety a priority and we promote safe behaviour in the workplace.

We continue to assess the environmental risks of our operations and put in place improvement programmes to address significant risks. To support this we share understanding and knowledge of good practice between the businesses. The majority of our businesses are closely linked to agriculture and therefore are sensitive to changes in weather. Unusual weather patterns in 2011 created both opportunities and challenges for our businesses. For some the opportunity was increased production time resulting in increased output but with increased use of energy. For others the adverse weather created decreased production efficiencies and increased waste. Therefore, despite driving environmental efficiencies we have increased our total use of energy with a resultant increase in emissions of carbon dioxide. The weather impacts masked the good work of our engineers in driving up energy efficiency especially in our sugar operations, which are our largest energy users. Last year we identified some inconsistencies in the measurement of water usage in different parts of the group, especially in Africa. The calculation methodology has now been significantly improved and we will continue to refine our calculations across all of the businesses. Similarly we will focus on our waste generation.

We will strive for further improvement in our health, safety and environmental (HSE) performance as we take actions to enhance the sustainability of our operations.

About this report

In 2010 we published our first comprehensive corporate responsibility (CR) report. This will be updated every three years. In the intervening years our HSE performance will be published in a separate, more concise, HSE report. We report here our global HSE performance for the year 1 September 2010 until 31 August 2011 referred to as our 2011 annual HSE report. This is issued in parallel with the group's Annual Report and Accounts 2011. Some of our sites' data years do not exactly align with the group report but the sites report consistent 12-month periods.

We report on the performance of those businesses which we own and those joint ventures in which we have the majority shareholding. The environmental impact reported relates to our factory and retail operations but do not include the related agricultural aspects. If during the year we have discovered a material error in the previous year's data we will highlight this. The issues selected for reporting are those which are the most important to ABF and our stakeholders.

Further information on our policies and performance in health, safety, environment and other non-financial management is available on our website at http://www.abf.co.uk/corporate-responsibility.aspx

INTRODUCTION

HEALTH AND SAFETY IS CONSIDERED EQUAL IN IMPORTANCE TO ANY OTHER CORE FUNCTION OF THE GROUP

Governance of ABF's environment, health and safety approach

WHILE THE GROUP OPERATES A DECENTRALISED APPROACH THAT ENABLES THE BUSINESSES TO DEVELOP IN RESPONSE TO THEIR MARKETS AND OPERATIONS, THEY ARE REQUIRED TO APPLY THE GROUP'S CORE BUSINESS PRINCIPLES >>

These include environmental and safety risk management whereby, as a minimum, they must comply with current applicable legislation of the countries in which they operate. Health and safety is considered equal in importance to any other core function of the group.

The Group Human Resources Director, who reports to the Chief Executive, has overall responsibility for our safety and environmental policies and performance management. He is supported directly by the Group Safety and Environment Manager. Our performance is reported regularly to, and reviewed by, the board. Responsibility for ensuring compliance with group policies is devolved to the chief executive or managing director of each business who nominates a director with specific responsibility for environment, health and safety matters. Each business has at least one senior technical specialist to manage compliance, development, monitoring and reporting of HSE performance.

We have reported our HSE performance for a number of years but in 2011 we focused on improving the quality and accuracy of data and implemented more robust internal procedures for data collection and assurance. To support this we have increased the level of external assurance.

We employ ERM, an independent global HSE consultancy, to provide us with a rolling programme of independent compliance and risk management audits. The sites and companies audited address speedily those issues which can be remedied easily and draw up improvement programmes for those issues which require more time and money. We have recruited a senior manager specifically to manage this audit programme and to support the businesses in closing out the issues in as timely a way as possible.

Selected HSE performance data for the year ended 31 August 2011 marked with the symbol Δ have been subject to independent limited assurance to ISAE 3000 by KPMG. Their assurance report is appended.

ENVIRONMENT

Efficient use of energy in southern Spain

WE CONTINUE TO WORK HARD TO USE ENERGY EFFICIENTLY

We have identified the areas where our businesses have the greatest impact on the environment as the use of energy and the resultant emission of carbon dioxide, the abstraction of water and the generation and disposal of liquid and solid wastes. During the year we invested £60m in environmental improvements including effluent treatment, waste reduction, more energy generation and increased energy efficiency.

In 2011 our sites received 784 visits from the environmental regulators, of which 576 were in Asia and of these, 521 were in China. Our operations in Africa, Australia and North America were visited fewer times than last year by the environmental regulators.

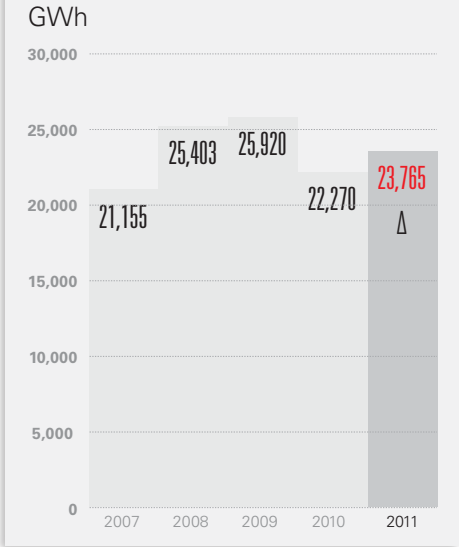
Eight sites, four in China, two in UK and one each in Africa and India, received awards from external organisations for aspects of their environmental performance and risk management.

When considering acquiring new businesses we carry out strict due diligence investigations to ensure that we understand the environmental impact of the operations before we purchase them. This allows us to plan any necessary investment.

Energy

Efficient energy use is central to our environmental policy. Improving our energy efficiency not only reduces the use of natural resources and emissions of carbon dioxide and other pollutants but it usually reduces operating costs. Manufacturing in so many different countries means we are exposed to a wide range of energy supply constraints and commercial pressures. The range of fuels used is therefore varied.

Energy consumption – absolute



In 2011 we used 23,765 GWh of energy, an increase of 7% since 2010. This increase followed a significant reduction in 2010 due to an unusually small sugar crop. Last year we reported that we expected this reduction to be reversed in 2011 as the sugar crops were expected to be larger.

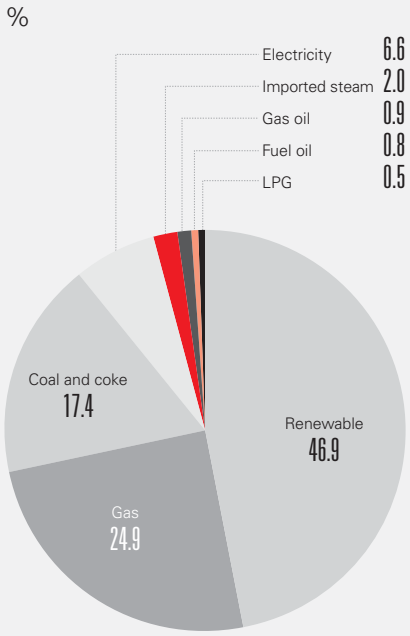
Our sugar operations accounted for 84% of our global energy use in 2011. Sugar crop yields overall were higher than in the previous year and this resulted in more energy being used. The yields increased due to an increased acreage of sugar beet in northern China and an expanded sugar cane growing area in Africa coupled with better agronomy and training. However there were processing difficulties in Africa, UK and southern China. Therefore more crop than last year was processed through our northern China beet factories which rely heavily on the use of coal and are not as energy efficient as other sugar sites, which impacted on our overall energy efficiency.

Despite the increase in use of carbon-intensive fuels, we are pleased to note that a substantial proportion, almost 47%, of our energy was derived from renewable sources.

ENVIRONMENT

WE VIEW ENERGY USAGE AS A STRATEGIC ISSUE AND IT RECEIVES A HIGH DEGREE OF OPERATIONAL AND COMMERCIAL FOCUS

Types of energy used



Energy use in sugar companies

Sugar factories require energy to separate the sugar from the beet and cane, to concentrate and then evaporate the sugar solution and to crystallise the sugar. To minimise energy we use the steam generated by the first evaporator as the heat source for the second evaporator and so on through the series of evaporators. In this way, one tonne of steam evaporates as much as five tonnes of water from the sugar solution.

A key performance indicator for this energy usage – percentage steam on feedstock – is calculated by dividing the amount of steam (tonnes) required to process the sugar beet or cane by the weight of the beet or cane processed (tonnes) and expressing the result as a percentage. The lower the figure the lower the amount of energy needed to process the sugar and therefore the greater the efficiency of the process.

Energy consumption in sugar factories in 2011 was targeted at 43% steam on feedstock but we fell slightly short at 44%. Our long-term aim is to use less than 40% steam on feedstock.

The reasons for the shortfall include:

- severe weather in the UK last winter damaged the crop. As a result it was necessary to increase energy use per tonne of sugar in order to maximise the extraction of the sugar from the beet;
- our operations in Spain implemented a successful programme in refining raw sugar resulting in increased product. However this increases sugar processing on site due to processing beet during part of the year and processing raw sugars at a different time resulting in higher absolute energy use; and
- improved agronomy, increased training of farmers and favourable weather in northern China increased production of sugar in a region where energy efficiency is improving but has not yet reached the levels achieved by European beet processors.

However the unusual weather variations masked successful energy-efficiency engineering improvement at sites across the group such as Nakambala (Zambia), Toro (Spain), Wuxuan (south China), Qianqi (north China) and Wissington (UK).

Improving efficiency in our sugar factories allows us to use the surplus steam to generate substantial amounts of renewable electricity: more than is required for factory operations. The surplus electricity is sold to local electricity networks, effectively replacing energy currently produced by fossil fuels. This year we increased our supply by 1% to a total of 771 GWh of this surplus electricity to other users, typically to the national electricity distribution networks. This quantity of electricity would be sufficient to power around 150,000 UK houses for a year. This exported electricity is not included in the energy consumption data described above.

ENVIRONMENT

Energy regulation
Energy efficiency programmes become all the more important as the global business environment becomes increasingly carbon constrained. The regulation of carbon, issues of energy security and spikes in energy costs impact all our operations. As such we view energy usage as a strategic issue and it receives a high degree of operational and commercial focus. Each business has a named director and a named senior manager who are accountable for its environmental performance. Many of our larger businesses have also appointed technical specialists to lead energy reduction initiatives.

Irrespective of the amount of energy used and its source, it is a core principle of the group that all energy must be used efficiently. 22 of our larger European sites are subject to the EU's Pollution Prevention and Control regime and are under a statutory duty to minimise energy consumption by the use of best available techniques. Our UK manufacturing operations participate in the UK Government's Climate Change Agreement. Our sugar sites in the UK and Spain participate in the EU Emissions Trading Scheme which encourages reduced energy consumption and cost-effective emissions.

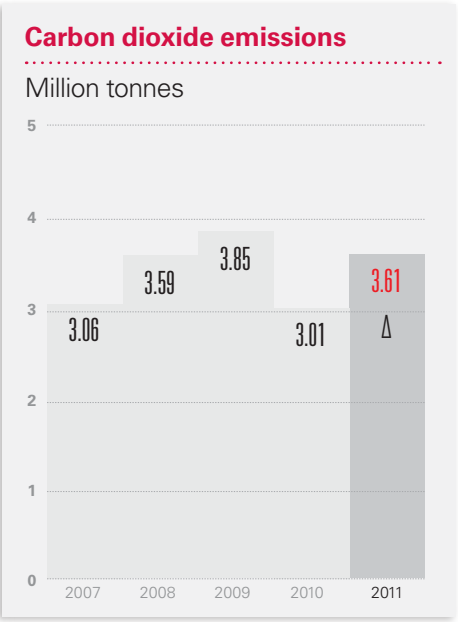
Carbon
When we use energy in our factories either we buy electricity and steam from external power stations or we burn fuels directly within our own power stations on site. The carbon dioxide emissions we report below are a consequence of that internal and external power generation.

We calculate the quantity of carbon dioxide emitted through the use of electricity using the latest internationally recognised factors published by the Greenhouse Gas Protocol. We calculate the carbon dioxide emitted from other fuels using the UK government's latest conversion factors.

In 2011 we emitted or caused to be emitted 3.61 million tonnes of carbon dioxide.

The increase in carbon dioxide emissions reflects the increase in energy usage referred to above with a significant increase in carbon-intensive coal.

Carbon dioxide emissions



Carbon Reduction Commitment
The UK's Carbon Reduction Commitment Energy Efficiency Scheme (CRC) is a mandatory government scheme which applies to large, but non energy-intensive, businesses aimed at driving up efficient use of energy. The group has registered for CRC through the UK Environment Agency.

Other emissions to atmosphere
We are very conscious of our responsibilities towards our neighbours and work hard to prevent any nuisance or offence, as stated in our Environment Policy.

Most of our manufacturing sites only have small steam boilers and few process emissions. As such the emissions to air from most of our sites are not significant. Our sugar operations however are much larger but are subject to more stringent controls. Our non-carbon atmospheric emissions are dust particles, acid gases (oxides of sulphur and nitrogen) and odours, all of which have to comply with local environmental standards.

Recently we started to collect data on our emissions of sulphur dioxide and can now report that across our global operations we emitted 4,900 tonnes in 2011. Having established a benchmark we will now be able to report our progress in managing these emissions.

ENVIRONMENT

WE REQUIRE OUR BUSINESSES TO USE NATURAL RESOURCES, INCLUDING WATER, EFFICIENTLY AND TO AVOID WASTE

Illovo Sugar facts

- **Illovo Sugar's water use accounts for around three quarters of ABF's total production water use. It is also the group's largest user of river and lake water, predominantly for irrigation of sugar cane crops;**
- **our operations in Malawi, Mozambique, Swaziland and Zambia are fully irrigated, Tanzania's operations are partly irrigated and those in South Africa are rain fed;**
- **irrigated agricultural operations have licences from national water authorities for water abstraction points and are in line with the South African Sugarcane Research Institute's guidelines to ensure that we do not adversely affect water flows in rivers; and**
- **as part of our commitment to responsible water use we invested over £2m in 2011 to improve environmental management, with a focus on water and effluent.**

Water and waste water

As a result of inaccuracies noted last year in the reporting of water data by our sugar operations, we engaged external specialists to work with us to amend our water usage methodology.

In 2011 the water brought onto our premises for use in the operations was in the range of 225 and 275 million m^3 Δ. This figure excludes any water used for crop irrigation. The accuracy of our water use data has improved but there are still some inherent uncertainties in the estimation techniques, which is why we have stated a range. We will make further refinements this year. While we continue to make water savings in our processes, the total amount of water used is directly influenced by the size of the sugar crops which in turn depend on the weather conditions.

Azucarera, our sugar business in Spain, has been working with one of its major customers to help determine the water footprint of sugar beet using the internationally recognised standard designed by the Water Footprint Network.

Sugar and yeast production is water intensive

Sugar beet fields are irrigated using water abstracted from local sources under strict legal controls. The quantity of water is limited by national environmental regulators to ensure that the abstraction is not prejudicial to the water capacity of the local rivers and aquifers. The sugar cane fields owned and operated by Illovo in Africa are either rain-fed or are situated adjacent to major rivers from which the irrigation water is abstracted. Cane is grown in these locations specifically because water is plentiful and we are very careful to ensure that people and ecosystems downstream are not affected.

Sugar beet comprises more than 75% water. The processing of sugar beet within our factories results in the water within the beet being released, treated and discharged to the river. Similarly, the processing of sugar cane releases the water stored within the cane.

ENVIRONMENT

Waste water treatment in southern China

Waste water
The majority of the waste water from our factories is treated before being discharged into the local rivers with the level of treatment being based on local river quality standards. Not all liquid waste needs treatment however.

Speedibake, UK

In 2011, Speedibake reported a number of environmental performance improvements, particularly focusing on controls to manage raw material and resource use, energy consumption and waste management. These included:

- **elimination of plastic trays used internally to reduce the amount of plastic sent to landfill;**
- **sourcing of ingredients, packaging and labelling switched to local suppliers – changing our egg supplier from Spain to one based in Harrogate resulted in 125,000 fewer transport miles and a resultant reduction of 132 tonnes of carbon dioxide emissions; and**
- **back haulage arrangements with customers so that vehicles that previously returned empty now collect their goods for transport to distribution centres saving miles, fuel and carbon dioxide emissions.**

AB Mauri's yeast operations are a good example. We estimate that in 2011, 76% of its waste water was treated and sent to river, 9% applied to land as a fertiliser and 12% used in other fertiliser applications or animal feed. The level of treatment depends on local river standards and so varies according to location. The overall treatment in any year is dependent on the proportion of use of cane molasses, beet molasses or sugar as the substrate; on factory expansions; on the transfer of production between sites; and on the creation of new or expanded treatment facilities.

This year saw significant new waste water treatment expansions in our sugar businesses in China and yeast businesses in South America, Europe and Asia with over £12m invested either in new, expanded or improved effluent treatment plants. Future investment by a number of businesses, especially in sugar and yeast manufacture, will result in yet more effluent treatment as environmental quality standards become increasingly demanding.

Waste
Minimising the quantity of waste makes good environmental sense and has commercial benefits. This applies not only to inert and non-hazardous wastes such as production residues, spoilt finished products, paper, cardboard and plastic packaging materials, but also to the small quantities of hazardous substances such as unwanted laboratory chemicals and used lubrication oils.

Wherever possible we handle, transport and finally dispose of waste at appropriately engineered and licensed facilities under a strict duty of care. Where such facilities do not exist we use our best endeavours to handle and dispose of waste safely.

As part of our increasing scrutiny of our non-hazardous and hazardous waste production data, we are aware of some inaccuracies and inconsistencies in the reporting of our waste data. A lower than desired level of data availability and accuracy has led to a significant proportion of the waste produced by group sites around the world currently being subject to a number of different estimation measurement techniques. Due to the data issues and variation of estimation techniques we have concluded that we cannot provide a reliable estimate of group non-hazardous and hazardous waste production data. During the current year we will perform a more detailed analysis of the data availability and accuracy, working with our suppliers of waste services where necessary, to improve the data collection and estimation methods for non-hazardous and hazardous waste production and will report on our findings.

ENVIRONMENT

Examples of the initiatives taken to tackle waste include:

- AB World Foods, Primark and Allied Bakeries have improved their waste handling procedures and approach to recycling. Improved segregation processes in factories and stores have reduced the amount sent to landfill by 2,500 tonnes and increased the amount sent directly to reprocessing plants.
- Azucarera has started a zero landfill project which has seen the topsoil from some of their sites reused for public works.

The types of waste vary considerably according to the manufacturing process. Furthermore, waste legislation differs significantly between countries so that a substance that is not classified as waste in one country may be classified as waste in another. The quantity of waste generated by our businesses therefore varies according to the mix of manufacturing operations and countries in which we operate. Irrespective of where we operate we have a key requirement to minimise waste.

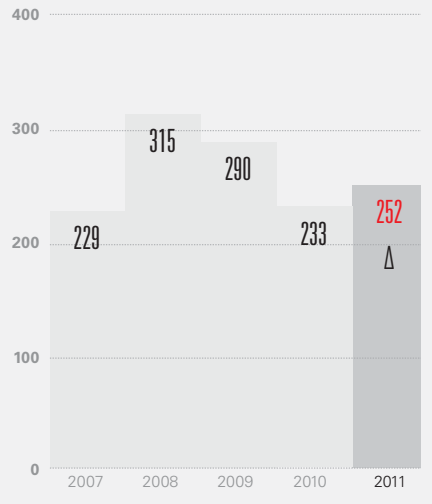
Recycling – Primark, UK

As reported last year, Primark built a centralised recycling plant at its distribution centre in Thrapston, UK. This allows the business to collect its cardboard waste, recycle it and return it in the form of paper shopping bags to be used in their stores. Over 14,000 tonnes of waste cardboard was collected in 2011, some 35% of Primark's total packaging, which reappeared as 179 million paper shopping bags. We estimate that 160,000 road freight miles per year are being saved through this process. Following this success we are looking to develop a closed loop system for recycling our plastic coat hangers, of which 2,100 tonnes are collected and recycled annually in the UK, to use in our stores.

Packaging

The quantity of packaging used in our products since 2010 has increased by 8% from 233,000 tonnes to 252,000 tonnes. This increase is mainly attributable to increased production volumes in our China sugar operations; in Twinings Ovaltine; and other businesses where increased production resulted in the need for more packaged product. Despite this increase, we are still producing less packaging waste than 2008 and 2009 levels and some businesses, including Primark and Silver Spoon, have reduced the amount of packaging waste by half since last year.

Packaging handled



ENVIRONMENT

OUR UK BUSINESSES RECYCLED 53,000 TONNES OF PACKAGING

We seek opportunities to use the intrinsic value in the waste and to recycle. To reduce the environmental impact, Primark has replaced almost all of its plastic carrier bags with more easily recycled paper bags.

In 2008, ABF signed up to the UK Government's commitments to three packaging targets in the UK:

- to design out packaging waste growth by 2008;
- to deliver absolute reductions in packaging waste by 2010; and
- to help reduce the amount of food the nation's householders throw away by 155,000 tonnes by 2010, against a 2008 baseline.

In September 2010 the first and third of these UK national targets had been achieved with the total amount of packaging remaining constant rather than showing an absolute reduction. The group is pleased to have contributed to this achievement.

Projects to reduce packaging achieved the following:

- Silver Spoon Golden Syrup – moving from a glass jar weighing 236g to a recycled plastic container weighing 35g, a weight saving of 85%, and a carbon saving of 59%. When savings in secondary packaging and transport are included we estimate that this saves 100 tonnes of carbon dioxide for each million units sold.
- Patak's – reducing the weight of glass jars from 225g to 198g has saved 500 tonnes of glass and £125,000 of costs per year. We expect further savings by increasing the number of finished goods units per pallet and reducing packaging taxes.
- Silver Spoon – over the last eight years we have reduced the weight of the paper used to package our 1kg bags of granulated sugar by 12%, and in 2010 we launched our lightest yet, reducing the packaging by another 6%. In March 2010 Silver Spoon started packaging its sweetener in a resealable Eco Pouch rather than a glass jar, with a 98% reduction in packaging weight.

In 2010 the government launched a commitment to reduce the carbon impact of packaging by 10%, to reduce household food and drink waste by 4% and to reduce traditional grocery product waste in the grocery supply chain by 5%. We will be contributing to these reductions.

Environmental complaints

During 2011 we received 101 environmental complaints, down 20% from 126 in the previous year.

There were various causes of complaint during the year but the majority related to noise and odours, most of which were site-specific issues and addressed locally. The absolute number of complaints should be considered in the context of a large and growing business. The sites involved very much regret any inconvenience caused to our communities and we are always seeking to eradicate the causes of such events.

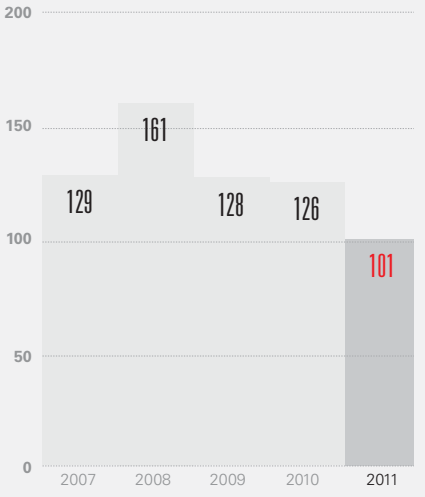
Environmental fines

In 2011 we received nine environmental fines totalling £76,000 Δ mainly due to non-compliance with waste water discharge standards.

Each site has addressed the issue swiftly to remedy the situation and ensure standards are met.

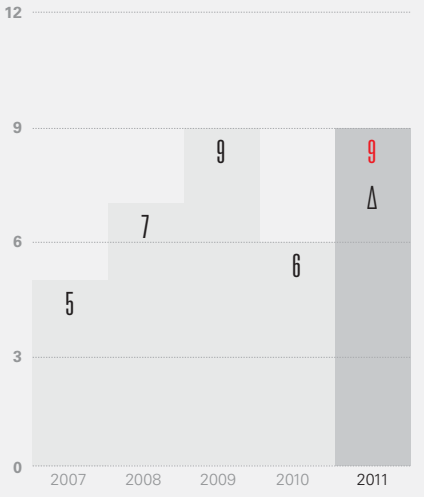
Environmental complaints

Number of complaints



Environmental fines

Number of fines



OUR PEOPLE

IN 2011 WE INVESTED £38M TO IMPROVE THE WORKING CONDITIONS AND THE SAFETY OF EQUIPMENT

Our business priority is to safeguard the wellbeing, development and safety of our people and those who work with us. With 102,000 employees we put significant effort into ensuring that our businesses are safe places to work and we aim to offer our people the support most suitable for their needs.

Our approach to human resources is decentralised and flexibility is given to each of our companies. To find out more about our approach to developing and safeguarding our employees, see http://www.abf.co.uk/our-people.aspx

Health and safety

Safe and healthy working conditions for our people, contractors and visitors are of paramount importance.

We try very hard to reduce injuries in every location and have a clear requirement for continuous improvement. During the year we received 406 visits from safety regulatory authorities, down from the 458 visits last year. We ensure that any findings from regulators are acted upon immediately.

52, a fifth, of our manufacturing sites are certified to an industry standard recognised health and safety management system, such as OHSAS 18001.

In 2011 we invested £38m to improve the working conditions and the safety of equipment.

Our investment included fire prevention equipment and installations, emergency response systems, personal protection equipment, equipment to prevent falls from heights and pedestrian safety measures. We place special focus on construction safety and reducing the risks from moving vehicles.

We monitor carefully the relevant guidance published by the national regulatory authorities as a benchmark and upgrade our safeguards where necessary to meet the latest standards.

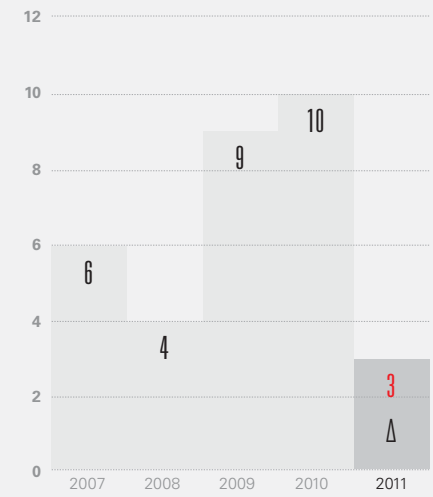
Our businesses have continued to develop the robustness of their risk management systems, which include clear objectives and safety improvement targets, effective physical controls, effective management procedures and routine performance monitoring.

Fatal injuries

Despite the health and safety of our workforce being an absolute priority across the group we regret deeply having to report that there were three work-related fatalities across our global operations during 2011. The deaths of two employees were the result of working in an unsafe atmosphere within a confined space and a road traffic accident on the way to a meeting. The death of a contractor on our site was the result of falling from the top of a vehicle whilst preparing to load it. We alerted all our businesses to these tragedies and re-emphasised the safe working procedures.

These accidents were fully investigated by our internal safety specialists, our directors and senior managers and the external regulatory authorities. All work-related deaths are reported to the group board and local management are held to account for the cause at their site.

Work-related deaths



This loss of life is entirely unacceptable. We recognise that many of our businesses operate in high hazard environments, such as with heavy machinery, large transport and freight vehicles, confined spaces and working at height. Our approach to risk management is designed to ensure that the risks are assessed, the relevant precautions and work procedures are implemented and that there is strong supervision. It is a key principle that all managers are responsible for the safety of their workforce and for ensuring a safe working environment. Each factory and business has safety managers to advise and facilitate. These principles are embedded throughout our businesses.

OUR PEOPLE

WE ARE COMMITTED TO CREATING AN ACCIDENT-FREE BUSINESS ENVIRONMENT

Health and safety governance
The group's health and safety performance is reviewed quarterly by the Chief Executive and annually by the board. The Group HR Director works with the Group Safety and Environment Manager to manage the day-to-day performance and long-term approach to health and safety. The Group Safety and Environment Manager is responsible for monitoring and reporting the performance of health and safety at group level and providing support to the operating companies.

The Group HR Director and Group Safety and Environment Manager review activity and performance monthly and hold formal half yearly reviews of safety plans with the main businesses. Frequent visits are made to our major operating sites throughout the year.

Each business is responsible for cascading communications from group level and managing their own communication of policies, expectations and improvements. These include clear working instructions in the relevant languages, provision of safety induction training for new employees and contractors, continuous training programmes as appropriate, increasing the safety training for managers, conducting safety audits and implementing safety improvement plans.

Beyond managing systems and processes for safety, there is also a strong culture across the group of embedding and respecting an approach to safe and healthy working which is reinforced by increasing visible leadership at the business and group levels. There has also been increasing engagement with employees on the importance of safety, their personal responsibility and the processes in place to mitigate risk to themselves and their colleagues.

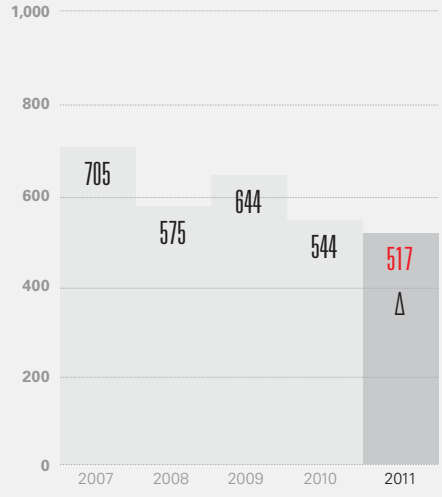
In 2011, there was a focus on more thorough assessment of risks and identification of preventative measures. These are, or have been, implemented and supported by additional training for our people so that short cuts are not taken and everyone is aware of preventative measures. This thorough approach is shared with our contractors who are expected to perform to the same high safety and quality standards as our employees.

In addition, over the last few years our businesses have increased the number and calibre of their safety managers. There are annual meetings of the senior global safety managers and three meetings a year of our Chinese safety specialists. These meetings provide an opportunity for the safety specialists to discuss the latest developments and, more importantly, to share good practice. In 2011, as in the previous year, the Chief Executive participated in the global safety meeting in London and in one of the Chinese safety meetings in Beijing. In May the Chief Executive and those of the businesses jointly reviewed our safety performance, legal compliance and risk management, and agreed actions for further improvement.

The Group HR Director and Group Safety and Environment Manager will continue to review the annual safety improvement action plans of the businesses to ensure they address the principal risks and will agree with local management their safety priorities for the coming year.

Reportable injuries
2011 saw another year of reduced reportable injuries to our employees falling by a further 6% following a reduction of 15% last year. This is against an increase in the number of employees; a fact which supports the investment the group has continued to make in the strong safety culture of our business.

Reported injuries (reportable according to the laws of each country)



OUR PEOPLE

Illovo Sugar's Merebank factory was successfully certified by the South African Bureau of Standards for its HSE management systems

Achievements:

- nine companies completed a full year without any reportable injuries to employees;
- Ohly in Hamburg was awarded, for the third time, the highest class of award by the Office of Occupational Safety for its exemplary health and safety system; and
- in February, Illovo Sugar's Merebank site in South Africa reached the milestone of achieving one million working hours without a reportable injury. Merebank was also successfully recertified and audited by the South African Bureau of Standards for its HSE management systems.

While all these sites are recognised for demonstrating good safety risk management, their performance continues to be reviewed and monitored.

We are pleased that 169 of our factories and 172 of the Primark stores achieved a year's operation without any reportable injuries. 151 factories did not have a serious or lost time injury, which follows 35 factories in 2010 reaching this achievement. 147 Primark stores did not have any lost time injuries in 2011.

Following serious incidents in group businesses and relevant incidents in other businesses the Group Safety and Environment Manager issues a Safety Alert to every group business highlighting the causes and, importantly, the required preventative measures.

Over the last two years, significant attention has been paid by the board, local management teams and our workforce to improving and embedding safety standards. We are pleased to see positive results in terms of reduced numbers of incidents but recognise that we still have more to do and will continue to keep the health and safety of our people and those with whom we work as a business priority.

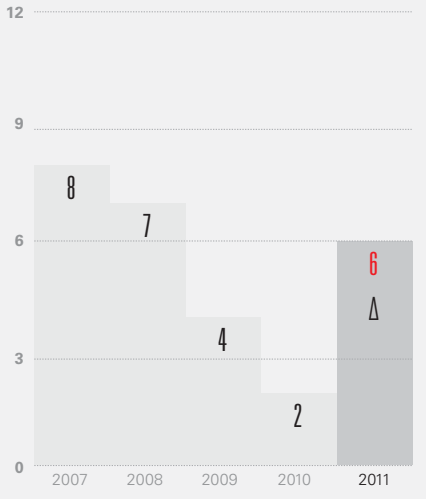
Safety fines

During 2011, six sites received fines totalling £24,000 Δ for breaches of safety regulations.

All businesses are required to report to the group when and how remedial actions are implemented.

Health and safety fines

Number of fines



A healthy workplace

A fundamental requirement of our businesses is that our people go home from work as healthy as when they arrived, not adversely affected by their tasks or working environment. Occupational health specialists monitor the controls and working practices of our factories to ensure they are healthy places in which to work.

However, some of the substances we handle and manufacture may, if incorrectly controlled, pose a risk to health. The main use of chemicals in our manufacturing facilities is for the cleaning of food processing equipment. Chemicals are also used by engineers for boiler water treatment and the maintenance of food processing equipment, although some of the oils and greases are of food grade and not hazardous. Many chemicals are used by our laboratories for routine quality control analysis.

Our sites employ competent technical staff to control the storage, handling and use of hazardous substances and their final disposal. The operators are provided with the necessary hazard information, training, handling equipment and protective clothing and we require sites to have effective emergency procedures in place.

The EU has issued very detailed legislation regarding the registration, assessment and authorisation of chemicals. We have reviewed their applicability and, where appropriate, set up technical working parties to ensure compliance with the relevant milestones by 2018.

CONCLUSIONS

WE VERY MUCH RECOGNISE OUR NEED TO STRIVE CONTINUOUSLY FOR FURTHER IMPROVEMENTS

Conclusions – our material issues
We are pleased to report improvements in our health and safety performance this year. Although work-related deaths cannot be tolerated, our focus on their main causes has resulted in a significant reduction. Similarly we have seen a continued reduction in the number of injuries. However we very much recognise the need to strive for further improvements. Across the group there is a strong culture of responsibility for providing a safe workplace and we will continue to ensure our people have appropriate systems, processes and skills to operate healthily and in safety.

2011's global weather patterns provided many of our businesses with challenges and opportunities. For some it was an increased production time and yield whereas for others it created unfavourable conditions for operations. As a result our use of energy increased despite a robust approach in 2010 to driving energy efficiency programmes.

Finally, we have invested heavily in improving the quality of our water usage data and although this has resulted in our reporting higher levels of usage we are now in a position to monitor and manage our water use more effectively. This key performance indicator will continue to have increased scrutiny from the board, across the business and from the independent auditors. We will also undertake a more detailed analysis of our waste data in the coming year.

We welcome your feedback on this report or comments about our HSE performance. Please get in touch with us at www.abf.co.uk/corporate-responsibility-enquiry.aspx

KPMG LLP (UK) ('KPMG') was engaged by Associated British Foods plc ('ABF') to provide limited assurance over selected health, safety and environmental ('HSE') performance data contained within the Associated British Foods plc Health, Safety and Environment Report ('the Report') for the reporting year ended 31 August 2011.

What was included in the scope of our assurance engagement?

Assurance scope	Assurance criteria
Reliability of the ABF totals for the selected HSE performance data for the year ended 31 August 2011 marked with the symbol Δ in the Report.	Relevant reporting parameters for the selected HSE performance data as set out on page 16.

We were engaged to provide limited assurance over the quantities of non-hazardous and hazardous waste for the period ended 31 August 2011. However, as noted on page 7, the Company has not disclosed these quantities in the HSE Report since a reliable estimate could not be reached. Consequently the scope of our assurance conclusion below does not include the quantities of non-hazardous and hazardous waste for the period ended 31 August 2011.

Limited assurance is provided for this scope. The nature, timing and extent of evidence-gathering procedures for limited assurance are less than for reasonable assurance as set out in ISAE 3000[1], and therefore a lower level of assurance is provided for the data and objectives under the limited assurance scope.

We have not been engaged to provide assurance over any data or information relating to the prior year presented in the Report.

Which assurance standards did we use?
We conducted our work in accordance with ISAE 3000. Our conclusions are based on the limited assurance application of the criteria outlined above.

We conducted our engagement in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants (the 'Code'), which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence.

Responsibilities
The directors of ABF are responsible for the preparation of the Report; for determining the content and statements contained therein; and for establishing HSE reporting guidelines and maintaining appropriate records from which the reported health, safety and environmental information is derived.

Our responsibility is to express our conclusions in relation to the above scope. We conducted our engagement with a multidisciplinary team including specialists in HSE assurance with experience in similar engagements.

[1] Assurance standards
International Standard on Assurance Engagements 3000: Assurance engagements other than Audits or reviews of Historical information, issued by the International Auditing and Accounting Standards Board.

This report is made solely to ABF in accordance with the terms of our engagement. Our work has been undertaken so that we might state to ABF those matters we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ABF for our work, for this report, or for the conclusions we have reached.

What did we do to reach our conclusions?
We planned and performed our work to obtain all the evidence, information and explanations that we considered necessary in relation to the above scope. Our work included the following procedures using a range of evidence-gathering activities which are further explained below.

We conducted three phases of work:

A. Site visits
Visits to 15 ABF facilities were completed to:

- conduct interviews with local ABF management and staff to obtain an understanding of the HSE performance data collection, aggregation and reporting processes and controls; and
- test a selection of the underlying data and controls which support the HSE performance data for the year ended 31 August 2011.

The 15 facilities were located in UK, China, Inner Mongolia, Africa, USA, Spain and Australia and selected on a risk basis to provide:

- coverage of the HSE performance data;
- coverage across the differing operating divisions; and
- coverage across a variety of geographic regions

B. Divisional interviews
Four divisional and three company level (due to devolved HSE performance data accountability) head office reviews were completed which included:

- interviews with ABF management and staff to obtain an understanding of the HSE performance data collection, aggregation and reporting processes and controls;
- examining the systems and processes in place to collect, aggregate and report the HSE performance data;
- testing a selection of the relevant controls over the HSE performance data; and
- review of a selection of the supporting documentation which supports the HSE performance data for the year ended 31 August 2011.

The seven head offices selected covered six of the nine ABF divisions and were selected based on:

- number of sites under the control of a division (where appropriate);
- contribution to the HSE performance data by the division/company; and
- non-coverage of the division/company in site-level visits.

C. Group data aggregation
A review of Group level data aggregation was completed which included:

- interviews with ABF management and staff to obtain an understanding of the HSE performance data collection, aggregation and reporting processes and controls;
- examining the systems and processes in place to collect, aggregate and report the HSE performance data;
- testing a selection of the relevant controls over the HSE performance data;
- review of a selection of the supporting documentation which supports the HSE performance data for the year ended 31 August 2011;
- performing analytical review procedures over the aggregated HSE performance data, including a comparison to the prior year amounts having due regard to changes in production volumes and changes in the business portfolio; and
- review of the presentation of the HSE performance data in the Report to ensure consistency with our findings.

What are our conclusions?
Based on the work performed and scope of our assurance engagement described above:

- nothing has come to our attention to suggest that the selected HSE performance data marked with the symbol Δ, in this Report are not fairly stated, in all material respects, in accordance with the definitions provided by ABF on page 16.

KPMG LLP (UK)
Chartered Accountants
London
8 November 2011

Associated British Foods plc Health, Safety and Environment Report 2011 definitions

Employee	A person working directly for the Company and paid directly by the Company.
Contractor	A person doing work for the Company but paid by a different company.
Fatal injury	The death of a person (either an employee or a contractor) as a result of work activities. This includes not only the traditional activities within our manufacturing and retail operations but also whilst travelling for work, for example engineers visiting other factory sites or people travelling to attend a training course. Deaths from natural causes, e.g. a heart attack, and deaths from non-work activities are not included.
Reportable injury	An employee injury which resulted from an accident arising out of or in connection with work activities and which was required to be reported to the external safety regulatory authorities under the requirements of the legislation of that country. This excludes injuries reported only to the country's social welfare or workers' compensation schemes or where a reported injury is subsequently not attributed to the Company by the authorities in official statistics.
Safety or environmental fines	The fines resulting from the regulator bringing legal action against the Company for breaches of the relevant legislation. The cost of the fines has been converted to £ (GB pounds).
Energy used	The amount of energy used on site from electricity, natural gas, gas oil, coal, heavy fuel oil, LPG, renewable fuels and imported steam. The total is expressed as gigawatt hours (thousands of megawatt hours).
Carbon dioxide	This relates to the tonnes of carbon dioxide gas which is calculated to have been emitted by the combustion of fuel on the premises and caused to have been emitted by the power stations generating the electricity which we buy. The calculations use internationally agreed factors to convert the relevant amount of energy per fuel and by country. The figure does not include any other greenhouse gas emissions.
Hazardous and non-hazardous wastes	The quantity of waste sent for disposal. There are no universal definitions for waste, therefore each site aligns its reporting with the legislation of the country. The quantity excludes wastes which are reused or recycled.
Water	The quantity of water entering the manufacturing, other processing operations and retail premises from all sources for use on the premises. The figure includes process cooling water.
Packaging	All materials used for the containment, protection, handling, delivery and presentation of our products. Waste packaging, packaging on materials purchased by sites and packaging used for internal transfers is excluded.