ASSOCIATED BRITISH FOODS PLC

(incorporated with limited liability in England and Wales with registered number 00293262)

Legal Entity Identifier: GBQKSY6W7G0OHCQ8OQ72

£400,000,000 2.500% Notes due 16 June 2034

Issue Price: 99.072%

The £400,000,000 2.500% Notes due 16 June 2034 (the **Notes**) will be issued by Associated British Foods plc (the **Issuer** and, together with its subsidiaries, the **Group**).

This Prospectus has been approved by the Financial Conduct Authority (the **FCA**), as competent authority under Regulation (EU) 2017/1129 as it forms part of United Kingdom (**UK**) domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK Prospectus Regulation**). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA for the Notes to be admitted to listing on the Official List of the FCA (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for the Notes to be admitted to trading on the London Stock Exchange's Main Market (the **Market**). References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a UK regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA (**UK MiFIR**).

The Notes bear interest from and including 16 February 2022 (the **Issue Date**) at the rate of 2.500% per annum, payable annually in arrear on 16 June in each year, except that there will be a short first interest coupon payable on 16 June 2022, as described under "*Terms and Conditions of the Notes—Condition 4* (*Interest*)". Payments of principal of, and interest on, the Notes will be made without withholding or deduction on account of UK taxes, to the extent described under "*Terms and Conditions of the Notes—Condition 7* (*Taxation*)".

The Notes will be represented initially by a temporary global note (the **Temporary Global Note**) which will be issued in new global note form and will be deposited on or about 16 February 2022 with a common safekeeper for Clearstream Banking S.A. (**Clearstream, Luxembourg**) and Euroclear Bank SA/NV (**Euroclear**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons attached, on or after 28 March 2022, upon certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable for Notes in definitive form only in certain limited circumstances. See "*Summary of Provisions relating to the Notes while in Global Form*".

Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes at their principal amount on 16 June 2034. The Notes are subject to early redemption, in whole or in part, (i) at the option of the Issuer (A) at any time up to (and including) 16 March 2034 at the relevant make-whole redemption amount plus a margin of 0.200%; or (B) at any time thereafter at par, in each case together with accrued interest; (ii) at the option of the Issuer at any time in the event of certain changes affecting taxes of the UK at par together with accrued interest; and (iii) at the option of Noteholders if a Change of Control Put Event (as defined in Condition 6.5 (*Redemption at the Option of the Noteholders on a Change of Control*) shall occur. See Condition 6 (*Redemption and Purchase*).

The Notes are expected on issue to be rated A by S&P Global Ratings UK Limited (**S&P**). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. S&P is established in the UK and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the **UK CRA Regulation**).

S&P is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009, as amended (the **CRA Regulation**). The ratings issued by S&P have been endorsed by S&P Global Ratings Europe Limited in accordance with the CRA Regulation. S&P Global Ratings Europe Limited is established in the European Union and registered under the CRA Regulation. As such, S&P Global Ratings Europe Limited is included in the list of registered credit rating agencies published at the website of the European Securities and Markets Authority (**ESMA**) on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.

Joint Lead Managers

Barclays	**BofA Securities**	**Citigroup**	**Santander Corporate & Investment Banking**

Prospectus dated 14 February 2022

This Prospectus comprises a prospectus for the purposes of Article 8 of the UK Prospectus Regulation. This Prospectus has been prepared for the purpose of giving information with regard to the Issuer, the Group and the Notes, which according to the particular nature and circumstances of the Issuer, the Group and the Notes, is necessary information which is material to an investor for making an informed assessment of (i) the assets and liabilities, financial position, profit and losses and prospects of the Issuer; (ii) the rights attaching to the Notes; and (iii) the reasons for the issuance and its impact on the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission of anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus should be read and construed on the basis that such documents are incorporated and form part of the Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Prospectus refers does not form a part of this Prospectus and has not been scrutinised or approved by the FCA.

None of the Joint Lead Managers (as described under "*Subscription and Sale*" below), Citibank, N.A., London Branch (the Principal Paying Agent), Citibank Europe Plc (together with the Principal Paying Agent and any further or other paying agents appointed from time to time in respect of the Notes, the Paying Agents and each a Paying Agent) and Citicorp Trustee Company Limited (the Trustee) has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers, the Trustee or the Paying Agents as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. None of the Joint Lead Managers, the Trustee and the Paying Agents accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

No person has been authorised to give any information or to make any representation not contained in and not consistent with this Prospectus, in connection with the offering of the Notes and any such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, the Joint Lead Managers, the Paying Agents or the Trustee. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, constitute a representation or create any implication that there has been no change since the date hereof in the affairs of the Issuer or the Group or that information contained herein has remained accurate and complete.

This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe for, or purchase, any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act) or under any relevant securities laws of any state or other jurisdiction of the United States, and are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (Regulation S)) except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws. For a description of certain restrictions on the offer, sale and delivery of the Notes and on the distribution of this Prospectus, see "*Subscription and Sale*".

PRIIPs Regulation / Prohibition of Sales to EEA retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) (MiFID II); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the PRIIPs Regulation) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs Regulation / Prohibition of Sales to UK retail investors - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the FSMA) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of UK MiFIR. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the UK PRIIPs Regulation) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market

assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the SFA) - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the CMP Regulations 2018), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it: has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement; has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency; understands thoroughly the terms of the Notes and is familiar with the financial markets; and is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. Prospective investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities. Prospective investors should review and consider such restrictions prior to investing in the Notes. Prospective investors should consider the tax consequences of investing in the Notes and consult their own tax advisers with respect to the acquisition, sale and redemption of the Notes in light of their personal situations.

IN CONNECTION WITH THE ISSUE OF THE NOTES, BARCLAYS BANK PLC AS STABILISATION MANAGER (THE STABILISATION MANAGER) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES. ANY

STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

PRESENTATION OF CERTAIN INFORMATION

Certain non-IFRS financial information

This Prospectus includes and incorporates by reference certain financial information which has not been prepared in accordance with International Financial Reporting Standards (**IFRS**) but which has been derived from the audited financial statements. The glossary of these alternative performance measures for the purposes of the ESMA Guidelines on Alternative Performance Measures (**APMs**), which is set out in note 30 on pages 208 to 213 of the Issuer's Annual Report and Accounts 2021, is incorporated by reference in this Prospectus (see "*Documents Incorporated by Reference*").

The principal APMs referred to in this document are:

- Adjusted operating profit;
- Capital expenditure; and
- Financial leverage.

Adjusted operating profit

Adjusted operating profit is stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets and exceptional items. Items defined above which arise in the Group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted operating profit. A reconciliation of this measure is provided on the face of the consolidated income statement and by operating segment in note 1 to the Group's consolidated financial statements as at, and for the 53 weeks ended, 18 September 2021 (the **2021 Financial Statements**).

Capital expenditure

Capital expenditure is a measure of the investment each year in non-current assets in existing businesses. It comprises cash outflows from the purchase of property, plant and equipment and intangibles and its calculation is disclosed in note D to note 30 to the 2021 Financial Statements.

Financial leverage

Financial leverage is the ratio of net cash/debt including lease liabilities to adjusted EBITDA and its calculation is disclosed in note F to note 30 to the 2021 Financial Statements. For this purpose:

- Net cash/debt including lease liabilities comprises cash, cash equivalents and overdrafts, current asset investments, loans and lease liabilities and a reconciliation of this measure is shown in note 25 to the 2021 Financial Statements.

- Adjusted EBITDA is adjusted operating profit before depreciation, amortisation and impairments and its calculation is also disclosed in note F to note 30 to the 2021 Financial Statements.

In certain cases in this document, adjusted operating profit and revenue may be referred to as being determined on a constant currency basis. Constant currency measures are also an APM and are derived by translating the relevant prior year figures at current year average exchange rates, except for countries where consumer price inflation has escalated to extreme levels, in which case actual exchange rates are used. There are currently two countries where the Group has operations in this position – Argentina and Venezuela. Note B to note 30 to the 2021 Financial Statements shows the determination of these constant currency measures.

In addition, in certain cases in this document, retail business sales may be referred to as being determined on a like-for-like basis. This metric enables measurement of the performance of the Group's retail stores on a comparable year-on-year basis. The measure represents the change in sales at constant currency in the Group's retail stores adjusted for new stores, closures and relocations. Refits, extensions and downsizes are also adjusted for if a store's retail square footage changes by 10% or more. For each change described above, a store's sales are excluded from like-for-like sales for one year. No adjustments are made for disruption during refits, extensions or downsizes if a store's retail square footage changes by less than 10%, for cannibalisation by new stores, or for the timing of national or bank holidays. Like-for-like sales are measured against comparable trading days in each year. A two year like-for-like sales metric is also referenced in certain places in this document. The like-for-like metric expressed over two years enables measurement of the performance of the Group's retail stores compared to its experience in 2019, which was before any of the economic effects of COVID-19. It is calculated as described above for like-for-like sales, but with 2019 as the comparator.

The Issuer believes that APMs provide useful additional information for understanding the financial performance and financial health of the Group. The APMs included in this document should be considered in addition to IFRS measures and are not intended to be a substitute for them. Since IFRS does not define any APMs, they may not be directly comparable to similar measures used by other companies.

The Issuer also uses APMs to improve the comparability of information between reporting periods and geographical units (such as like-for-like sales) by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance.

In addition, adjusted operating profit and financial leverage are strategic key performance indicators that are monitored and reported by management to demonstrate the Group's strategic progress.

Third party and market share data

This Prospectus contains information regarding the Group's business and the industry in which it operates and competes, which the Group has obtained from third party sources. Where third party information has been used in this Prospectus, the source of such information has been identified.

In some cases, independently determined industry data is not available. In these cases, any Group market share data included in this Prospectus is referred to as having been estimated. All such estimates have been made by the Group using its own information and other market information which is publicly available. The Group believes that these estimates of market share are helpful as they give prospective investors a better understanding of the industry in which the Group operates as well as its position within that industry. Although all such estimations have been made in good faith based on the information available and the Group's knowledge of the market within which it operates, the Group cannot provide any assurance that a third-party expert using different methods would reach the same conclusions.

Where information has not been independently sourced, it is the Group's own information.

No incorporation of website information

The Group's website is https://www.abf.co.uk/. The information on this website or any other website mentioned in this Prospectus or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Prospectus, and investors should not rely on it.

Certain defined terms and rounding

All references in this Prospectus to **GBP, sterling, pounds** and **£** are to the currency of the United Kingdom.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

TABLE OF CONTENTS

Page

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published. The following documents shall be incorporated in, and form part of, this Prospectus:

(a) the audited consolidated financial statements of the Issuer for the 53 weeks ended 18 September 2021, together with the auditor's report thereon (which can be found at pages 140 – 213 in the Annual Report and Accounts 2021 of the Issuer) (which can be accessed from the following hyperlink: https://www.abf.co.uk/content/dam/abf/corporate/Documents/investors/annual-and-interim-reports/ar2021.pdf.downloadasset.pdf); and

(b) the audited consolidated financial statements of the Issuer for the 52 weeks ended 12 September 2020, together with the auditor's report thereon (which can be found at pages 126 - 199 in the Annual Report and Accounts 2020 of the Issuer) (which can be accessed from the following hyperlink: https://www.abf.co.uk/content/dam/abf/corporate/Documents/investors/annual-and-interim-reports/ar2020.pdf.downloadasset.pdf).

Any documents or information that are incorporated by reference into the documents listed above do not form part of this Prospectus. Any information contained in any of the documents specified above which is not expressly incorporated by reference in this Prospectus does not form part of this Prospectus and is either not relevant to investors or is covered elsewhere in this Prospectus.

FORWARD-LOOKING STATEMENTS

Certain statements included in this Prospectus may constitute "forward-looking statements". Forward-looking statements are all statements in this Prospectus that do not relate to historical facts and events, and include statements concerning the Issuer's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. The Issuer uses the words "may", "will", "could", "believes", "assumes", "intends", "estimates", "expects", "plans", "seeks", "approximately", "aims", "projects", "anticipates" or similar expressions, or the negative thereof, to generally identify forward looking statements.

Forward-looking statements may be set forth in a number of places in this Prospectus, including (without limitation) in the sections "*Risk Factors*" and "*Description of the Group*". The Issuer has based these forward-looking statements on the current view with respect to future events and financial performance. These views involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements contained in this Prospectus and from past results, performance or achievements. Although the Issuer believes that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which the Issuer has identified in this Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or incorrect, the Issuer's actual results of operations may vary from those expected, estimated or projected.

These forward-looking statements are made only as at the date of this Prospectus. Except to the extent required by law, the Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on the Issuer's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

RISK FACTORS

The purchase of any Notes may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in the Notes. Before making an investment decision, prospective purchasers of any Notes should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Prospectus. If any, or a combination of, these risks occurs, the Group could be materially adversely affected in the manner described in each individual risk. For the purposes of this section, the indication that a risk, uncertainty or problem may or will have a ***material adverse effect*** *on the Group means that the risk, uncertainty or problem could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows, liquidity, reputation and/or prospects and/or on the Group's ability to make payments under any Notes and/or on the market price of any Notes.*

The Issuer believes that the factors described below represent all the material risks inherent in investing in the Notes, but the inability of the Issuer to pay amounts due under any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

EXTERNAL RISKS RELATING TO THE GROUP

As a global business operating in a wide range of markets, the Group may be exposed to economic, social and political developments that may adversely impact demand for the Group's products, disrupt the Group's operations and impact its profitability and cash flow

The Group is a global business that operates in 53 countries and has sales and supply chains in many more countries. In the 53 weeks ended 18 September 2021, the United Kingdom accounted for 36% of the Group's total revenue (by location of customers), Europe and Africa accounted for 36%, the Asia Pacific region accounted for 16% and the Americas accounted for 12%.

The geographic diversity of its businesses means that the Group is subject to numerous risks and uncertainties relating to its activities in these countries and regions, including economic, social and political developments that may adversely impact demand for the Group's products, disrupt the Group's operations and impact its profitability and cash flow. These developments could also include government interventions, such as the imposition of import, investment or currency restrictions, restrictions on the repatriation of earnings and capital or changes in trade regulation.

General economic conditions may be affected by multiple events that are beyond the Group's control, including natural disasters, terrorist attacks and regional epidemics or pandemics, such as the outbreak of the Coronavirus disease in 2019 (**COVID-19**) which is discussed under "*—The Group was materially and adversely affected by COVID-19 and the ongoing impact of COVID-19 on the Group's businesses is uncertain and difficult to predict*" below. Consumer confidence and spending are affected by many factors, including general business conditions, inflation, interest rates, consumer debt levels, unemployment rates, the availability of consumer credit, conditions in the real estate and mortgage markets and currency exchange rates.

According to the International Monetary Fund's (**IMF**) October 2021 World Economic Outlook, since the beginning of 2021 headline consumer price index inflation has increased in advanced and emerging market economies, driven by strengthening demand, input shortages and rapidly rising commodity prices. In its January 2022 World Economic Outlook Update, the IMF reported that inflation continued to rise throughout the second half of 2021 and noted that it expects inflation to remain elevated in the near term, with ongoing supply chain disruptions and high energy prices continuing in 2022 before subsiding in 2023. However, considerable uncertainty remains with a risk of higher inflation than predicted. Any such outcome in any of the major geographies relevant to the Group could result in increased costs for the Group which it may not, or may not be able to, pass on to its customers and could also adversely impact demand for some of the Group's products.

Political disruption in regions where the Group is represented could have a negative impact on operations and sales. Examples could include international political tensions, between countries where the Group has a direct or indirect exposure, for example trade disputes between the United States and China as well as military conflicts, changes of government, civil unrest and nationalisation or expropriation.

The diversity of the Group's operations means that it is not possible to accurately predict all of the economic, social or political factors that could adversely affect its businesses, suppliers and customers on a country, regional or, as was the case with COVID-19, global basis.

The Group has been materially and adversely affected by COVID-19 and the ongoing impact of COVID-19 on the Group's businesses is uncertain and difficult to predict

COVID-19 had a material adverse impact on the global economy in 2020 and 2021. According to the IMF's October 2021 World Economic Outlook database, global real GDP growth was 3.6% in 2018, 2.8% in 2019 and minus 3.1% in 2020. According to the same source, real GDP growth in the Group's significant geographical markets were all affected with the United Kingdom, Europe, the United States and the Asia Pacific region all experiencing negative real GDP growth in 2020.

As a result of COVID-19 containment measures imposed across the world, the Group faced temporary closures for long periods of time of a significant number of its Primark stores, which trade as Penneys in Ireland but are referred to throughout this document as Primark, in those regions where it operates, namely western Europe and the eastern part of the United States. For example, in the 53 weeks ended 18 September 2021, Primark lost approximately one third of its available trading days and in the 52 weeks ended 12 September 2020 Primark lost approximately one quarter of its available trading days.

Containment measures also drove temporary changes in consumer habits and demand, for example, a reduction in demand for out of home food products and increases in demand for other products such as grocery products and bakery ingredients, which required a rapid response from both the Group's supply chain and production. Principally as a result of these factors and the Primark store closures referred to above, the Group's revenue, which had been £15,824 million in the 52 weeks ended 14 September 2019, was £13,937 million in the 52 weeks ended 12 September 2020 and £13,884 million in the 53 weeks ended 18 September 2021.

The Group experienced, and may continue to experience, increased employee absenteeism and supply chain issues as a result of COVID-19.

The IMF in its October 2021 World Economic Outlook predicted a return to positive real GDP growth on a global basis and, in its January 2022 World Economic Outlook Update, estimated global economic growth of 5.9% in 2021 moderating to 4.4% in 2022. However, global GDP is not expected to return to pre-pandemic levels in some parts of the world and the IMF cautions that momentum has weakened with ongoing uncertainty.

The future course of the pandemic remains uncertain. In addition, its impact on the Group will largely depend on external factors which are outside the Group's control, such as the actions taken by governments in the countries in which the Group operates, as well as the global community. The world continues to deal with subsequent waves of infection, particularly driven by the more transmissible omicron strain of the virus, which emerged in November 2021, alongside lower vaccine uptake in some countries. In response to the omicron strain travel restrictions were reintroduced by various nations across the globe (in some cases on a temporary basis) and some countries also re-imposed temporary lockdown measures. Future restrictions may impact the Group's operations and demand for some of the Group's products in the affected countries, for example future restrictions on Primark trading.

Any such adverse developments could have a material adverse effect on the Group, particularly where the developments impact the Group in multiple geographies or across multiple businesses.

The Group's retail business may face challenges relating to digitalisation

In all countries where Primark operates, the online share of the apparel, footwear and accessories markets steadily increased over the years leading up to the outbreak of the COVID-19 pandemic. Since then, this share has seen a particular increase reflecting periods where physical stores were temporarily closed as a result of government trading restrictions introduced to limit the spread of COVID-19. The continued success of the Group's retail business remains dependent on its product offering, competitive pricing, the attractiveness of its physical stores and meeting consumer shopping preferences. A decline in the attractiveness of several shopping locations or certain key locations could lead to sales shortfalls in these stores and margin pressure.

A key element of the strategy for the retail business is to market itself principally through the in-store experience, social media channels and the Primark website. As at 18 September 2021, Primark had over 24 million people engaged across its social media channels. The use of social media increases the speed and extent that information, including mis-information and opinions, can be shared. Negative posts or comments about the retail business, its products or suppliers on social media, whether or not valid, could damage the business's brands and reputation and have a material adverse effect on the Group. As a result, the retail business needs to carefully monitor and manage its social media presence and it may be exposed to adverse developments that are not promptly and effectively addressed.

Changes in commodity and energy prices could negatively affect certain of the Group's businesses

The Group's businesses all have exposure, either directly or indirectly, to commodity and energy prices that are subject to considerable price fluctuations which are outside the Group's control. For example, agricultural commodities are impacted by changes in government agricultural policies and programmes, crop diseases, weather patterns, water shortages and alternative crop and by-product values. The global surge in demand for energy, as economies started to emerge from the pandemic, resulted in significant energy price inflation. In the 16 weeks to 8 January 2022, the Group experienced an escalation in the cost of energy and commodities in its Grocery, Sugar, Ingredients and Agriculture businesses.

Whilst the Group's businesses closely monitor their exposure to commodity and energy prices and where appropriate seek to hedge against price changes or agree advance pricing with suppliers in the short term, the Group does not fully hedge against all price increases and it may not be possible to pass on the full impact of price increases to customers which would impact profitability. For example, during the 53 weeks ended 18 September 2021, the profit contribution from Mazola, the Group's branded corn oil product produced in the United States, declined due to the reduced margin from the later timing of price increases to offset the significantly higher commodity costs and reduced availability of corn oil.

Ongoing and future disruptions to the Group's supply chain could adversely affect the Group's businesses

The Group's operations are dependent upon the effective operation of its logistics infrastructure, including ports, warehouses, roads and the other means of transportation operated by the Group, third party providers, suppliers and customers, and are therefore vulnerable to disruptions which could be caused by natural disasters, malicious acts or other factors.

For example, as a number of economies started to emerge from the COVID-19 pandemic, there was significant disruption to international freight and supply chains as a result of heightened demand and general labour shortages. In addition, there were temporary closures at despatch ports and limited container availability and congestion at destination ports, which was exacerbated by a shortage of heavy goods vehicle drivers. These issues contributed to some delays in the handover of inventory from the Group's suppliers, extended shipping times and longer lead times in getting goods from ports to the Group's retail distribution centres. In the trading update of 20 January 2022, in the 16 weeks to 8 January 2022, the pressure of disruption to the Primark supply chain experienced in the autumn of 2021 had alleviated, although it is still experiencing some delays in dispatch at ports of origin with the expectation that longer shipping times would continue for some time.

Difficulty in sourcing required materials, delays in moving goods around the world and increases in prices which the Group may not always be able to pass on to customers could all reduce the availability of the Group's products and/or result in price increases that reduce its sales volumes, which could have a material adverse effect on the Group.

The Group's businesses, supply chains and customers may be adversely impacted by climate change

In the short to medium term, the effects of climate change and, in particular, an increased frequency and severity of extreme weather events, such as storms, floods, droughts and forest fires, could cause disruption to the Group's supply chains, the sourcing of raw materials and the production and distribution of finished goods.

The success of the Group's business over the long term will depend on the social and environmental sustainability of its operations, the resilience of its supply chains and broader operations and the Group's ability to manage the impact of any potential climate change effects on its business model and performance. Longer-term shifts in climate patterns and loss of biodiversity caused by rising mean temperatures, changes in precipitation patterns and rising sea levels could cause social, economic and operational challenges. For example, prolonged adverse weather developments could cause a loss of growing area for key products such as cotton, sugar and tea. Climate change, including both the direct physical impact as well as the indirect consequences of regulation and changing customer preferences, has the potential to disrupt the Group's business in each market in which it operates. Despite the Group's commitment to the sustainability agenda, which forms a core part of its overall strategy, there can be no assurance that the Group will be successful in pre-empting and adapting to the consequences of climate change in a timely manner. Furthermore, delivery of climate change action and outcomes often requires collective action and is therefore not entirely within the control of the Group. Any failure to pre-empt and adapt to the consequences of climate change in a timely manner could have a material adverse effect on the Group.

Any failure by the Group to meet future public expectations regarding sustainability could damage the Group's relationships with its customers, employees and interest groups, which could adversely affect the Group's revenue.

The Group is exposed to currency exchange rate risk which gives rise to both transactional and translation exposures

The Group is exposed to currency exchange rate risk which gives rise to transactional exposures within the businesses and to translation exposures when the assets, liabilities and results of entities whose functional currency is not sterling are translated into sterling upon consolidation.

The Group's most significant currency transaction exposures are:

- sourcing for the retail business, where the costs are denominated predominantly in sterling, euro and US dollars; and

- sugar sales in its sugar business, which are principally exposed to movements in the sterling/euro exchange rate.

In addition, a number of the Group's other businesses make sales and purchases in currencies other than sterling, principally US dollars and euro, giving rise to transaction exposures.

Although the Group's policy is to match transaction exposures wherever possible, and to hedge actual exposures and firm commitments as soon as they occur by using forward foreign currency contracts, there can be no assurance that these measures will fully offset all the negative impacts of currency rate movements and any ineffectiveness in the Group's currency hedging strategy. This could potentially result in material transactional currency losses.

The Group presents its financial statements in sterling. As a result of its worldwide operations, the Group is exposed to foreign currency translation risk where overseas operations have a functional currency other than sterling, and the Group's policy is not to hedge translation risks. Changes in foreign currency exchange rates impact the translation into sterling of both the income statement and net assets of these operations. In each of the 53 weeks ended 18 September 2021 and the 52 weeks ended 12 September 2020, sterling strengthened against most of the Group's trading currencies, resulting in currency translation losses of £36 million and £16 million, respectively.

Volatility in currency exchange rates could, through currency transaction or translation losses, have a material adverse effect on the Group in future periods.

OPERATIONAL RISKS RELATING TO THE GROUP

The Group's long-term sustainable growth strategy relies on the skill and expertise of its senior management and requires continued management focus

The Group's strategy is to achieve sustainable growth over the long-term. This strategy depends on the knowledge, skills and expertise of senior management, both at a Group level and within the businesses, together with the Issuer's Board of Directors (the **Board**) when making strategic investment decisions.

The implementation of the Group's strategy therefore requires retention and succession planning for key individuals and their continued focus while in the relevant role. The significant ongoing challenges associated with the COVID-19 pandemic, management of the impacts of increasing inflation and supply chain disruptions and increasing regulatory requirements all increase the risk of diverting senior management focus. Any failure to effectively implement its strategy, in the short-term or otherwise, could result in forgone revenue, additional costs and loss of reputation.

The Group's strategic investment decisions may not always realise the intended benefits and the Group may not always be able to successfully produce, market or sell the products and brands it acquires or in which it makes significant investments.

The Group is exposed to current and future regulatory and legal requirements in each of the countries in which it operates. Failures to comply could result in significant adverse consequences

The Group's geographical footprint means that it is subject to a number of complex, demanding and evolving legal, administrative, regulatory and disclosure requirements, including those relating to the protection of the environment, competition, product safety, advertising and labelling, recycling and product stewardship, employment, labour practices, tax, corruption and international sanctions.

The Group's businesses are facing a large number of regulatory changes over the coming years. Governments around the world are expected to continue to take action to reduce climate change, such as the introduction of a carbon tax or zero net deforestation requirements, which could impact the Group's business through higher costs and/or reduced flexibility of operations. Other examples include:

- outcomes from the United Kingdom government's BEIS White Paper: Restoring Trust in Audit and Corporate Governance; and

- new regulations on extended producer responsibility regarding packaging and plastics and the introduction of a plastics tax in the United Kingdom from 2022.

Failures to comply with regulatory and legal requirements could subject the Group to fines and reputational damage. For example, non-compliance with the General Data Protection Regulation (**GDPR**) can result in severe consequences for the Group, including fines of up to 4% of the Group's annual turnover or 20 million euro, whichever is higher, as well as potential reputational damage.

Failures to comply with applicable regulatory and legal requirements both by the Group's businesses and across its extended supply chains could result in supply disruptions and therefore harm the Group's business.

The Group's retail business may face challenges associated with its physical store network, efficiently managing that network, optimising its product range and marketing the business

The Group's retail business accounted for 40.3% of the Group's total revenue and 31.8% of its total adjusted operating profit in the 53 weeks ended 18 September 2021, making it the largest contributor to the Group's total revenue and the second largest contributor to the Group's total adjusted operating profit in the period.

As at 18 September 2021, the Group's retail business had 16.8 million square feet of selling space across 398 Primark stores in 14 countries. The Group owns the freehold on a portion of these stores but the majority are operated under lease arrangements. The Group's retail business must manage its store portfolio, particularly in terms of its cost base, property lease arrangements and rental costs, and closely monitor individual store performance to ensure stores remain profitable. A decline in the attractiveness of several shopping locations could lead to sales shortfalls in these stores and margin pressure.

The Group's plan is to grow its Primark businesses through new stores opening in existing as well as new markets. During the 53 weeks ended 18 September 2021, the Group opened 14 new stores and it plans to add a further 0.5 million square feet of selling space during 2022. Over the next five years, the Group plans to grow its store estate to around 530 stores from 398 as at the 53 weeks ended 18 September 2021. The Group's ability to continue to expand its retail business depends on its ability to secure real estate that meets its criteria relating to price, area, demographics and other factors.

The success of the Group's retail business also depends on selecting garments that customers want to buy, at appropriate price points which are stocked in the right quantities and at the right times and managing its stock levels effectively. A failure to achieve this could result in excess stock which may be sold later than anticipated or may not be sold at all, which could result in higher operating costs and lower margins.

A failure to meet the expectations of customers and anticipate changes in consumer preferences could lead to reductions in sales and profitability. Over the longer term, the reputation of the retail business's brands may suffer if the ranges they offer do not meet customer sustainability, quality, design or price expectations, resulting in lower customer demand for the products.

Product recalls and product liability claims could adversely impact the Group's businesses

As a leading food manufacturer and retailer, it is important that the Group manages the safety and quality of its products throughout the supply chain. Whilst the Group has a comprehensive food safety assurance programme and implements an array of preventive measures to ensure the safety of its food and animal feed products, selling products for human and animal use and consumption exposes the Group to inherent risks including failures to meet regulatory compliance, contamination or spoilage, mis-branding, product tampering and other adulteration.

In the event of product recalls or market withdrawals, in addition to potential health and reputational risk, the destruction of product inventory and lost sales could negatively impact the business concerned.

The Group could also be adversely impacted if consumers lose confidence in the safety and quality of certain food products or the food safety assurance programme generally. A loss of consumer confidence, whether or not valid, may damage certain of the Group's brands and discourage consumers from buying other Group products.

The Group may also suffer losses and could experience significant reputational damage if its products cause, or are alleged to have caused, injury, illness, or death.

The Group may be adversely affected if any of its businesses fail to manage their environmental impact, comply with the Group's corporate social responsibility policies or act in accordance with its ethical values

The Group's businesses face scrutiny related to a wide range of environmental, social and governance issues, including sustainable development, product safety, product packaging, renewable resources, supply chain management, climate change, diversity and inclusion, workplace conduct, human rights, philanthropy and support for local communities. If the Group fails to meet applicable standards or expectations with respect to these issues, the reputation and brands of both the affected businesses and of the wider Group could potentially be damaged.

The Group's material environmental impacts are wide ranging and arise from fuel and energy usage, agricultural operations giving rise to greenhouse gas emissions, the abstraction and management of water in water-stressed areas and waste which is not yet eliminated at source, reused or recycled. Some of the Group's operations generate a range of emissions such as dust, wastewater and waste which, if not controlled, could pose a risk to the environment and local communities. Control failures in these areas could result in sanctions being applied to the polluting business, such as loss of licence to operate, fines or other regulatory restrictions, and costs may be incurred to remediate the damage and prevent future emissions. Additionally, there would be a risk of wider reputational damage to the Group.

The Group must continue to operate in accordance with its corporate and social responsibility policies and guidelines in order to avoid negative publicity due to actual or perceived infringements of the expected ethical behaviour.

The Group works with its suppliers to ensure they comply with the Group's standards of acceptable working conditions, financial stability, ethics and technical competence. For example, the retail business has a team of 130 specialists based in key sourcing countries who inspect every supplier factory at least once a year to ensure the Group's standards are met. Nevertheless, any failure by a material Group business to meet the Group's ethical sourcing standards may adversely affect the business's brand reputation and customer demand for its products, which could have a material adverse effect on the Group.

If the Group fails to maintain policies and guidelines which ensure that environmental, social and governance standards are applied across all operations and suppliers globally, there is a risk that the Group's reputation and brands could be damaged. To the extent that the Group enters new markets in which it has previously not operated, the Group needs to ensure that it considers the local business climates and is able to apply its strong values and high level of business ethics. Any failure to apply or comply in full or at all with the Group's policies and guidelines on business ethics could lead to significant reputational and/or financial damage and have a materially adverse effect on the Group.

The Group's operations have the potential for loss of life and it must comply with occupational health and safety laws and regulations in the countries in which it operates. Failure to mitigate and comply could result in significant adverse consequences

The Group is subject to health and safety laws and regulations in countries throughout the world in which it operates and it has to comply with legislation concerning the protection of the health and welfare of employees and contractors. Despite the Group's health and safety focus, including internal policies, training provided to employees and the promotion of accident prevention and awareness, the risk of accidents and/or long-term health impacts cannot be excluded.

Many of the Group's operations, by their nature, have the potential for loss of life or workplace injuries to employees, contractors and visitors. For example, in the 53 weeks ended 18 September 2021, there were two work-related fatalities in the Group's southern Africa sugar operations.

The Group closely monitors the reportable injury rate across its businesses. Accidents at work may be harmful to the affected employees, could impact staffing and can lead to reputational damage, particularly if the Group's policies and procedures are not perceived to be sufficiently robust to minimise the risks. Further, in the case of severe incidents, remediation costs may be incurred, fines, damages and criminal or civil sanctions may be imposed, and business interruptions may result. Any failure to comply with applicable health and safety laws may also adversely impact the Group's reputation.

Health concerns in relation to any of the Group's food products could negatively impact the Group

Failure to adapt to changing consumer health choices or to address nutrition concerns, whether related to consumer preferences or government public health policies, could result in a reduction in consumer demand and impact business performance.

The Group's food products are designed to meet the demands of its customers. There is a risk of governments taking action against the food industry, for example, by levying additional taxes on products with high calories or salt levels, by restricting the advertising of products of this type or through requiring specific product labelling or warning requirements on packaging. The imposition of any of these measures could reduce overall consumption of the Group's food products, lead to negative publicity, or leave consumers with the perception that its products do not meet their health and wellness needs. Such factors could have a material adverse effect on the Group.

Consumers may change their purchasing or consumption habits in response to perceived health concerns. Such actions or shifting preferences could have an adverse impact on the Group's brands, reputation and profitability.

The Group is dependent on its IT systems and any disruption to these systems could materially disrupt the Group's business

The Group relies on its information technology (**IT**) systems across its operations, including the management of the Group's supply chain, point-of-sale processing in the Group's retail stores and a wide range of other processes and transactions. The Group's ability to effectively manage its business and coordinate the production, distribution and sale of its products depends on, among other things, the flexibility, reliability, security and capacity of these systems.

Aspects of the Group's business activities could be materially disrupted if there is a partial or complete failure or loss of key IT systems or communications networks. Failures can be caused by a variety of factors some of which are outside the Group's control, including natural disasters, extended power outages, computer viruses and cyber incidents. The proper functioning of the Group's IT systems also depends on accurate and reliable data and other system input, which are subject to human error.

Security breaches and cyber-attacks present real and growing risks to the Group's businesses. Activists, rogue states and cyber criminals are amongst those targeting IT systems around the world. Risks to technology and cyber-security evolve and change rapidly and require continued focus, monitoring and investment in preventative measures. It is possible that future attacks may lead to significant breaches of security resulting in a number of adverse effects on the Group, including disruption to its business, unauthorised disclosure of confidential information, significant financial and/or legal exposure and damage to its reputation.

There can be no assurance that the Group's IT safeguards will be fully effective at all times or that they will protect the Group from all losses that could occur. Any failure of the Group's IT systems to operate effectively could cause delays in product supply and sales, reduced efficiency of the Group's operations, unintentional disclosure of customer or other confidential information of the Group, or damage to the Group's reputation.

The Group is dependent on its senior management and skilled technical personnel

The success of each of the Group's businesses relies on the ability to attract, motivate and retain experienced senior management and appropriately skilled technical resource. For example, the retail business is dependent on key personnel in its merchandising, sourcing and marketing functions. In addition, several of the Group's strategic initiatives, including technology initiatives and supply chain initiatives, require that it hires and/or develops employees with appropriate experience.

If any of the Group's businesses are unable to attract, motivate and retain talented management and employees with the appropriate skill sets, they may not achieve their objectives which may impact sales and profitability. In addition, the loss of one or more of the Issuer's key management personnel or the inability to effectively identify a suitable successor to a key role could have a material adverse effect on the Group's business.

Changes in tax laws and interpretations could adversely impact the Group's business

The Group is subject to income and other taxes in the jurisdictions in which it operates. The Group's tax liabilities are dependent on the jurisdictions in which its operations are determined to be taxable. A number of factors influence the Group's effective tax rate, including changes in tax laws and treaties as well as the interpretation of existing laws and rules in the jurisdictions in which the Group operates. Significant judgment, knowledge and experience are required as to the interpretation and application of these rules. The Group's effective tax rate is impacted by a number of factors including, in the jurisdictions in which profits arise, changes in the valuation of deferred tax assets and liabilities, increases in expenses not deductible for tax and changes in available tax credits. In the ordinary course of the Group's business, there are many transactions and calculations where the ultimate tax determination is uncertain. In addition, national and local governments and administrative bodies within various jurisdictions have implemented, or are considering, a variety of broad tax, trade and other regulatory reforms that may impact the Group, a risk which may be heightened in the period following the COVID-19 pandemic as governments around the world seek to increase revenue following significant levels of government support provided during the pandemic. For example, in the United

Kingdom, the government announced an increase in the corporation tax rate from 19% to 25% from 1 April 2023. Increases in or the imposition of new taxes on the Group's business operations or products could also increase the cost of products or, to the extent levied directly on consumers, make the Group's products less affordable, which may negatively impact on the Group's net operating revenue and profitability.

As the Group operates in multiple jurisdictions, it must take complex tax risks into consideration, such as the risk of double taxation and tax disputes. The Group is subject to national and international tax legislation and follows the OECD Transfer Pricing Guidelines (the **OECD Guidelines**), which means that profits are allocated and taxed where the value is created. The Group works continually to ensure that its tax strategy is designed to limit any distortion arising from differences in tax legislation in different parts of the world. As the OECD Guidelines on transfer pricing can be interpreted in various ways, tax authorities in different countries may consequently question the outcome of the Group's transfer pricing model. Accordingly, there is a risk that the Group may become involved in tax disputes should the Group and the local tax authorities interpret the guidelines differently.

Currently, tax proceedings are in progress in some countries, including in relation to the European Commission's decision in April 2019 that the Group Financing Exemption in the United Kingdom's controlled foreign company legislation did not comply with EU State Aid rules in certain circumstances. The Group has arrangements that may be impacted by this decision and has appealed against the decision, as have the United Kingdom government and a number of other companies. In relation to the preparation of its financial statements for the 53 weeks ended 18 September 2021, the Group calculated its maximum potential liability to be £26 million and did not consider that any provision was required in respect of this amount based on its assessment of the issue.

The Group is also regularly subject to audits by tax authorities. Although the Group believes its tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from the Group's historical income tax provisions and accruals. Economic and political pressures to increase tax revenue in various jurisdictions may make resolving tax disputes more difficult. The occurrence of any of these tax risks could have a material adverse effect on the Group.

The Group is exposed to the risk of legal claims and proceedings in the ordinary course of its business and the results of these claims and proceedings cannot be predicted and in some cases may adversely impact the Group

Several of the Group's companies are party to legal claims and proceedings arising in the ordinary course of business. The Group believes there are valid defences for the claims and proceedings and intends to defend the claims and legal proceedings. However, the results of legal claims and proceedings cannot be predicted with certainty. In the event that the Group's assessment of any of the legal claims and proceedings proves inaccurate or material claims and proceedings arise in the future, they may result in a material adverse effect on the Group. Responding to legal claims and proceedings, even those that are ultimately not meritorious, may require the Group to incur significant expense and devote significant resources.

The trustees of the Garfield Weston Foundation and members of the Weston family control approximately 58.3% of the Issuer's voting rights

Wittington Investments Limited (**Wittington**) and, through their control of Wittington, the trustees of the Garfield Weston Foundation are controlling shareholders of the Issuer. Certain members of the Weston family who hold shares in the Issuer, including two members of the Board, George Weston and Emma Adamo are, under the Listing Rules, treated as acting in concert with Wittington and the trustees of the Garfield Weston Foundation and are therefore also treated as controlling shareholders of the Issuer. Wittington, the trustees of the Garfield Weston Foundation and these Weston family members together comprise the controlling shareholders of the Issuer and, as at 18 September 2021, had a combined interest in approximately 58.3% of the Issuer's voting rights.

There is a risk that the controlling shareholders could exert significant influence over the Group and control the outcome of matters submitted to a vote of the Issuer's shareholders, including the election of its directors and approval of significant corporate transactions. The Group has in place a Relationship Agreement with the controlling shareholders (as required by the Listing Rules). It also has robust policies to ensure effective corporate governance and to prevent conflicts of interest which include an independent Chairman and clearly defined roles and responsibilities of both the Chairman and Chief Executive. In addition, experienced independent non-executive directors make up the majority of the Board and these directors challenge decision-making and hold both management and individual executives to account. However, there can be no guarantee that these policies will always be effective.

The Group's results could be adversely impacted as a result of increased obligations under its post-retirement benefit schemes

The Group has various retirement defined benefit pension schemes and similar arrangements for its employees around the world which are funded through investments in equities, bonds and other external assets, the liabilities for which reflect the latest demographic and financial assumptions. The Group's defined benefit pension schemes and similar arrangements are assessed annually in accordance with IAS 19: *Employee Benefits*. As at 18 September 2021, the accounting valuation, which has been assessed using assumptions determined in accordance with independent actuarial advice, resulted in a net surplus of £493 million being recognised.

The Group's principal UK defined benefit scheme is the Associated British Foods Pension Scheme (the **Scheme**), which is a funded final salary scheme that is closed to new members. Defined contribution arrangements are in place for other employees. The Scheme represents 91% of the Group's defined benefit scheme assets and 88% of its defined benefit scheme liabilities. The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2020 on a trustee technical provision basis, using the current unit method, and revealed a deficit of £302 million.

The size of any surplus or deficit in relation to the Group's defined benefit pension schemes and similar arrangements is sensitive to the market value of the assets held by the schemes (which can vary significantly from period to period), to the discount rate used in assessing liabilities, to the actuarial assumptions (which include price inflation, rates of pension and salary increases, mortality and other demographic assumptions) and to the level of contributions. Changes in any of these factors could have a material impact, including causing schemes which are currently in surplus to move into deficit and increasing the amount of any deficit on schemes which are currently in deficit. Any future shortfall in the Group's funding obligations may require significant additional funding from the employing entities, which may adversely impact the Group's results of operations.

FINANCIAL RISKS RELATING TO THE GROUP

The Group is exposed to a range of financial risks and there is no assurance that its risk management and internal control policies and procedures will adequately control, or protect it against, all these risks

The Group is exposed to a range of financial risks including market risk, credit risk and liquidity risk. The Group's principal market risks are foreign currency translation risk and commodity price risk, each of which is discussed above under "—*External risks relating to the Group— The Group is exposed to currency exchange rate risk which gives rise to both transactional and translation exposures*" and "—*External risks relating to the Group—Changes in commodity and energy prices could negatively affect certain of the Group's businesses*, respectively.

The Group's credit risks principally arise from its cash and cash equivalents held with banks and other financial institutions and trade and other receivables. As at 18 September 2021, 12 September 2020 and 14 September 2019, the Group's cash at banks amounted to £759 million, £718 million and £643 million, respectively, and its cash equivalents (which generally comprise deposits placed on money markets for periods of up to three months) amounted to £1,516 million, £1,280 million and £852 million, respectively As at 18 September 2021, £24 million, or 2.4%, of the Group's £1,045 million trade receivables were more than three months past due and the Group's expected loss provision in respect of its trade receivables amounted to £24 million.

Group Treasury is responsible for monitoring and managing liquidity and ensuring that the Group has sufficient headroom in its committed facilities to meet unforeseen or abnormal requirements. The Group also has access to uncommitted facilities to assist with short-term funding requirements.

The Group enters into derivative transactions in order to hedge certain of its market risks. There is no assurance that the Group's derivative contracts will be successful in mitigating its market risk exposures or that the Group will not experience significant losses on its derivatives contracts from time to time.

There can be no assurance that the Group's risk management and internal control policies and procedures will adequately control, or protect it against, all financial risks to which it is exposed.

A negative change in the Issuer's credit rating could adversely affect the Group's ability to access the debt capital markets and may increase its borrowing costs

The Issuer's long-term issuer credit rating of "A" from S&P, which is intended to measure its ability to meet its debt obligations as they mature, is an important factor in determining the Group's cost of borrowing.

The S&P rating report, dated 19 October 2021, noted that the rating reflected the strength of the Group's individual businesses, their diversity and the Group's strong credit metrics underpinned by a conservative financial policy. The report noted that a negative rating action could result from higher than expected volatility in the Group's operating metrics impacted by ongoing COVID-19 disruptions or weak macroeconomic trends, operational setbacks linked to the opening of new stores in new countries or due to unfavourable cost dynamics.

A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.

There can be no assurance that the Issuer's credit rating will remain the same in the future. Any actual or anticipated changes in the Issuer's credit rating may affect the market value of the Notes. A downgrade of the Issuer's credit rating (or a negative change of outlook) may increase the Group's cost of borrowing and may also limit the Issuer's or any other Group company's ability to raise funding.

RISKS RELATED TO THE NOTES GENERALLY

The claims of Noteholders are structurally subordinated

The Issuer is a holding company which conducts substantially all of its operations through its subsidiaries and, accordingly, the claims of Noteholders under the Notes will be structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of the Issuer's subsidiaries. In addition, even if the Issuer is a creditor of any of its subsidiaries, its rights as a creditor would be subordinated to any existing security interest in the assets of such subsidiary. The Notes are not guaranteed by any of the Issuer's subsidiaries or any other company or person. In the event of an insolvency, bankruptcy, liquidation, reorganisation, dissolution or winding up of the business of any of the Issuer's subsidiaries, unsecured creditors of such subsidiaries, secured creditors and obligations that may be preferred by provisions of law that are mandatory and of general application generally will have the right to be paid in full before any distribution is made to the Issuer.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Conditions of the Notes (the **Conditions**) are governed by English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

The Notes have denominations consisting of a minimum of £100,000 plus integral multiples of £1,000 in excess thereof up to (and including) £199,000. It is possible that the Notes may be traded in amounts that are not integral multiples of £100,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than £100,000 in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of £100,000 such that its holding amounts to £100,000 or a higher integral multiple of £1,000. Further, a holder who, as a result of trading such amounts, holds an amount which is less than £100,000 or a higher integral multiple of £1,000 in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to £100,000.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

Notes subject to optional redemption by the Issuer

Optional redemption features are likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Conditions will contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders

The Trust Deed contains provisions for calling meetings of Noteholders to consider any matter affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including

Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, the Conditions or any of the provisions of the Trust Deed or (ii) determine without the consent of the Noteholders that any Event of Default or Potential Event of Default shall not be treated as such or (iii) the substitution of another entity as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 13 (*Substitution*) of the Notes and as more particularly described in the Trust Deed.

RISKS RELATED TO THE MARKET GENERALLY

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Secondary market

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

The Notes bear interest at a fixed rate. Investors should note that if market interest rates start to rise then the income to be paid on the Notes might become less attractive and the price the investors get if they sell such Notes could fall (however, the market price of the Notes has no effect on the interest amounts due on the Notes or what investors will be due to be repaid on 16 June 2034 if the Notes are held by the investors until they expire).

A credit rating may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agency and rating of the Notes is set out on the cover of this Prospectus.

OVERVIEW

This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole.

Words and expressions defined in the "*Terms and Conditions of the Notes*" or elsewhere in this Prospectus have the same meanings in this overview.

The Issuer:	Associated British Foods plc
The Joint Lead Managers:	Banco Santander, S.A., Barclays Bank PLC, Citigroup Global Markets Limited and Merrill Lynch International
Trustee:	Citicorp Trustee Company Limited
Principal Paying Agent:	Citibank, N.A., London Branch
Paying Agent:	Citibank Europe Plc
The Notes:	£400,000,000 2.500% Notes due 16 June 2034
Issue Price:	99.072% of the principal amount of the Notes
Issue Date:	16 February 2022
Use of Proceeds and Estimated Net Proceeds:	See "*Use of Proceeds*"
Interest:	2.500% per annum payable annually in arrear on 16 June of each year, commencing on 16 June 2022 (short first coupon)
Status:	The Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding
Form and Denomination:	The Notes will be issued in bearer form in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to (and including) £199,000 The Notes will be represented initially by the Temporary Global Note which will be deposited on or about 16 February 2022 with a common safekeeper for Clearstream, Luxembourg and Euroclear. Interests in the Temporary Global Note will be exchangeable for interests in the Permanent Global Note, in accordance with the provisions of the Permanent Global Note, upon certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable for Notes in definitive form only in certain limited circumstances. See "*Summary of Provisions relating to the Notes while Represented by the Global Notes*"

	The Notes will be issued in new global note form and are not, at the date of this Prospectus, intended to be held in a manner which would allow Eurosystem eligibility. However, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Global Note by which the Notes are at such time represented, may then be deposited with one of Clearstream, Luxembourg or Euroclear. This does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met
Maturity Date:	16 June 2034
Redemption at the Option of the Issuer:	Subject as provided in Condition 6.3 (*Redemption at the Option of the Issuer*), the Notes may be redeemed at the option of the Issuer, in whole or in part, (i) at any time up to (and including) 16 March 2034 at the relevant make-whole redemption amount plus a margin of 0.200%; or (ii) at any time thereafter at par, in each case together with any accrued but unpaid interest to (but excluding) the date of redemption
Change of Control Put Option:	Upon the occurrence of certain events constituting a "Put Event" (as defined in Condition 6.5 (*Redemption at the Option of the Noteholders on a Change of Control*), Noteholders will have the right to require the Issuer to repurchase all or part of the Notes at par, together with any accrued and unpaid interest to (but excluding) the date of redemption. See Condition 6.5 (*Redemption at the Option of the Noteholders on a Change of Control*)
Tax Redemption:	Subject as provided in Condition 6.2 (*Redemption for Taxation Reasons*), if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the UK or any change in the application or official interpretation of such laws or regulations, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Notes may be redeemed at the option of the Issuer, in whole but not in part, at par together with any accrued but unpaid interest to (but excluding) the date of redemption
Negative Pledge:	The Notes contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*)
Cross Acceleration:	The Notes contain a cross acceleration provision as further described in Condition 9 (*Events of Default*)

Rating:	The Notes are expected to be rated A by S&P S&P: An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong. (Source: https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352)
Withholding Tax:	All payments in respect of the Notes and Coupons by or on behalf of the Issuer shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the UK or any political subdivision thereof or any authority thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer will, save in certain limited circumstances, pay additional amounts to cover the amounts so withheld or deducted, all as described in Condition 7 (*Taxation*)
Governing Law:	The Notes, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with the Notes, the Trust Deed and the Agency Agreement will be governed by English law
Listing and Trading:	Applications have been made for the Notes to be admitted to listing on the Official List and to trading on the Market
Clearing Systems:	Euroclear and Clearstream, Luxembourg
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of offering material, including in the United States of America, the EEA, the UK, Singapore and Canada see "*Subscription and Sale*" Category 2 selling restrictions will apply to the Notes for the purposes of Regulation S under the Securities Act
Risk Factors:	Investing in the Notes involves risks. See "*Risk Factors*"
ISIN:	XS2441652901
Common Code:	244165290

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):

The £400,000,000 2.500% Notes due 16 June 2034 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 (*Further Issues*) and forming a single series with the Notes (the **Further Notes**)) of Associated British Foods plc (the **Issuer**) are constituted by a Trust Deed dated 16 February 2022 (the **Trust Deed**) made between the Issuer and Citicorp Trustee Company Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 16 February 2022 (the **Agency Agreement**) made between the Issuer, the initial Paying Agents and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at, and copies may be sent by electronic mail upon written request to, the principal office for the time being of the Trustee, being at the date of issue of the Notes at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these terms and conditions (the **Conditions**) will have the meanings given to them in the Trust Deed.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to (and including) £199,000, each with Coupons attached on issue.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, any Paying Agent and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. NEGATIVE PLEDGE

3.1 Restriction

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist, and it will ensure that no Material Subsidiary (as defined below) will create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest (other than any arising by operation of law) (**Security**) upon the whole or any part of its undertaking, assets or revenues (including uncalled capital), present or future, to secure any Relevant Debt, or to secure any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Notes, the Coupons and the Trust Deed (i) are secured equally and rateably therewith, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement (whether or not it includes the giving of Security) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders save that the Issuer may permit to subsist (without the obligation to provide to the Notes, Coupons and the Trust Deed any security, guarantee, indemnity or other arrangement as aforesaid) any Permitted Security.

3.2 Relevant Debt

For the purposes of this Condition, **Relevant Debt** means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are, or are intended to be, quoted, listed or ordinarily dealt in on any stock exchange or other recognised securities market, but excluding any such indebtedness which has a stated maturity of less than one year.

3.3 Permitted Security

For the purposes of this Condition, **Permitted Security** means:

(a) any Security in respect of any Relevant Debt (**Existing Relevant Debt**), or in respect of any guarantee of or indemnity in respect of any Existing Relevant Debt, given by any Material Subsidiary where such entity becomes a Subsidiary after the Issue Date and where such Security exists at the time such entity becomes a Subsidiary (provided that (i) such Security was not created in connection with or in contemplation of that entity becoming a Subsidiary; and (ii) the principal amount secured at the time of that company becoming a Subsidiary is not subsequently increased; and (iii) such Security does not extend to or cover any undertaking, assets or revenues (including any uncalled capital) of the Issuer or any of its other Subsidiaries); or

(b) any Security given by any Material Subsidiary in respect of any Relevant Debt, or in respect of any guarantee of or indemnity in respect of any Relevant Debt where such Relevant Debt (**New Relevant Debt**) is incurred to refinance Existing Relevant Debt in circumstances where there is outstanding Security (**Existing Security**) given by that Material Subsidiary in respect of such Existing Relevant Debt or, as the case may be, in respect of any guarantee or indemnity in respect of such Existing Relevant Debt, provided that (i) the principal amount of the New Relevant Debt is not greater than the outstanding principal amount of the Existing Relevant Debt; (ii) the Security does not extend to any undertaking, assets or revenues (including any uncalled capital), present or future, of (A) that Material Subsidiary which were not subject to the Existing Security or (B) the Issuer or any of its other Subsidiaries; and (iii) the final maturity date of the New Relevant Debt does not exceed the final maturity date of the Existing Relevant Debt.

3.4 Definitions

For the purposes of these Conditions:

Group means the Issuer and the Issuer's Subsidiaries from time to time;

Material Subsidiary means, at any time, a Subsidiary of the Issuer if the gross assets (excluding (A) goodwill and (B) intra-group items and investments) of that Subsidiary then equal or exceed 15% of the gross assets of the Group. For this purpose:

(a) subject to paragraph (b) below:

(i) the contribution of a Subsidiary of the Issuer will be determined from its financial statements which were consolidated into the latest audited consolidated financial statements of the Issuer; and

(ii) the gross assets of the Group will be determined from the latest audited consolidated financial statements of the Issuer;

(b) if a Subsidiary of the Issuer becomes a member of the Group after the date on which the latest audited consolidated financial statements of the Issuer were prepared:

(i) the contribution of the Subsidiary will be determined from its latest financial statements; and

(ii) the gross assets of the Group will be determined from the latest audited consolidated financial statements of the Issuer but adjusted to take into account any subsequent acquisition or disposal of a business or a company (including that Subsidiary);

(c) if a Material Subsidiary disposes of all or substantially all of its assets to another member of the Group, it will immediately cease to be a Material Subsidiary and the other member of the Group (if it is not the Issuer or already a Material Subsidiary) will immediately become a Material Subsidiary;

(d) a Subsidiary of the Issuer (if it is not already a Material Subsidiary) will become a Material Subsidiary on completion of any other intra-Group transfer or reorganisation if it would have been a Material Subsidiary had the intra-Group transfer or reorganisation occurred on the date of the latest audited consolidated financial statements of the Issuer; and

(e) except as specifically mentioned in paragraph (c) above, a member of the Group will remain a Material Subsidiary until the next audited consolidated financial statements of the Issuer show otherwise under paragraph (a) above.

A report by an Authorised Signatory (as defined in the Trust Deed) of the Issuer (whether or not addressed to the Trustee) that, in their opinion, a Subsidiary is or is not or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without liability to any person and without further enquiry or evidence and, if relied upon by the Trustee, shall be conclusive and binding on all parties; and

Subsidiary means a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

4. INTEREST

4.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their outstanding principal amount from (and including) 16 February 2022 (the **Issue Date**) at the rate of 2.500% per annum (the **Rate of Interest**), payable in arrear on 16 June in each year (each an **Interest Payment Date**), commencing on 16 June 2022 (the **First Interest Payment Date**).

The amount of interest payable on the Notes on the First Interest Payment Date will be £8.22 per £1,000 in principal amount of the Notes (the **Calculation Amount**). The amount of interest payable on the Notes on each subsequent Interest Payment Date will be £25.00 per Calculation Amount.

In relation to a Note, the amount of interest payable in respect of such Note on each Interest Payment Date shall be the product of the relevant amount of interest per Calculation Amount referred to above and the amount by which the Calculation Amount is multiplied to reach the denomination of such Note.

4.2 Interest Accrual

Each Note will cease to bear interest from (and including) its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event interest will continue to accrue as provided in the Trust Deed.

4.3 Calculation of Broken Interest

When interest is required to be calculated for the purposes of a payment date other than an Interest Payment Date, it shall be calculated by (i) applying the Rate of Interest to the Calculation Amount, (ii) multiplying such product by (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (the **Accrual Date**) to (but excluding) the date on which it falls due (such period, the **Accrual Period**) divided by (b) (unless the Accrual Period falls within the short first interest period) the actual number of days from (and including) the Accrual Date to (but excluding) the next following Interest Payment Date or (if the Accrual Period falls within the short first interest period) 365 and (iii) rounding the resultant figure to the nearest penny, half of any penny being rounded upwards.

In the case of any such payment date referred to in this Condition 4.3 and in relation to a Note, the amount of interest payable in respect of such Note shall be the amount (determined in the manner provided above) per Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the denomination of such Note, without any further rounding.

5. PAYMENTS

5.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 Method of Payment

Payments will be made by credit or transfer to an account in Pounds Sterling maintained by the payee within London.

5.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8 (*Prescription*)) but not thereafter.

5.4 Payments subject to applicable laws

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 8 (*Prescription*)):

(a) is or falls after the relevant due date;

(b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and

(c) in the case of payment by credit or transfer to a Pounds Sterling account in London as referred to above), is a Business Day in London.

In these Conditions, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

5.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

(a) there will at all times be a Principal Paying Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having a specified office in the place (if any) required by the rules and regulations of the relevant stock exchange or any other relevant authority; and

(c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any variation, termination, appointment and/or of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12 (*Notices*).

6. REDEMPTION AND PURCHASE

6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 16 June 2034 (the **Maturity Date**).

6.2 Redemption for Taxation Reasons

If immediately before the giving of the notice referred to below:

(a) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom, or any change in the application or official interpretation of the laws or regulations of the United Kingdom, which change or amendment becomes effective after 14 February 2022, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*); and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 10 nor more than 30 days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (i) a certificate signed by an Authorised Signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment, and the Trustee shall be entitled to accept and rely on the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

6.3 Redemption at the Option of the Issuer

The Issuer may, having given not less than 10 nor more than 30 days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption (the **Optional Redemption Date**)), redeem all of the Notes or, subject as provided in Condition 6.4 below, some only of the Notes at any time at the Relevant Optional Redemption Amount.

For the purposes of this Condition 6.3:

Relevant Optional Redemption Amount means:

(a) if the Optional Redemption Date falls in the period up to (and including) 16 March 2034 (the **Par Call Date**), such amount as is equal to the greater of the following, together with interest accrued to (but excluding) the Optional Redemption Date:

(i) the principal amount of the Notes to be redeemed; and

(ii) the principal amount of the Notes to be redeemed multiplied by the price (as reported in writing to the Issuer and the Trustee by the Determination Agent), expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards), at which the Gross Redemption Yield on the Notes to be redeemed on the Reference Date, assuming for such purposes that such Notes will mature on the Par Call Date, is equal to the Gross Redemption Yield (determined by reference to the middle market price) at 3.00 p.m. (London time) on the Reference Date of the Reference Bond plus a margin of 0.200%, all as determined by the Determination Agent; and

(b) if the Optional Redemption Date falls in the period from (but excluding) the Par Call Date to (but excluding) the Maturity Date, such amount as is equal to the principal amount of the Notes, together with interest accrued to (but excluding) the Optional Redemption Date.

For the purposes of the definition of Relevant Optional Redemption Amount:

Determination Agent means an investment bank or financial institution of international standing selected and appointed by the Issuer at its own expense;

Gross Redemption Yield means, with respect to a security, the gross redemption yield on such security, as calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi Coupon Date" (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to three decimal places);

Reference Bond means the 4.500% Treasury Stock due 7 September 2034 (or, where the Determination Agent provides written advice to the Issuer and the Trustee (on which advice the

Issuer and the Trustee shall be entitled to rely without further investigation or enquiry and without liability to the Noteholder or any other person) that, for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other United Kingdom government stock as the Determination Agent may recommend); and

Reference Date means the date which is the third Business Day (as defined in Condition 5.5) in London prior to the Optional Redemption Date.

The Trustee shall rely absolutely on the advice of any Determination Agent appointed as provided in this Condition 6.3 and shall not be liable for so doing.

6.4 Provisions relating to Partial Redemption

In the case of a partial redemption of Notes, Notes to be redeemed will be selected, in such place as the Trustee may approve and in such manner as the Trustee may deem appropriate and fair, not more than 30 days before the date fixed for redemption. Notice of any such selection will be given not less than 10 days before the date fixed for redemption. Each such notice will specify the date fixed for redemption and the aggregate principal amount of the Notes to be redeemed, the serial numbers of the Notes called for redemption, the serial numbers of the Notes previously called for redemption and not presented for payment and the aggregate principal amount of the Notes which will be outstanding after the partial redemption.

6.5 Redemption at the Option of the Noteholders on a Change of Control

(a) A **Put Event** will be deemed to occur if:

(i) Wittington Investments Limited (registered number 00366054), or any successor entity to Wittington Investments Limited controlled by the same persons who at the Issue Date control Wittington Investments Limited, ceases to own at least 50.1% of the issued share capital of the Issuer; and (B) more than 30% of the issued share capital of the Issuer is acquired by any person (or persons acting in concert) not having such control of the Issuer as at the Issue Date (a **Change of Control**); and

(ii) at the time of the occurrence of a Change of Control, the Notes carry:

(A) on a solicited basis, an investment grade credit rating (Baa3/BBB-, or equivalent, or better) (an **Investment Grade Rating**), from any Rating Agency and such rating is, within the Change of Control Period, either downgraded to a non-Investment Grade Rating (Ba1/BB+, or equivalent, or worse) or withdrawn and such rating is not within the Change of Control Period (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade Rating by such Rating Agency or replaced by an Investment Grade Rating of another Rating Agency on a solicited basis; or

(B) on a solicited basis, a non-Investment Grade Rating (Ba1/BB+, or equivalent, or worse) from any Rating Agency, and such rating is, within the Change of Control Period, either downgraded by one or more notches (for illustration, Ba1/BB+ to Ba2/BB being one notch) or withdrawn and such rating is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or

(C) no credit rating from any Rating Agency on a solicited basis and no Rating Agency assigns, within the Change of Control Period, at least an Investment Grade Rating to the Notes,

provided that at the time of the occurrence of a Change of Control, the Notes carry a solicited credit rating from more than one Rating Agency, at least one of which is an Investment Grade Rating, then sub-paragraph (A) will apply; and

(iii) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control.

(b) If a Put Event occurs, each Noteholder shall have the option to require the Issuer to redeem or repay that Note on the Put Date (as defined below) at its principal amount together with interest accrued to (but excluding) the date of redemption or purchase. Such option shall operate as set out below.

(c) Promptly upon the Issuer becoming aware that a Put Event has occurred the Issuer shall notify the Trustee in writing and the Issuer shall, and at any time upon the Trustee receiving such express notice the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 12 (*Notices*) specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 6.5.

(d) To exercise the option to require the redemption or repayment of a Note under this Condition 6.5 the holder of the Note must deliver a Change of Control Put Notice (as defined below), on any day on which commercial banks and foreign exchange markets are open in the city of the relevant Paying Agent falling within the period (the **Put Period**) of 30 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Change of Control Put Notice**). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Put Period (the **Put Date**), failing which the Paying Agent will require payment of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed in the manner provided in Condition 5.4 against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 11 (*Replacement of Notes and Coupons*)) at any time after such payment, but before the expiry of the period of 10 years from the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of that Coupon. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. The Issuer shall redeem or repay the relevant Notes on the Put Date unless previously redeemed and cancelled.

(e) If the rating designations employed by any of Moody's, S&P or Fitch are changed from those which are described in paragraph (a)(ii) above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's or S&P or Fitch or such

Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P or Fitch and paragraph (a)(ii) shall be read accordingly.

(f) The Trustee is under no obligation to monitor or ascertain whether a Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Put Event or Change of Control has occurred and, until it shall have express notice in writing pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event or Change of Control or other such event has occurred.

(g) In these Conditions:

acting in concert means acting together pursuant to an agreement or understanding (whether formal or informal);

Change of Control Period means the period commencing on the date of the announcement of the Change of Control having occurred and ending 90 days after such date (or such longer period as the Notes are under consideration, announced publicly within such 90 day period, for rating review);

control means the power to direct the management and policies of an entity whether through the ownership of voting capital, by contract or otherwise; and

Rating Agency means Moody's Investors Service Ltd. (**Moody's**) or Standard & Poor's Credit Market Services Europe Limited (**S&P**) or Fitch Ratings Ltd (**Fitch**), or their respective successors or any rating agency (a **Substitute Rating Agency**) substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee.

6.6 Purchases

The Issuer or any of its Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price and at the option of the Issuer or any of its Subsidiaries, such Notes may be surrendered for cancellation, held or resold.

6.7 Cancellations

All Notes which are purchased and surrendered for cancellation pursuant to Condition 6.6 or which are to be redeemed will be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be reissued or resold.

6.8 Notices Final

Upon the expiry of any notice as is referred to in Condition 6.2 or 6.3 above, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

7. TAXATION

7.1 Payment without Withholding

All payments in respect of the Notes and Coupons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

(a) the holder of which is liable for Taxes in respect of such Note or Coupon by reason of having some connection with the United Kingdom other than a mere holding of the Notes or Coupons; or

(b) presented for payment in the United Kingdom; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Presentation Date (as defined in Condition 5 (*Payments*)).

7.2 Interpretation

In these Conditions, **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12 (*Notices*).

7.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

8. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5 (*Payments*).

9. EVENTS OF DEFAULT

9.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but, in the case of the happening of any of the events described in subparagraphs (b) to (d) (other than the winding up or dissolution of the Issuer), and (e) to (h) inclusive below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (each, together with, where applicable, the certification by the Trustee as referred to above, an **Event of Default**):

(a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal or 14 days in the case of interest; or

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy or remediation, when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any Material Subsidiary becomes due and payable prematurely by reason of an event of default (however described); (ii) the Issuer or any Material Subsidiary fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Issuer or any Material Subsidiary for any Indebtedness for Borrowed Money becomes enforceable and steps are taken to enforce the same; or (iv) default is made by the Issuer or any Material Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this subparagraph (c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above which have occurred and are continuing, exceeds the greater of 1% of the value of the net assets of the Group as shown in the most recent annual or interim, as the case may be, consolidated financial statements of the Issuer and £50,000,000 (or its equivalent in any other currency); or

(d) if any order is made by any competent court or an effective resolution is passed for the winding up or dissolution of the Issuer or any Material Subsidiary, save for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement on terms previously approved by the Trustee or an Extraordinary Resolution of the Noteholders; or

(e) if the Issuer ceases or threatens to cease to carry on all or substantially all of its business, save for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement on terms previously approved by the Trustee or an Extraordinary Resolution of the Noteholders; or

(f) if the Issuer or any Material Subsidiary stops payment of, or is unable to, or admits inability to, pay, its debts generally as they fall due; or

(g) if (i) proceedings are initiated against the Issuer or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official, or an administrative or other receiver, manager, administrator, liquidator or other similar official is appointed, in relation to the Issuer or any Material Subsidiary or, as the case may be, in relation to all or substantially all of the undertaking or assets of any of them or an encumbrancer takes possession of all or substantially all of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) is not dismissed or discharged within 30 days (or such longer period as the Trustee may permit); or

(h) if the Issuer or any Material Subsidiary is subject to a judicial judgment relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors).

9.2 Interpretation

For the purposes of this Condition, **Indebtedness for Borrowed Money** means any indebtedness (whether being principal, premium, interest or other amounts but excluding any intra-Group indebtedness) for or in respect of any borrowed money or any liability under or in respect of any acceptance or acceptance credit or any notes, bonds, debentures, debenture stock, loan stock or other securities.

10. ENFORCEMENT

10.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps and/or action (including lodging an appeal in any proceedings) as it may think fit against or in relation to the Issuer to enforce the provisions of the Trust Deed, the Notes and the Coupons or otherwise, but it shall not be bound to take any such proceedings or other steps or action unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

10.2 Limitation on Trustee actions

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would be illegal or contrary to any applicable law or regulation of any jurisdiction or any applicable directive or regulation of any agency of any state or which would or might otherwise render it liable to any person and may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

10.3 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to (i) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Trust Deed, the Notes or the Coupons or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Trustee, having become bound so to take any such action, steps or proceedings, fails so to do within 60 days and the failure is continuing.

11. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. NOTICES

12.1 Notices to the Noteholders

All notices required to be given to the Noteholders pursuant to these Conditions and the Trust Deed will be valid if published in a leading English language daily newspaper published in London. It is expected that publication in a newspaper will normally be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

12.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

13. SUBSTITUTION

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of (i) any company being a Holding Company (as defined in the Trust Deed) or Subsidiary of the Issuer; or (ii) any Successor in Business (as defined in the Trust Deed) of the Issuer, in each case subject to:

(a) the Trustee being satisfied that the substitution is not materially prejudicial to the interests of the Noteholders; and

(b) certain other conditions set out in the Trust Deed being complied with.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings (including by way of conference call or a video call) of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50% in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him, her or them, except that, at any meeting the business of which includes any matter defined in the Trust Deed as a Basic Terms Modification, including the modification of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (including the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-quarter, of the principal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

14.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent or sanction of the Noteholders or Couponholders (i) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders), or (ii) to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven. Any such modification, waiver, authorisation or determination may be made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding upon the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

14.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

14.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 7 (*Notices*).

15. INDEMNIFICATION AND PROTECTION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

15.1 Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

15.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing Law

The Trust Deed, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and the Coupons are governed by, and construed in accordance with, English law.

17.2 Submission to Jurisdiction

(a) Subject to Condition 17.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes or the Coupons), including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons (a **Dispute**) and each of the Issuer, the Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction and (ii) concurrent proceedings in any number of jurisdictions.

17.3 Other Documents

The Issuer has in the Agency Agreement and the Trust Deed submitted to the jurisdiction of the English courts.

18. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the Conditions of the Notes while the Notes are represented by the Global Notes.

1. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 6.5 (*Redemption at the Option of the Noteholders on a Change of Control*) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

2. Payments

On and after 28 March 2022, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. The Issuer shall procure that the amount so paid shall be entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg and the nominal amount of the Notes recorded in the records of Euroclear and Clearstream, Luxembourg and represented by such Global Note will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of Euroclear and Clearstream, Luxembourg shall not affect such discharge. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant Accountholders rather than by publication as required by Condition 12 (*Notices*), provided that, so long as the Notes are admitted to the Official List and admitted to trading on the Market, notices shall also be published in accordance with all requirements of the FCA and the London Stock Exchange.

Any such notice shall be deemed to have been given to the Noteholders on the day such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the applicable clearing system's operational procedures approved for this purpose and otherwise in such manner as the Principal Paying Agent and the applicable clearing system may approve for this purpose.

4. Interest Calculation

Notwithstanding the provisions of Condition 4 (*Interest*), for so long as Notes are represented by one or both of the Global Notes, interest payable to the bearer of a Global Note will be calculated on the aggregate principal amount of the Notes and not per Calculation Amount (and shall otherwise be calculated in accordance with Condition 4 (*Interest*)).

5. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

(a) upon the happening of any of the events defined in the Trust Deed as "Events of Default";

(b) if the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available; or

(c) if the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form and a certificate to such effect signed by an Authorised Signatory of the Issuer is given to the Trustee.

Thereupon (in the case of (a) to (c) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and the Principal Paying Agent and (in the case of (c)) the Issuer may give notice to the Trustee, the Principal Paying Agent and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes. Any exchange shall occur no later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Exchanges will be made upon presentation of the Permanent Global Note to or to the order of the Principal Paying Agent on any day on which banks are open for general business in London. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

6. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7 (*Taxation*)).

7. Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase will be effected by instruction to Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Notes which are cancelled.

8. Put Option

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Noteholders provided for in Condition 6.5 (*Redemption at the Option of the Noteholders on a Change of Control*) may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on its instructions by Euroclear or Clearstream, Luxembourg or any common safekeeper for them to the Principal Paying Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised and the Issuer shall procure that the portion of the principal amount of the relevant Global Note so redeemed shall be entered in the records of Euroclear and/or Clearstream, Luxembourg.

9. Redemption at the Option of the Issuer

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no selection of Notes to be redeemed will be required under Condition 6.4 (*Provisions relating to Partial Redemption*) in the event that the Issuer exercises its call option pursuant to Condition 6.3 (*Redemption at the Option of the Issuer*) in respect of less than the aggregate principal amount of the Notes outstanding at such time. In such event, the partial redemption will be effected in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

10. Euroclear and Clearstream, Luxembourg

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate.

USE OF PROCEEDS

The net proceeds from the issue of the Notes are expected to be approximately £395 million.

The net proceeds from the issue of Notes will be applied by the Issuer for its general corporate purposes.

DESCRIPTION OF THE GROUP

INTRODUCTION

Associated British Foods plc is the parent company of a diverse group of businesses, with a wide range of food and ingredient businesses, as well as the Group's flagship retail business, Primark. The Group's purpose is to provide safe, nutritious and affordable food, and clothing that is great value for money.

The Group is a global organisation with 128,000 employees, operations in 53 countries, suppliers in many more, and customers in more than 100 countries. In the 53 weeks ended 18 September 2021, by location of customers, the UK accounted for 36% of the Group's total revenue, Europe and Africa accounted for 36%, the Asia Pacific region accounted for 16% and the Americas accounted for 12%. More than half of the Group's senior leaders are non-UK citizens, representing 23 different nationalities between them.

The Group is divided into five operating segments:

- **Retail**: Primark is a leading value fashion retailer in Europe. It is the largest clothing, footwear and accessories retailer by volume in the UK, Iberia and Ireland and also has a growing presence in the United States. In total, as at 18 September 2021, the Group had 16.8 million square feet of selling space across 398 stores in 14 countries. Primark is known for offering great value to customers, an attractive shopping experience and prides itself on its wide selection of products, from everyday essentials to the latest trends, at prices everyone can afford.

- **Grocery**: The Group's grocery brands occupy leading positions in many markets worldwide. The fast moving consumer food brands include the international brands Twinings and Ovaltine and regional brands such as Jordans, Patak's and Blue Dragon, Kingsmill, Tip Top, Don and Mazola. In Great Britain, nine out of 10 households use the Group's brands based on NielsenIQ Homescan data.

- **Sugar**: The Group is one of the largest sugar producers in the world, operating 27 plants in 10 countries and produced three million tonnes of sugar in the 53 weeks ended 18 September 2021 with the capacity to produce 4.5 million tonnes of sugar annually. The principal businesses are British Sugar, Azucarera in Spain and Illovo in southern Africa. British Sugar is the sole processor of sugar beet in the UK and Illovo is the largest sugar producer in Africa. Products are sold into retail markets and industry sectors including food and drink, pharmaceutical, industrial, agricultural, power and energy.

- **Agriculture**: AB Agri is a leading international agri-food business, and the UK's largest animal feed producer, with an industry report in 2021 giving its market share as 13.5%. AB Agri operates across the supply chain, producing and marketing animal feed, nutrition and technology-based products.

- **Ingredients**: The Group's ingredients businesses are among the leaders in their respective markets. ABF Ingredients supplies specialty ingredients to the food, nutrition, feed and pharmaceutical industries and AB Mauri supplies yeast and bakery ingredients worldwide.

The Group's strategy is to achieve strong, sustainable leadership in positions that offer potential for profitable growth; to grow organically and through complementary acquisitions; to achieve high levels of operating efficiency; and to operate through a focused structure in which each business contributes to, or has potential to contribute to, progress for the Group in sales, profit and cash and has an influential position in its market or niche, sufficient scale to attract high quality management and differentiated features for leveraging added value and sustainability.

The Group's majority shareholder is Wittington Investments Limited, a privately owned company which in turn is majority owned by the Garfield Weston Foundation. The Garfield Weston Foundation is one of the UK's leading grant-making charitable institutions, making donations in excess of £80 million annually, and is mainly funded by dividends from the Issuer. This ownership structure provides the stability for the Group to invest in its businesses over the long term.

As at 18 September 2021, the Group's total assets were £16,895 million. In the 53 weeks ended 18 September 2021, the Group reported total revenue of £13,884 million, adjusted operating profit of £1,011 million and statutory operating profit of £808 million.

HISTORY

The Issuer was incorporated in England and Wales in October 1934 under the name "George Weston Foods Limited" as a private limited company with registered number 293262. The Issuer changed its name to "George Weston Holdings Limited" by resolution in December 1938 and re-registered as a public company in May 1994 as "George Weston Holdings plc". In July 1994, the Issuer changed its name by resolution to Associated British Foods plc and its shares were admitted to the London Stock Exchange in August 1994.

The Group began operations in 1935 as a bakery business.

The 1930s and 1940s saw major consolidation of the UK baking industry (across bread, biscuits and milling) and the Group was able to grow its UK-based operations with the acquisition of a number of regional bakery businesses.

During the 1950s and 1960s, the Group added UK retail and wholesale grocery divisions through strategic acquisitions, including Twinings in the mid-1960s, while also scaling up and diversifying in Australia and entering the South African market. In 1960, the Associated British Foods name was adopted by the Group. The first Primark store, trading as Penneys, was opened in Dublin in 1969.

From the 1970s onwards, further Primark stores were added in Ireland, and the first store in Great Britain was opened in Derby in 1973. In 1980, the Group's sales exceeded £2,000 million for the first time. The Group disposed of its milling business in South Africa in 1983. The Group's grocery retail business in the UK was disposed of in 1986 and in Ireland in 1997.

The Group acquired British Sugar in 1991 and added operations with acquisitions in Poland and China in the 1990s. Among other developments, an animal feed business in the UK and AB Enzymes were acquired.

The 2000s saw increased focus and consolidation of key business segments with acquisitions including Ovaltine, Mazola, Billingtons, Patak's, Jordans, Illovo, the yeast and bakery ingredients businesses of Burns Philp and the store portfolios of Littlewoods and Allders. Business divestments included Allied Glass and Burtons Biscuits.

Since 2010, there has been a continued shift towards greater differentiation through acquisitions, including Dorset Cereals, Acetum, Yumi's and Anthony's Goods. Primark's retail selling space has been developed through capital expenditure in the original markets of the UK and Ireland, and entering other markets, starting with Spain in 2006. Primark now has a presence in the following markets: Austria, Belgium, the Czech Republic, France, Germany, Italy, the Netherlands, Poland, Portugal, Ireland, Slovenia, Spain, the UK and the United States.

The Issuer is a public limited company with an unlimited duration registered in England and Wales. The Issuer's registered office is Weston Centre, 10 Grosvenor Street, London W1K 4QY and its telephone number is +44 (0)207 399 6500.

RECENT DEVELOPMENTS

On 20 January 2022, the Group published its trading update for the 16 weeks to 8 January 2022. Group revenue from continuing operations for the 16 weeks ended 8 January 2022, compared to the 16 weeks ending 2 January 2021, was 16% higher at actual exchange rates. At constant currency, revenue from continuing operations was 19% higher.

GROUP STRATEGY AND BUSINESS MODEL

Group strategy

The Group's strategy is to achieve strong, sustainable leadership in positions that offer potential for profitable growth; to grow organically and through complementary acquisitions; to achieve high levels of operating efficiency; and to operate through a focused structure in which each business contributes to, or has potential to contribute to, progress for the Group in sales, profit and cash and has an influential position in its market or niche, sufficient scale to attract high quality management and differentiated features for leveraging added value and sustainability.

Each of the Group's businesses has its own strategy and these business strategies are described in "*The Group's Businesses*" section below.

The Group is committed to increasing shareholder value through sound commercial and responsible business decisions that deliver steady growth in earnings and dividends. Management takes a long-term view to create long-term value for the Group's shareholders, business partners, employees and the communities in which the Group operates.

The Group's growth has been mostly organic, achieved through investment in marketing, development of existing and new products and technologies, and through targeted capital expenditure to improve efficiency and expand capacity. Acquisitions are carefully targeted to complement existing business activities and exploit opportunities in adjacent markets or geographies.

Devolved operating model

The Group operates a devolved operating model across its five business segments and believes the best way to create enduring value involves setting objectives from the bottom up rather than the top down. Operational decisions are made locally by individuals and management who have the best understanding of their customers and markets. The Issuer believes that this accountability is highly motivating for the local management teams, encouraging an entrepreneurial approach that drives innovative business thinking.

The corporate centre provides a framework for sharing ideas and best practice across the Group. The centre is in constant dialogue with the teams who run its businesses, giving corporate leaders a detailed understanding of their material opportunities and risks and enabling collaboration when making material decisions. Because the corporate centre is small and uses short lines of communication, the Group can also ensure prompt and unambiguous decision-making.

The Group's operational ethos places focus on entrepreneurial spirit but with financial prudence, high ethical standards and a long-term focus. This way of operating is central to, and informs, the Group strategy which is applied across all five operating segments. In applying the Group's strategy, each operating segment benefits from continuous oversight and support by Group executives and the Board, including engagement on strategic issues, material risk assessment, disciplined capital allocation and a framework for collaboration. In addition to consistent oversight from the Board, the Group operates with a structured and formal framework including policies and procedures to address risks in areas including bribery and corruption, competition, data security and money laundering. On an annual basis, the Board conducts a review of all material risks for the Group, as well as annual reviews of each business segment.

STRENGTHS

The Issuer believes that the Group's strengths are:

Long-term sustainability

The Group manages its balance sheet conservatively to ensure financial stability and provide the headroom necessary to fund long-term investment regardless of the state of the capital markets. The Board's treasury policies aim to maintain a strong capital base and manage the Group's balance sheet and liquidity to ensure long-term financial stability, which the Issuer believes is the basis for investor, creditor and market confidence and enables the successful development of the Group's business.

The Group's financial leverage policy is that, in the ordinary course, the Board prefers the Group's ratio of net debt including lease liabilities to its adjusted EBITDA to be well under 1.5 times at each half-year and year-end reporting date. In exceptional circumstances, the leverage may exceed that level for a short period. The Group's financial leverage ratio was 1.1 times as at 12 September 2020 and 0.7 times as at 18 September 2021. The Group also holds substantial net cash balances which ensure that it has sufficient liquidity to meet unforeseen requirements - for example, the Group maintained a positive net cash position and healthy liquidity during and after the periods of enforced Primark store closures during both 2020 and 2021.

This resilience also positions the Group well to exploit opportunities when they arise, including acquisitions. Operational decision-making is devolved to the individuals closest to the relevant markets enabling an agile and rapid response to market conditions.

The Group takes a disciplined approach to budget setting and capital allocation. The Group makes funding available to all its businesses, providing the returns on their investment proposals meet or exceed a set of clearly defined criteria. The priority is always to invest in the businesses, both organically and by acquisition, at an appropriate pace and wherever attractive returns on capital can be generated. The Group sees considerable opportunities to do this, both over the short and the medium term, and across all of its businesses.

Leadership and culture

The Group benefits from stable leadership and senior management teams with a history of long leadership tenures. The leaders of the Group's businesses have detailed knowledge of the organisations they lead, which often comes from many years in their respective roles. George Weston is only the fourth chief executive since the foundation of the Group in 1935 and, in the 15 years since George Weston was appointed, there have been only two changes in his direct head office reports. The Issuer believes that this longevity of tenure creates significant institutional memory and reinforces the long-term focus which is central to the Group's strategy.

The Group's values are: respecting everyone's dignity, acting with integrity, progressing through collaboration and delivering with rigour. These values are central to the Group's operations and drive its culture of fairness, trust, accountability and respect. The Group's devolved operating model ensures high levels of accountability, transparency and trust which the Group regards as an essential strength. It also ensures simplicity in line reporting and communication and therefore more transparent and efficient decision-making.

The management teams across the Group's businesses comprise a diverse group with close knowledge of the people who make up the respective businesses and who understand the Group's priorities well.

There is consistency and alignment in culture across the businesses. Recruitment, selection and induction are all focussed on maintaining the culture and executive development programmes also reinforce the Group's culture and priorities.

Diversified portfolio

The Group is a highly diversified international food, ingredients and retail group with some 60 different businesses operating in 53 countries, with suppliers in over 100 countries and customers in many more. The diversified nature of the Group's operations and its geographical reach, assets and currencies are important factors in mitigating the risk of a material threat to the Group's sustainable growth and long-term shareholder value. Diversification across multiple dimensions brings financial and operational resilience by limiting reliance on single cash generating streams. Diversification is not limited to sector and geography but extends across:

- products and industries;
- markets and segments;
- countries and regions;
- channels, customers and competitors;
- commodities and differentiated ingredients;
- management skills and backgrounds;
- stages and nature of business; and
- manufacturing technologies and locations.

The benefit of this diversity has been particularly evident during the COVID-19 pandemic. Primark's profit was adversely impacted during the 52 weeks ended 12 September 2020 and the 53 weeks ended 18 September 2021 but the combined operating profit from the Group's other four operating segments was strong with combined increases in adjusted operating profit at constant currency of 26% and 10%, respectively. The cash flow from the food business was strong during a challenging time for the retail sector.

The Group's focus is on developing and maintaining leading or differentiated products in each of the markets in which it operates.

Competitive advantage

Competitive advantage positions the Group's businesses and brands to grow in existing as well as new markets where operations can be more easily scaled and the infrastructure and know-how exists to develop new and existing products and brands.

In Retail, Primark has a price advantage over its competitors, see "*Primark*" below.

In Grocery, many of the Group's brands, including Twinings and Ovaltine, occupy leading positions in their markets. Marketing excellence supports brand strength, leading to volume growth and for some brands the ability to achieve a premium pricing. The Group invests in brand development in weaker and new markets as well as in new product development in existing markets. In Great Britain, nine out of 10 households use the Group's brands based on NielsenIQ Homescan data.

In Sugar, British Sugar is the sole processor of sugar beet in the UK. Azucarera is the largest sugar producer in Iberia in terms of volume based on a mix of third party sources, data published by competitors and own data for 2021. Illovo is the leading sugar producer in Africa in terms of volume based on a mix of third party sources, data published by competitors and own data for 2021.

In Ingredients, ABF Ingredients has five businesses which offer differentiated and value-added products to the food, nutrition, animal feed, pharmaceutical and industrial sectors in more than 50 countries. Based on management analysis of available data, AB Enzymes was the largest animal feed enzymes producer in the world for phytase and the third largest for NSP (non-starch polysaccharide) based on value as at February 2020.

Cash generation

The Group strives for strong and consistent cash generation across its business, with a contribution from each of the Group's operating segments. There is close central oversight of those businesses which fail to generate cash. The Group has a track record of delivering strong operating cash flows, delivering in excess of £1 billion in each of the last ten years. Notably, this included the last two years which were affected by the COVID-19 pandemic. In the 53 weeks ended 18 September 2021, the Group's net cash inflow from operating activities was £1,413 million compared to £1,753 million in the 52 weeks ended 12 September 2020.

Strong cash generation also allows acquisitions and capital expenditure to be financed from cash reserves and cash generated rather than from significant borrowing, thereby ensuring that the Group is well placed to exploit acquisition opportunities as they arise. Revenue investment is also key to supporting the execution of the Group's strategy more broadly, including differentiation and growth of individual businesses with additional capital investment to maintain the long-term cash generative capacity of the Group's assets (including the many freehold properties held by the Group).

The Group has significant additional cash availability under its committed facilities, with low borrowing levels. As at 18 September 2021, its total committed borrowing facilities amounted to £1,453 million, of which £308 million was outstanding in the form of £297 million of US private placement notes maturing between 2021 and 2024 and £10 million under local facilities in Africa and £1 million in other countries. The Group also has access to £485 million of uncommitted credit lines under which £98 million was drawn as at 18 September 2021. The Group's cash and cash equivalents totalled £2,275 million as at 18 September 2021, of which centrally available cash on hand was £1,901 million. The Group holds substantial net cash bank balances, which reduce its net debt including lease liabilities, and ensure that it has sufficient liquidity to meet unforeseen requirements.

Environment, social and governance (ESG)

The Group has a clear sense of social purpose which is central to its strategy and operations: it exists to provide safe, nutritious and affordable food, and to provide quality, affordable clothing, to hundreds of millions of customers worldwide.

There is a Group-wide emphasis on ESG which is embedded in the Group's identity, values and strategy. The Group has high standards of integrity and there is a strong recognition that acting responsibly is the only way to build and manage a business over the long term. The Group's approach to ESG provides a framework for the relationship between company and society that strengthens the business and creates opportunity and value over time.

The Group publishes an update on the ESG activities each year, and the most recent 'Responsibility Update', which was published in November 2021, is available on the Group's website, along with a number of topic-specific 'ESG Insights'. More recently, the Group has extensively engaged with its investors on the key ESG factors for the Group and its strategy and governance in relation to these. This engagement included two specific ESG investor events in 2021.

In its ‘Responsibility Report’ and ‘Responsibility Updates’, the Group describes its values which help it to articulate the long-term benefits it can deliver for its people, suppliers, communities, customers and environment. The Group works to understand and focus its actions on what is material and most impactful to its businesses and stakeholders, including society and the planet. These are:

- Supply chains: working to build more equitable, ethical and sustainable supply chains;

- Operations: a focus on cutting carbon emissions in its manufacturing operations, making them more energy efficient, and using resources such as water in more circular ways to reduce the impact of serving its customers;

- People: investment in development of its people and prioritisation of their safety, health and wellbeing; and

- Products, consumers and communities: providing safe, nutritious and affordable food, and clothing that is great value for money.

Whilst upholding the Group standards and values, individual businesses in the Group have considerable freedom to engage in ways which they believe will make the greatest long term difference. The Group’s devolved decision-making model empowers the people closest to risks and opportunities to make the right judgements. By giving autonomy to individuals within each business, better engagement results in activities focused on what is specifically relevant, workable and impactful for each business.

Examples of ESG focus in the Group’s businesses are:

- Primark: its Primark Cares sustainability strategy was launched to its customers in 2021 (see further below);

- Twinings: has set a target to be carbon neutral from bush to shelf for tea and herbal infusions by 2030. Twinings has also developed ‘Community Needs Assessments’ for tea plantation workers in collaboration with Oxfam and WaterAid; and

- Sugar: the businesses provide social infrastructure in rural locations in Africa. AB Sugar has a target of a 30% reduction in carbon in its end–to-end supply chain by 2030.

THE GROUP’S BUSINESSES

Overview

The Group comprises five operating segments:

- ***Retail***: buying and merchandising value clothing and accessories through the Primark retail chain;

- ***Grocery***: the manufacture of grocery products, including hot beverages, sugar and sweeteners, vegetable oils, balsamic vinegars, bread and baked goods, cereals, ethnic foods, and meat products, which are sold to retail, wholesale and foodservice businesses;

- ***Sugar***: the growing of sugar cane and the processing of sugar beet and sugar cane for sale to industrial users;

- ***Agriculture***: the manufacture of animal feeds and the provision of other products and services for the agriculture sector; and
- ***Ingredients***: the manufacture of bakers' yeast, bakery ingredients, enzymes, lipids, yeast extracts and cereal specialities.

The tables below show the contribution of the Group's operating segments to its revenue and to its adjusted operating profit in each of the 53 weeks ended 18 September 2021, the 52 weeks ended 12 September 2020 and the 52 weeks ended 14 September 2019.

Contribution to revenue

	53 weeks ended 18 September 2021		**52 weeks ended 12 September 2020**		**52 weeks ended 14 September 2019**	
	£ million	*%*	*£ million*	*%*	*£ million*	*%*
Retail........................	5,593	40.3	5,895	42.4	7,792	49.4
Grocery	3,593	25.9	3,528	25.4	3,498	22.2
Sugar........................	1,650	11.9	1,594	11.5	1,608	10.2
Agriculture..............	1,537	11.1	1,395	10.0	1,385	8.8
Ingredients...............	1,508	10.9	1,503	10.8	1,505	9.5
	13,881	**100.0**	**13,915**	**100.0**	**15,788**	**100.0**
Businesses disposed						
Grocery	2		13		23	
Ingredients...............	1		9		13	
Total revenue	**13,884**		**13,937**		**15,824**	

Contribution to adjusted operating profit

	53 weeks ended 18 September 2021		**52 weeks ended 12 September 2020**		**52 weeks ended 14 September 2019**	
	£ million	*%*	*£ million*	*%*	*£ million*	*%*
Retail........................	321	31.8	362	35.3	913	64.2
Grocery	413	40.9	437	42.6	381	26.8
Sugar........................	152	15.0	100	9.7	26	1.8
Agriculture..............	44	4.4	43	4.2	42	3.0
Ingredients...............	151	14.9	147	14.3	136	9.6
Central......................	(70)	-6.9	(63)	-6.1	(76)	-5.3
	1,011	**100.0**	**1,026**	**100.0**	**1,422**	**100.0**
Businesses disposed						
Grocery	—		(1)		(1)	
Ingredients...............	—		(1)		—	
Total adjusted operating profit.......	**1,011**		**1,024**		**1,421**	

Trading Update for 16 weeks to 8 January 2022

The table below sets out revenue on a segmental basis for the 16 week period to 8 January 2022 with changes to the comparable period in the prior year at actual currency and constant currency. This compares to the 16 weeks to 2 January 2021.

	16 weeks to 8 January 2022	16 weeks to 2 January 2021	% change	% change
	£ million	£ million	at actual currency	at constant currency
Retail	2,672	2,031	+32	+36
Grocery	1,215	1,222	-1	+2
Sugar	609	545	+12	+12
Agriculture	545	507	+7	+8
Ingredients	528	497	+6	+10
Total revenue	**5,569**	**4,802**	**+16**	**+19**

Retail

Overview

The retail operating segment comprises Primark, which is one of the largest fashion retailers in Europe and the largest by volume in the UK. In the 53 weeks ended 18 September 2021, the retail operating segment accounted for 40% of the Group's total revenue and 32% of its total adjusted operating profit, making it the largest operating segment by revenue contribution and the second largest by adjusted operating profit contribution.

Primark is an international retailer that offers customers a wide choice of the latest fashion, beauty and homewares at great value prices. As at 18 September 2021, it operated with 16.8 million square feet of selling space in 398 stores in 14 countries and more than 70,000 employees. Primark stores are serviced by a network of nine depots covering 7.1 million square feet.

Strategy

Primark's mission is to make a wide range of high quality and affordable clothing, beauty products and homewares accessible to everyone. In order to achieve low prices, it has a business model which differs from that of many other retailers based on scale as a buyer, a highly efficient cost model which provides Primark with competitive advantage. Purchasing quantities on a large scale leads to efficient production. It benefits from a broad supplier base with long-term relationships, very low distribution costs, being mainly sea freight, throughout the supply chain from supplier to store and high store sales densities. It does minimal advertising, focusing instead on marketing through its popular social media channels and store windows; and it focuses on selling its products in store without the overheads of online fulfilment. Primark has low prices. This is evidenced by data provided by Jefferies International of sample tracking of opening price point baskets across a number of fashion offerings and markets from June 2020 to October 2021.

In September 2021, Primark pledged to make more sustainable choices affordable for all with the announcement of a wide-reaching new sustainability strategy. The new strategy makes nine key commitments aimed at minimising fashion waste, reducing impact on the planet and improving the lives of the people who make Primark's clothes.

Operating review

Primark was significantly affected by the COVID-19 pandemic, with its revenue declining by £1,897 million, or 24%, in the 52 weeks ended 12 September 2020 compared to the 52 weeks ended 14

September 2019 and by £302 million, or 5%, in the 53 weeks ended 18 September 2021 compared to the corresponding period in 2020.

Similarly, Primark's adjusted operating profit declined by £551 million, or 60%, the 52 weeks ended 12 September 2020 compared to the corresponding period in 2019 and by £41 million, 11%, in the 53 weeks ended 18 September 2021 compared to the corresponding period in 2020.

In the 52 weeks ended 12 September 2020 Primark's sales in the first six months of the financial year were 4% ahead of the previous financial year at constant currency driven by increased retail selling space and supported by a substantial improvement in like-for-like sales in continental Europe, with a key driver being improvement in Germany. All of Primark's stores reopened by mid-July 2021 and it traded strongly for the remainder of the 53 weeks ended 18 September 2021 after reopening with a low level of markdowns. The Issuer estimates that Primark's sales were approximately £2 billion lower in the 52 weeks ended 12 September 2020 as a result of COVID-19. The reduction in Primark's adjusted operating profit in the same period was driven by the loss of contribution arising from the sales shortfall, partially offset by the benefits of mitigating actions taken to reduce operating costs.

Total customer spend on clothing, footwear and accessories in all sales channels in Primark's markets was impacted by COVID-19 in the 52 weeks ended 12 September 2020, although from a low point in April 2020 it recovered strongly with very high customer demand and often long queues outside stores when they reopened, reflecting customer loyalty to the brand. Since reopening, Primark experienced increasing numbers of transactions driven by footfall and a significantly higher average basket size reflecting some pent-up demand, and while this outperformance had reduced at 12 September 2020 it continued to remain higher than in the previous financial year.

In the 53 weeks ended 18 September 2021, sales at Primark were 5% below those in the previous financial year at both actual and constant currency exchange rates. In the 53 weeks ended 18 September 2021, a third of Primark's available trading days were lost as a result of store closures due to the public health measures in its major markets to control the spread of COVID-19. This compared with the loss of one quarter of the available trading days in the previous financial year. In the 53 weeks ended 18 September 2021, the Issuer estimates the loss of Primark sales, while stores were closed, to be approximately £2 billion. Despite this decreased level of trading days, adjusted operating profit, before repayment of job retention scheme monies, increased by 15% to £415 million (£321 million after the repayment of £94 million received from the job retention schemes in the UK, the Republic of Ireland, Portugal, the Czech Republic and Slovenia).

When stores were open, full year like-for-like sales were 12% below those in the 52 weeks ended 14 September 2019 and were 7% lower excluding destination city centre stores. In the first half of the 53 weeks ended 18 September 2021, the like-for-like performance reflected lower category spend and lower footfall due to trading restrictions. When the stores reopened in the third quarter, customers returned in large numbers and sales were 3% ahead on a like-for-like basis compared to the same period in the 52 weeks ended 14 September 2019. However, like-for-like sales declined by 17% in the fourth quarter of the 53 weeks ended 18 September 2021 compared to the same period in the 52 weeks ended 14 September 2019, affected by the impact on footfall of changes to public health measures. Trading varied considerably across the business, with the United States business performing well with a proven profitable store model.

In the 16 weeks to 8 January 2022, Primark's revenue increased by 36% at constant currency compared to the corresponding period in the previous financial year reflecting the fact that the previous period was affected by widespread store closures in the UK and Europe. Total Primark revenue in the 16 weeks to 8 January 2022 was 5% lower than the pre-COVID levels in the corresponding period two years ago. Primark's operating profit margin in the 16 weeks to 8 January 2022 was ahead of the Group's expectations and is expected to be over 10% at the half year. This reflects a recovery in sales densities over the corresponding period in the previous financial year. The effect of inflationary pressure on raw materials and supply chain in the 16 weeks to 8 January 2022 has been broadly mitigated by a favourable US dollar exchange rate compared to corresponding period and a reduction in store operating costs and overheads. Primark is proposing to simplify its in-store UK retail management structure as part of an ongoing programme to improve the efficiency of its store retail operations.

Store Portfolio

Primark's store estate sits at the heart of the Primark business model. Primark's stores provide an attractive, up-to-date destination for customers to meet friends and family, to browse a wide choice of products and to enjoy an increasing range of in-store services.

As at 18 September 2021, Primark was trading from 398 stores and had 16.8 million square feet of retail selling space. 110 of these stores are freehold or long leasehold and the remaining 288 stores are held as short leasehold. Primark makes freehold acquisitions in strategic locations where the opportunities arise. The Issuer believes that leasehold contracts with Primark provide an attractive proposition for landlords and is able to secure favourable lease contract terms as a result. 0.6 million square feet of retail space was added during the 53 weeks ended 18 September 2021 following the addition of 15 stores: four in the United States; four in Spain; two in Italy, and one each in France, the UK, The Netherlands, Poland and the Czech Republic. During the 2022 financial year, Primark plans to add a net 0.5 million square feet of additional selling space.

Primark sees the potential for growth in its existing markets. Over the next five years, it plans to grow the store estate to 530 stores. In particular, it aims to accelerate the expansion of its selling space in the major markets of the US, France, Italy and Iberia, building on its established brand recognition, track record of successful store openings and strengthening relationships with key landlords. Primark is increasing the use of technology and demographic data to inform decisions about new store locations. Additionally, Primark expects to benefit from more store opportunities with the revival of property sector development as the world emerges from the COVID-19 pandemic. Primark will also continue to explore opportunities in new markets.

Customer proposition

Amid an ever-changing retail landscape, Primark always looks for new ways to create the best customer experience. It is constantly evolving to offer an exciting and innovative retail environment that serves as a destination everyone in the family can enjoy. Primark's latest store design includes features such as free Wi-Fi and trend rooms, with an increasing number of stores also offering a range of food and drink outlets. These include the Primark Café with Disney in Birmingham and the Friends Central Perk Café in Manchester.

Primark launched its first own-brand Beauty Studio in April 2019, offering customers a mix of beauty services. Primark also launched its Wellness Collection in 2020 with the opening of its first pop-up store in BOXPARK Shoreditch, London. It has also recently developed two new ranges: Primark's Baby Collection and Primark Parenthood. Meanwhile, Primark's licensed offering continues to grow, with strong partnerships with brands such as Disney, Warner Brothers and Netflix.

In September 2021, an expanded Primark Home department was launched at Merry Hill in the West Midlands, with increased in-store selling space to offer an all-new range of quality, affordable home and lifestyle products. The new space enabled the offering of a much wider range including new categories such as cookware, ceramics, rugs and furniture. Following positive customer feedback, this extended range will be rolled out to a total of 40 stores over the coming months.

Sales and marketing

The core purpose of marketing and communications is to build value in the Primark brand and to drive both new and existing customers to Primark's stores by showcasing its latest products and telling inspiring stories about its products, business and values. Situated in prime locations on destination shopping streets, leading shopping centres and local high streets, Primark's store windows play a key role in the launch of new marketing campaigns. Digital also has a critical role to play as part of the marketing with over 24 million engagers across Primark's social media channels.

Primark is investing further in its digital capability with the planned launch of a new and improved customer-facing website in the UK by the end of March 2022 and across all its markets by autumn 2022. The new website will showcase around 70% of Primark's total range, substantially up from around 20% on the current website, with enhanced product information and imagery for every product shown. Additionally, the new site will enable customers to research product availability in their local store for the first time. Primark is also building a digital marketing capability to enable the capture and management of customer data and enable communication directly with customers with relevant marketing messages.

Digital is becoming increasingly important across the business. Primark has invested in an enabling stock management system, Oracle, which is planned to be rolled out across its stores during the Group's 2022 financial year. In addition, all stores will be equipped with state-of-the-art point of sale terminals by the end of calendar year 2022.

Suppliers

The manufacturing of Primark's products is outsourced to independent suppliers.

Primark has an extensive global supply chain network based on longstanding trusted supplier relationships. Its top 100 suppliers accounted for approximately 76% of purchase value in the 53 weeks ended 18 September 2021, and the two largest sourcing markets, China and Bangladesh, represented over 60% of purchase value in the same period. Primark buys approximately 75% of its products from suppliers in US dollars and its revenue is roughly split 60% euros, 40% Sterling. The business procures large volumes of products many months in advance, allowing its suppliers to plan production schedules efficiently, locking in margins and hedging against the impact of currency movements between order placement and receipt of goods.

Primark cares about the welfare of the people who make the products it sells. Since it does not own the factories that make its products, it is very selective about who it works with and will not place any orders with a supplier or its factory unless they agree to the Primark Code of Conduct (the **Code**). This is based on standards set by the Ethical Trading Initiative and the International Labour Organisation and covers areas such as pay, employment policies, the right to join a union, and health & safety. Primark conducts a formal inspection of every factory against the Code before it places any orders. It has its own dedicated team of 130 experts based in key sourcing countries who are responsible for around 3,000 inspections every year. These inspections allow Primark to get a detailed picture of what conditions are like inside both new and approved factories and are vital in allowing the business to check that its standards are being met.

Primark Cares

Primark believes that more sustainable fashion should not have to come with a high price tag either for people or the planet. Primark has sought to build a more sustainable business for more than a decade and has now committed to going further and faster, using its size and scale to transform its business to become more sustainable and circular over the next nine years. In September 2021, Primark unveiled a wide-reaching new sustainability strategy, Primark Cares, aimed at minimising fashion waste, reducing its impact on the planet and improving the lives of the people who make Primark's clothes.

Building on the progress made over a decade to become a more ethical and sustainable business, the nine new commitments cover Primark's own operations as well as its global supply chain. The strategy also expands on commitments the business has made as a signatory to major industry initiatives which include Textiles 2030, the Waste & Resources Action Programme ('WRAP') initiative to accelerate the fashion and textile industry's move towards circularity.

The Primark Cares strategy commits the business to changing the way its clothes are made so they are recyclable by design by 2027 and ensuring that all its clothes are made from recycled or more sustainably sourced materials by 2030. The Primark Cares label, denoting products that are made with recycled fibres or more sustainably sourced materials, can already be found on more than a quarter of all the clothes sold by Primark and it is growing every season.

As well as changing the way its clothes are made, Primark has committed to working with its suppliers to cut carbon emissions by half across its entire value chain by 2030, contributing to industry-level transformation. The business has also committed to eliminate single-use plastics and all non-clothing waste in its own operations by 2027. Primark also aims to expand its 'Sustainable Cotton Programme', already one of the largest of its kind in the fashion industry based on information supplied by an independent industry source, and train farmers to use more regenerative farming practices to deliver better soil health, biodiversity and water quality in the regions where their cotton is grown.

Primark plans to improve the lives of people in its supply chain by 2030 through pursuing a living wage for all, providing access to social protection and financial education and services. It also intends to increase opportunities for women through skills development and to widen access to physical and mental health support.

Primark's new sustainability strategy pledges to make more sustainable choices affordable for all and is a clear and committed statement that tells customers, employees, partners and suppliers that it takes its responsibility as a large retailer seriously.

Grocery

Overview

Grocery comprises consumer-facing businesses that manufacture and market a variety of well-known household brands both nationally and internationally. In the 53 weeks ended 18 September 2021, the grocery operating segment accounted for 26% of the Group's total revenue and 41% of its total adjusted operating profit, making it the second largest operating segment by revenue contribution and the largest by adjusted operating profit contribution.

The grocery business comprises:

- ***Twinings Ovaltine***, leading hot beverage brands enjoyed in more than 100 countries;
- ***UK Grocery***, fast moving consumer food including authentic global foods, cereals, sugar and sweeteners, balsamic vinegar, bread, baked goods and sports supplements;
- ***Acetum,*** balsamic vinegar from Modena, Italy;
- ***George Weston Foods***, one of Australia's and New Zealand's largest food manufacturers; and

- ***ACH***, fast moving consumer food including corn, canola and soy oil and home baking ingredients in North America.

The brands occupy leading positions in markets worldwide. In Great Britain, nine out of 10 households use the Group's brands based on NielsenIQ Homescan data. Grocery employs over 15,000 people.

Strategy

Each of the grocery businesses pursues a strategy appropriate to its particular market position and stage of development. Twinings Ovaltine, Acetum, Jordans, Dorset Cereals, Ryvita and AB World Foods have had considerable success in extending their reach into new and emerging markets, whilst other businesses are focused on developing brands in their core domestic markets.

All of the grocery businesses are committed to the consistent development of their brands and consumer research is conducted locally and internationally to establish consumer needs and ensure appropriately targeted investment. The Group takes a long-term approach to capital investment, recognising the merits of building for the future. Acquisitions, such as the 2017 acquisition of Acetum, are undertaken when opportunities are presented to either strengthen or complement existing businesses.

Operating review

In the 52 weeks ended 12 September 2020, the Group's grocery revenues were 2% ahead of those in the 52 weeks ended 14 September 2019 at constant currency, with growth in Twinings, UK Grocery, ACH and George Weston Foods. This growth was held back by lower food service sales and a decline in Allied Bakeries. Adjusted operating profit growth of 15% in the 52 weeks ended 12 September 2020 compared to the 52 weeks ended 14 September 2019 at constant currency was driven by cost efficiencies and, particularly in the second half, lower promotional spend. This more than offset a non-cash asset write-down in Allied Bakeries of £15 million following a decision to terminate the Group's largest private label bread contract which enabled a substantial reduction in bakery operations and distribution costs.

A key driver for Twinings was the growth in healthy teas with the launch of a Twinings Infusions range in France for the first time and the expansion of the Wellness range in the United States. Sales of Ovaltine were held back by the impact of COVID-19 on impulse sales, particularly in Thailand and Vietnam, partially offset by successful new product launches in Switzerland and Brazil. Silver Spoon, Jordans, Dorset Cereals, Ryvita and AB World Foods all benefited from significant increases in consumer demand in the second half of the 52 weeks ended 12 September 2020.

In the 53 weeks ended 18 September 2021, the Group's grocery revenues were 3% ahead of those in the 52 weeks ended 12 September 2020 at constant currency, with particularly strong growth in Twinings Ovaltine more than offsetting expected declines in sales at Allied Bakeries. The grocery adjusted operating profit declined by 2% in the 53 weeks ended 18 September 2021 at constant currency compared to the 52 weeks ended 12 September 2020, primarily driven by weaker corn oil margins at ACH, lower margins at George Weston Foods and a further one-off charge of £5 million for restructuring in Allied Bakeries.

Ovaltine sales growth was primarily in Thailand, China and Switzerland and was supported by the continuing success of new product launches in a number of countries. Twinings' revenue growth was driven by strong new product launches and good performances in France and North America.

The Allied Bakeries business is loss making. Sales reduced following the decision to exit the supply of bread to the Co-operative Group in April 2021. The business continued to drive significant cost reductions with savings from a further consolidation of operations, the most material being delivered in the distribution network.

Grocery revenue was 2% ahead of last year at constant currency in the 16 weeks to 8 January 2022 compared to the corresponding period in the previous financial year. The Grocery businesses experienced high levels of input cost inflation and margins were reduced in 16 weeks to 8 January 2022 due to the phasing of the implementation of mitigating pricing actions.

Twinings Ovaltine

Twinings and Ovaltine are the Group's leading hot beverage brands and have broad geographical reach. The products of both businesses command premium pricing in most of their markets and are principally sold to grocery retailers, hotels, restaurants and catering establishments.

Twinings has major factories in Andover, UK and Swarzedz, Poland. Ovaltine has major factories in Switzerland, Thailand and China.

Twinings

Twinings has been blending teas since it was founded in London in 1706 and it now sells premium teas and infusions in more than 100 countries. For more than 300 years, the Twinings name has been synonymous with the best teas and botanicals the world has to offer. The Group acquired Twinings in 1964 and since then has expanded its product range to more than 200 teas from around the world and continues to evolve to meet consumer needs. Based on brand surveys last carried out in 2021 and brand feedback, the brand is trusted and recognised globally for its innovative approach to product development.

In terms of revenue generated, approximately half of Twinings' teas sold are black teas, with herbal teas and infusions making up nearly a quarter of sales and the balance comprising green teas, pods and other.

As consumers across the globe have become increasingly interested in health and wellbeing, Twinings has developed an innovative range of teas to appeal to these new customers. The first Superblends range of fortified wellbeing drinks was launched in the UK in 2018, with a unique range of blends containing green teas and botanicals, natural fruit flavours and added vitamins or minerals. More recently, the Group has launched its innovative Bioblends range of teas and infusions with adaptogens and probiotic bacteria.

Wellness teas and Superblends have also been rolled out in the Unites States, with sales exceeding expectations. Superblends is now offered in almost 40% of all major grocery outlets across the United States.

In Australia, Twinings has developed a new range to meet the specific wellbeing needs of this market, where the 'benefit-led' teas category has grown by more than 25% over the last five years in terms of value according to NielsenIQ Homescan data. Launched as 'Live Well' in April 2021, with a seven-strong product line-up through Australia's two biggest grocery chains, the Issuer believes that Live Well is well-placed to become a leading brand for wellbeing drinks.

In France, Twinings is the leading brand in the 'tea and herbs' category according to 2021 NielsenIQ Homescan data, following Twinings' recent launch of flavoured herbal infusions, as well as the strong and sustainable growth of its local herbs brand, La Tisanière. This success is mainly driven by its organic benefit-led range, launched in 2018.

Ovaltine

Ovaltine malted beverages and snacks are consumed in countries across the globe. Originally conceived of by Dr. Wander in 1904 to combat malnutrition in children in Switzerland, Ovaltine's growth has been driven by powerful innovation with the product line being expanded.

The Group acquired Ovaltine in 2001 and has significantly expanded the product range since the acquisition, with more than half of Ovaltine turnover in its home market, Switzerland, being derived from products launched in the 21st century. In certain countries and regions such as Thailand, Nigeria and South East Asia, the focus is on core powder and ready-to-drink products to provide nutrition.

Partnerships and brand licensing also play a key part in the brand's growth. For example, in Brazil more than 25 major food chains, from KFC to Subway, offer an Ovaltine-branded dessert and in Brazilian supermarkets there are numerous Ovaltine-branded products produced by other leading food and drink companies, from Hershey's chocolate bars to Unilever ice cream.

In recent years, the focus has been on revised brand positioning. Strong growth has followed, supported by increased marketing investment and driven by Ovaltine growth in emerging markets (particularly China and Brazil) and a programme of new product development in existing markets (including Switzerland, where Ovaltine's story began).

UK Grocery

The UK Grocery business has manufacturing facilities in the UK and comprises a wide range of businesses and brands, including:

- AB World Foods (Patak's, Blue Dragon and Al'Fez brands, and Levi Roots and Tabasco brands under licence);
- Westmill Foods (Lucky Boat noodles, Rajah spices, Habib and Tolly Boy rice and Elephant Atta flour brands);
- Jordans Dorset Ryvita (Jordans, Dorset Cereals and Ryvita brands);
- The Silver Spoon Company (Silver Spoon and Billington's sugar brands); and
- Allied Bakeries (Kingsmill, Sunblest, Allinson's and Burgen brands).

Sales in the UK Grocery business are largely concentrated in the UK, with the majority of sales being of branded goods. Most of the UK Grocery businesses are differentiated and reflect strategic investments to drive product differentiation, scale or new product development and offer the potential for further international expansion.

AB World Foods

AB World Foods focuses on the creation and development of world flavours and its Patak's, Blue Dragon and Al'Fez (acquired in December 2019) brands are sold internationally. The Levi Roots and Tabasco brands under licence are sold in the UK. Key products, such as bottled sauces, stir-fry sauces, meal kits, pastes and condiments, are sold by major grocery retailers in the UK, the Americas, Europe, Australia and New Zealand.

Westmill Foods

Westmill Foods serves communities across the UK whose cultural heritage originates from east and south Asia, Africa and the Caribbean. It is a leading supplier of food products to the Indian, Chinese and Thai foodservice sectors with well-known brands including Lucky Boat noodles, Rajah spices, Habib and Tolly Boy rice and Elephant Atta flour.

Jordans Dorset Ryvita

Jordans Dorset Ryvita operates in the better-for-you cereal and savoury biscuits categories with increasing international presence. Jordans has a heritage of using wholegrain oats in the production of its cereals and cereal bars. Dorset Cereals' award-winning muesli and granolas are renowned for the high quality of their ingredients. Ryvita has a strong reputation in healthy snacking, and is the UK leader in crispbreads according to AC Nielsen data with a market share of 43% in terms of sales value in 2021. The focus in recent years has been on international expansion and growth through investment in marketing to accelerate branded sales.

Allied Bakeries

Allied Bakeries produces a range of bread and bakery products under the Kingsmill, Sunblest, Allinson's and Burgen brands.

Silver Spoon

Silver Spoon and Billington's are the Group's retail sugar brands in the UK. These are complemented by a range of dessert toppings, syrups and ice-cream cones under the Askey's and Crusha brands.

Acetum

Acquired in 2017, Acetum is the world's largest producer of certified Balsamic Vinegar of Modena PGI based on an analysis of industry data. Acetum sells vinegars, condiments and glazes across the globe and Mazzetti is its leading brand. Acetum has a particularly rich heritage and a strong reputation for industry-leading quality, creating some of the finest quality of branded and own-label ranges of balsamic vinegars and associated condiments. A significant attraction of Acetum was the strength of its brand presence and the opportunity for growth in several key export markets, including Germany, The Netherlands and Australia.

The focus for Acetum since the acquisition has been on brand development and enhanced marketing to build the brand, which has shown sustained growth across key export markets, particularly in Germany and The Netherlands, and has also made inroads into new focus markets, including the UK and the United States.

George Weston Foods

George Weston Foods is one of Australia and New Zealand's largest food manufacturers. Its brands include Tip Top, one of the 100 most recognised brands in Australia and New Zealand according to BrandFinance's Australia 100 2021 ranking with an extensive range of bread and baked goods, Don and KR Castlemaine which manufacture bacon, ham and meat products in Australia and Yumi's, the leading producer of a premium range of hummus, chilled dips and falafel and bites in the Australian market based on Australian Grocery Scan Data from IRI, showing moving average total volumes to January 2022.

The principal customers for Tip Top, Don, KR Castlemaine and Yumi's products are grocery retailers, the food service sector and quick service restaurants while the principal customers for Mauri are the industrial and craft baking markets and distributors.

ACH Foods

ACH Foods markets leading United States, Mexican and Canadian cooking and baking branded products mainly to grocery retailers with a modest volume to the food service sector. These products mainly comprise Mazola cooking oils (a leading US corn oil brand), Fleischmann's yeast, Karo corn syrup and Argo corn starch, as well as Anthony's Goods, a leading online brand of organic and natural specialty baking ingredients. ACH Foods has a bottling facility at Argo, Illinois in the United States.

Stratas Foods

Stratas Foods is a leading supplier of fats, oils, mayonnaise, dressings and sauces to the food service, food ingredients and retail private label markets in North America. Stratas Foods was formed in October 2008 as a 50:50 joint venture between ACH Foods and Archer Daniels Midland.

Sugar

Overview

AB Sugar is a leading producer of sugar and sugar-derived co-products in Africa, the UK, Spain and north east China. In the 53 weeks ended 18 September 2021, the sugar operating segment accounted for 12% of the Group's total revenue and 15% of its total adjusted operating profit, making it the third largest operating segment by both revenue contribution and adjusted operating profit contribution.

AB Sugar comprises:

- British Sugar, which is the sole processor of the UK's beet sugar crop;
- Azucarera, which is the largest sugar producer in Iberia in terms of volume based on a mix of third party sources, data published by competitors and own data for 2021;
- Illovo Sugar, which is the leading sugar processor in Africa and has operations in Eswatini, Malawi, Mozambique, South Africa, Tanzania and Zambia;
- a beet sugar business in north east China; and
- a bioethanol plant, Vivergo, which is currently being re-commissioned following the introduction of the E10 petroleum mandate in the UK.

AB Sugar employs 32,000 people and operates 27 plants in 10 countries with the capacity to produce some 4.5 million tonnes of sugar annually. AB Sugar produces a number of co-products, including animal feed, electricity and bioethanol, which make a significant contribution to AB Sugar in all of its regions. Its products are sold into industry sectors including food and drink, pharmaceutical, industrial, agricultural, power and energy. AB Sugar sells to eight of the top 10 food and drinks companies in the world.

Based on a mix of third party sources, data published by competitors and own data for 2021, AB Sugar ranks among the top six global sugars producers in terms of volume produced.

AB Sugar has four beet sugar production facilities in each of the UK and Spain and two in China. It has three cane sugar production facilities in South Africa, two in Malawi and one each in Zambia, Eswatini, Tanzania and Mozambique.

Strategy

AB Sugar is one of the world's largest and most diverse sugar producers and has a vision to be the world's leading sugar business.

While sugar is at the heart of AB Sugar's business, the sugar production process provides opportunities to do more than simply manufacture an ingredient. AB Sugar is an innovative and advanced manufacturer, producing a wide range of sugar and co-products. Additionally, it is an energy and power supplier and, as part of the wider agri-business value chain, an important contributor to the economy across all of its locations.

The success of the AB Sugar business has been built on continued development and innovation to meet the customers' changing needs, to improve operations and to work with growers to ensure sustainable, efficient, agricultural production. AB Sugar seeks to drive continuous improvement across all aspects of its business and is committed to developing its people to build capability and capacity across the business.

Europe

In the European market, supply and demand of sugar are well-balanced, with tariffs forming a barrier to major world producers. The European sugar price is mainly determined by European supply with white sugar priced at a premium to the world market price. British Sugar is a low cost producer in Europe. British Sugar has the leading market position in terms of sales to industrial customers in the UK and Azucarera has a leading market position in Iberia, based on a mix of third party sources, data published by competitors and own data for 2021.

Africa

Sugar is an important source of nutrition in African countries, with population growth and growing consumption of sugar providing major opportunities for Illovo. There is strong government support in many of the countries in which Illovo operates given the importance of the sugar industry in the relevant economies. Furthermore, difficult supply chain logistics create a physical barrier to imports. Illovo has developed a retail branded presence and has leading retail sugar brands in Malawi, Tanzania and Zambia. Based on a mix of third party sources, data published by competitors and own data for 2021, Illovo has a leading market position in Southern Africa.

Ingredients

Overview

The Group's ingredients businesses are leaders in yeast and bakery ingredients and supply specialty ingredients to the food, nutrition, feed and pharmaceutical industries. In the 53 weeks ended 18 September 2021, the ingredients operating segment accounted for 11% of the Group's total revenue and 15% of its total adjusted operating profit, making it the fifth largest operating segment by revenue contribution and the fourth largest by adjusted operating profit contribution.

The Ingredients operating segment comprises two businesses: AB Mauri and ABF Ingredients.

AB Mauri

AB Mauri has a global presence in bakers' yeast with significant market positions in the Americas, Europe and Asia. It has operations in 23 countries and makes sales in over 100 countries. The company is a technology leader in bakery ingredients, supplying bread improvers, dough conditioners and bakery mixes to industrial and craft bakers across the globe.

The business employs experts who have extensive knowledge and understanding of the functionality of yeast and bakery ingredients and of the raw materials and processes to produce them. While yeast represents a relatively small part of bakery cost, it is integral to the products and there is a high degree of customer loyalty based on demonstrated product quality. In addition to bakers' yeast, AB Mauri supplies specialty yeast products to a wide range of other markets. For example, it provides yeast, associated technologies and fermentation capability to the alcoholic beverages, bioethanol, animal nutrition and human nutrition and health markets. AB Mauri's proposition for the health market has recently been strengthened by the acquisition of a small biomedical company specialising in medical nutrition in May 2021.

ABF Ingredients

ABF Ingredients is a specialty ingredients business, offering innovative, differentiated and value-added products to the food, nutrition, animal feed, pharmaceutical and industrial sectors. The ingredients it produces are an essential part of products that are as likely to be found in the kitchen and medicine cabinet as they are in production units and research laboratories.

ABF Ingredients serves customers in more than 50 countries from production facilities in Europe, the Americas and India. ABF Ingredients comprises five businesses which operate worldwide with distinct identities:

- *AB Enzymes* is an industrial biotech business specialising in enzymes. Applications include bakery and other food and beverage segments, animal feed, technical and detergent markets;

- *ABITEC* supplies specialty lipids and surfactants for the pharmaceutical, nutritional and specialty chemical industries;

- *Ohly* produces a range of yeast extracts and culinary powders specially developed to enhance the taste of customer food recipes;

- *PGP International* produces specialty flours and extruded ingredients for use in a wide range of nutritional products such as energy bars; and

- *SPI Pharma* supplies antacids, pharmaceutical excipients and drug delivery solutions for the pharmaceutical industry.

Strategy

The Group's ingredients businesses are dedicated to addressing the key requirements of their customers' and end-use markets to ensure a relevant supply of quality ingredients, systems, products and technology that creates value. Partnership relationships are developed with customers to achieve a genuine understanding of their products, formulations, raw materials, equipment and processes, and the market and regulatory environment in which their products are sold. The Group's ingredients businesses strive to provide outstanding quality products and service, supported by a high level of investment in technology, innovation and expert teams.

Each business focuses on differentiating across the full range of potential sources of competitive advantage: innovative ingredients with unique functionalities; sustainable, efficient and proprietary production processes; and compelling value-add customer propositions.

Agriculture

AB Agri is a leading international agri-food business operating across the supply chain, producing and marketing animal feed, nutrition and technology-based products. In the 53 weeks ended 18 September 2021, the agriculture operating segment accounted for 11% of the Group's total revenue and 4% of its total adjusted operating profit, making it the fourth largest operating segment by revenue contribution and the fifth largest by adjusted operating profit contribution.

Based on its expert understanding of agriculture and animal nutrition, AB Agri's philosophy is to improve feed production, so that nutritious and affordable food is produced safely and responsibly.

Across the agricultural supply chain, AB Agri's products, data insight and technological innovation enable its customers to produce and process high-yielding, safe and nutritious food in a responsible way, using fewer chemicals and antibiotics, safeguarding natural resources and creating less waste and lower emissions. Employing over 3,000 people around the world, AB Agri sells products into 85 countries and continues to grow its global operations.

AB Agri's core capabilities include:

- *Creating nutrition and technology-based products*: as a major investor in innovation of specialty feed ingredients, AB Agri provides highly specialised advice around procurement and formulation for livestock, aqua, equine and pet foods. Its pioneering feed ingredients include additive products, high-quality, bespoke vitamin and mineral pre-mixes, starter feeds and micro-ingredients. These include commercial alternatives to soya, improving animal protein efficiency and extracting valuable nutrients from co-products. AB Agri is a world leader in high margin animal feed enzyme, protected by intellectual property through its company, AB Vista. In September 2020, AB Agri launched a specialist neonate nutrition business - AB Neo - which focuses on the essential and particular needs for animals in the early stages of life.

- *Animal feed*: AB Agri is one of the UK's largest marketers of co-products from the food and drink industries and is a major international manufacturer and supplier of pig, poultry and dairy feeds with 29 production sites in the UK, continental Europe and China and distribution in 70 countries worldwide. The Group is the largest animal feed producer in the UK.

- *Offering data services for the agri-food industry*: with 20 years' expertise, AB Agri's data and technology platforms deliver targeted insights that create continuous improvement for agricultural supply chains. AB Agri works exclusively with major food processors, retailers and directly with farmers, enabling them to (i) increase productivity and yields sustainably, (ii) improve animal health and husbandry and (iii) develop quality assurance and corporate responsibility programmes.

Frontier Agriculture

Frontier Agriculture is the UK's leading crop production and grain marketing business based on the breadth of its product range and its sales volumes and value across the range, recognised for its close customer relationships with farmers and grain consumers and its successful management of the arable supply chain. Frontier Agriculture was formed in 2005 as a joint venture between the Group and Cargill Inc.

Strategy

AB Agri focuses on inspiring excellence in the way the agricultural industry produces food for people and animals, pioneering ways to build a more responsible food chain. Its strategy is to:

- be responsible in everything it does – creating value from reducing waste, investing in ways of producing proteins more sustainably, improving the gut health of animals and being smart in the way it uses technology, innovating constantly and driving valuable farm management insight for its customers;
- grow internationally – rolling out the AB Agri business platform into other countries, expanding its sphere of influence and becoming a leading player in more countries, increasing its profit from outside the UK; and
- inspire and empower its employees – ensuring that its culture is one in which everyone thrives and aspiring to make AB Agri a consistently great place to work, across every business and team.

SHAREHOLDERS AND GROUP STRUCTURE

The largest group in which the results of the Issuer are consolidated is that headed by Wittington, which is the ultimate holding company, is incorporated in Great Britain and is registered in England.

As at 18 September 2021, Wittington, together with its subsidiary, Howard Investments Limited, held 431,515,108 ordinary shares representing in aggregate 54.5% of the total issued ordinary share capital of the Issuer.

Wittington and, through their control of Wittington, the trustees of the Garfield Weston Foundation, are controlling shareholders of the Issuer. Certain other individuals, including certain members of the Weston family who hold shares in the Issuer (and including two of the Issuer's directors, George Weston and Emma Adamo) are treated as acting in concert with Wittington and the trustees of the Garfield Weston Foundation and are therefore also treated as controlling shareholders of the Issuer. Wittington, the trustees of the Garfield Weston Foundation and these individuals together comprise the controlling shareholders of the Issuer and, as at 18 September 2021, had a combined interest in approximately 58.3% of the Issuer's voting rights.

A list of the Group's subsidiaries as at 18 September 2021 is set out in note 29 to the 2021 Financial Statements. As at 18 September 2021, that list included 136 subsidiary undertakings in the UK, 110 in Europe (excluding the UK) and Africa, 40 in the Americas and 78 in the Asia Pacific region.

FINANCING, LIQUIDITY AND CAPITAL STRUCTURE

Borrowings

The Group's borrowings principally comprise a £1,088 million syndicated facility which matures in July 2023. The Group also has £297 million of private placement notes maturing between 2021 and 2024 in issue to institutional investors in the United States and Europe which, as at 18 September 2021, had an average remaining duration of 0.9 years and an average fixed coupon of 4.1%. The other significant core committed debt facilities are local committed facilities in Illovo.

The table below shows the Group's borrowings as at 18 September 2021, 12 September 2020 and 14 September 2019.

	As at 18 September 2021	As at 12 September 2020	As at 14 September 2019

		£ million	
Syndicated facility[(1)]	—	—	—
Private placement notes	297	336	345
Illovo facilities[(2)]	10	32	65
Other committed facilities[(3)]	1	3	2
Uncommitted facilities[(4)]	98	101	162
Total borrowings	**406**	**472**	**574**

Notes:

(1) The committed facility amount is £1,088 million.

(2) The Group had £55 million undrawn under this committed facility as at 18 September 2021.

(3) The Group had £2 million undrawn under these facilities as at 18 September 2021.

(4) The Group had £387 million undrawn under these facilities as at 18 September 2021.

The Group's drawn uncommitted facilities were principally at Illovo as at 18 September 2021.

In addition to the above facilities the Group also had £114 million of undrawn and available credit lines for the purposes of issuing letters of credit and guarantees in the normal course of business as at 18 September 2021.

Leverage and liquidity

The financing of the Group is managed by a central treasury department.

The Board's treasury policies are in place to maintain a strong capital base and manage the Group's balance sheet to ensure long-term financial stability. They are the basis for investor, creditor and market confidence and enable the successful future development of the business.

The Group has a financial leverage policy. In the ordinary course, the Board prefers to see the Group's ratio of net debt including lease liabilities to its adjusted EBITDA to be well under 1.5 times at each half-year and year-end reporting date. In exceptional circumstances, it will be prepared to see leverage above that level for a short period of time. As at year-end 2021, the financial leverage ratio was 0.7 times.

The Group holds substantial cash balances, which reduce its net debt and ensure that it has sufficient liquidity to meet unforeseen requirements. A high percentage of Group cash is unrestricted and held centrally through various cash pooling structures. The Group's cash and cash equivalents totalled £2.3 billion as at 18 September 2021, of which centrally available cash on hand was £1.9 billion. The Group's liquidity is enhanced by its syndicated facility which is intended to be generally undrawn.

Capital structure

As at 18 September 2021, the Company's issued and fully paid share capital comprised 791,674,183 ordinary shares of 5 $^{15}/_{22}$ p, each carrying one vote per share. The Board decided not to pay any dividends relating to the 2020 financial year. This was due to the uncertainty of cash flow for the Group as a result of the economic impact of COVID-19 on the Group's businesses, especially driven by the unknown duration and extent of Primark store closures. Although uncertainty remained at the 2021 half year, it was substantially lower as a result of the extensive roll-out of vaccinations, and so the Board decided to declare an interim dividend of 6.2p per share.

As at 18 September 2021 the uncertainty around future cash flows was considerably lower than as at 14 September 2020, though the possibility of further trading restrictions could not be ruled out. The Board therefore proposed (and shareholders approved) a final dividend of 20.5p per share which, together with the interim dividend of 6.2p per share, made a total of 26.7p per share for the year, which was three times covered by the adjusted earnings per share of 80.1p for the year, in line with previous practice. The Board intends to continue to have regard to a cover of three times for regular dividends in the ordinary course.

In terms of capital allocation, the Group's priority is to invest in its businesses, both organically and by acquisition, at an appropriate pace and wherever attractive returns on capital can be generated. Nevertheless, the ability to invest capital is subject to the timing of opportunities and practical limits as to the amount that can be invested within a given timeframe. As a result, the Board may from time to time conclude that it has surplus cash and capital. In making this assessment, the Board will be mindful that financial leverage consistently below 1.0 times and substantial net cash balances at both half and full year ends may indicate such a surplus position. Surplus capital may be returned to shareholders by special dividend or share buy-backs.

As at 18 September 2021, reflecting the recovery in trading across the Group's activities and the effective management of cash and reduction in financial leverage, the Board also declared a special dividend of 13.8p per share, to be paid as a second interim dividend at the same time as the payment of the final dividend. The Board determined the amount of this special dividend such that, taken with the final dividend proposed for the 2021 financial year, the aggregate equates to the final dividend of 34.3p per share paid in respect of the 2019 financial year which was the Issuer's highest ever final dividend and was based on the Group's pre-COVID-19 profitability. Total dividends for the 2021 financial year are 40.5p per share at a total cost of £320 million.

Capital expenditure

Clearly defined guidelines have been established for capital expenditure and investment decisions. These include the preparation of budgets, appraisal and review procedures and delegated authority levels.

The table below shows the Group's capital expenditure in each of the 53 weeks ended 18 September 2021, the 52 weeks 12 September 2020 and the 52 weeks ended 14 September 2019.

	53 weeks ended 18 September 2021	**52 weeks ended 12 September 2020**	**52 weeks ended 14 September 2019**
		£ million	
Property, plant and equipment..	551	561	680
Intangibles..................................	76	61	57
Capital expenditure..................	**627**	**622**	**737**

Capital expenditure is a measure of the investment each year in non-current assets in existing businesses. It comprises cash outflows from the purchase of property, plant and equipment and intangibles.

As at 18 September 2021, the Group's capital expenditure commitments contracted but not provided for amounted to £307 million.

RISK MANAGEMENT

The delivery of the Group's strategic objectives and the sustainable growth (or long-term shareholder value) of its business, is dependent on effective risk management. The Group regularly faces business uncertainties and it is through a structured approach to risk management that it is able to mitigate and manage these risks and embrace opportunities when they arise. These disciplines remain effective as the Group continues to navigate its way through the ongoing challenges resulting from COVID-19 and the changing risk landscape as the world starts to emerge from the pandemic.

The diversified nature of the Group's operations, geographical reach, assets and currencies are important factors in mitigating the risk of a material threat to the Group's sustainable growth and long-term shareholder value. However, as with any business, risks and uncertainties are inherent in the Group's business activities. These risks may have a financial, operational or reputational impact.

The Board is accountable for effective risk management, for agreeing the principal, including emerging, risks facing the Group and ensuring they are successfully managed. The Board undertakes a robust annual assessment of the principal risks, including emerging risks, that could threaten the Group's business model, future performance, solvency or liquidity. The Board also monitors the Group's exposure to risks as part of the performance reviews conducted at each Board meeting. Financial risks are specifically reviewed by the Audit Committee.

The Group's decentralised business model empowers the management of its businesses to identify, evaluate and manage the risks they face, on a timely basis, to ensure compliance with relevant legislation and the Group's business principles and policies.

The Group's businesses perform risk assessments which consider materiality, risk controls and specific local risks relevant to the markets in which they operate. The collated risks from each business are shared with the respective divisional chief executives who present their divisional risks to the Group Executive.

Emerging risks are identified and considered at both a Group and individual business level, with key management being close to their geographies. These risks are identified, as part of the overall risk management process, through a variety of horizon-scanning methods including geopolitical insights, ongoing assessment of competitor activity and market factors, workshops and management meetings focused on risk identification, analysis of existing risks using industry knowledge and experience to understand how these risks may affect the Group in the future, and representation and participation in key industry associations.

The Group's Director of Financial Control receives the risk assessments on an annual basis and, with the Finance Director, reviews and challenges them with the divisional chief executives, on an individual basis.

These discussions are wide-ranging and consider operational, environmental and other external risks. These risks and their impact on business performance are reported during each financial year and are considered as part of the monthly management review process.

Group functional heads, including Legal, Treasury, Tax, IT, Pensions, HR, Procurement and Insurance, also provide input to this process, sharing with the Director of Financial Control their view of key risks and what activities are in place or planned to mitigate them. A combination of these perspectives with the business risk assessments creates a consolidated view of the Group's risk profile. A summary of these risk assessments is then shared and discussed with the Finance Director and Chief Executive at least annually.

The Director of Financial Control holds meetings with each of the non-executive directors seeking their feedback on the reviews performed and discussing the key risks, which include emerging risks, and mitigating activities identified through the risk assessment exercise. Once all non-executive directors have been consulted, a Board report is prepared summarising the full process and providing an assessment of the status of risk management across the Group. The key risks, mitigating controls and relevant policies are summarised and the Board confirms the Group's principal risks. These are the risks which could prevent the Group from delivering its strategic objectives.

HEALTH AND SAFETY

Health and safety (**H&S**) is a priority across the Group and all its businesses are required to comply with its Health & Safety policy and work within the safety framework provided by the Group, against which business and site-level safety performance is monitored and audited and remedial actions are tracked. The Group has numerous safety programmes in place to encourage its employees to take responsibility for keeping themselves and their colleagues safe.

In the 53 weeks ended 18 September 2021, the Group invested over £39 million in safety risk management, compared to over £46 million in the 52 weeks ended 12 September 2020 and over £29 million in the 52 weeks ended 14 September 2019.

The table below shows certain H&S statistics for the Group for the periods stated.

	53 weeks ended 18 September 2021	**52 weeks ended 12 September 2020**	**52 weeks ended 14 September 2019**
Lost time injuries	364	406	682
Lost time injury rate(1)	0.39%	0.42%	0.65%
Reportable injuries..........................	250	306	573
Reportable injury rate(2).................	0.28%	0.32%	0.54%

Notes:

(1) Calculated as lost time injuries divided by the average number of full time equivalent employees in the period. A lost time injury is an injury that results in the employee having to take time off work.

(2) Calculated as reportable injuries divided by the average number of full time equivalent employees in the period. A reportable injury is an injury that is required to be reported to external regulatory authorities.

In the 53 weeks ended 18 September 2021, 77% of the Group's factories and retail operations achieved a year's operation without any reportable injuries and 67% did not have an employee lost time injury. During the 53 weeks ended 18 September 2021, the Group reported two work-related fatalities and received three H&S fines at a cost of £67,000. During the 52 weeks ended 12 September 2020, the Group reported three work-related fatalities and received three H&S fines at a cost of £212,000. During the 52 weeks ended 14 September 2019, the Group reported no work-related fatalities and received six H&S fines at a cost of £34,000. Each business involved in a fatality or that receives an H&S fine is required to report to the Group's Safety and Environment Manager on when and how remedial actions are implemented.

INFORMATION TECHNOLOGY

The Group has established Group-wide IT policies, technologies and processes, all of which are subject to regular internal audit. Alongside and in accordance with its IT policies, the Group actively monitors and mitigates any cyber-threats and suspicious IT activity through building flexible, reliable and secure IT infrastructure and it continues to invest in security capabilities at a Group level and across its businesses allowing it to more effectively detect, respond to and recover from disruptive cyber-threats. In addition, technical security controls are in place over key IT platforms with the Group's Chief Information Security Officer tasked with identifying and responding to potential security risks. The Group has robust disaster recovery plans in place for business-critical applications which are periodically tested. Since the onset of the COVID-19 pandemic, the Group has increased its emphasis on IT infrastructure in light of the number of employees working at home.

INTELLECTUAL PROPERTY

The Group's intellectual property rights, in particular its major brand names such as Primark, Twinings and Ovaltine, are important to its business and the Group takes appropriate steps to protect these rights in the jurisdictions in which they are used. Certain of the Group businesses, including Primark, also maintain a number of partnerships with other popular global brands, with licensed ranges aiding the Group's growth into new markets. The Group actively enforces its trademark rights in order to prevent any infringements or damage to its brands.

MANAGEMENT AND EMPLOYEES

Overview

The Group's governance framework comprises the Board and three Board committees: the Audit Committee, the Remuneration Committee and the Nomination Committee. Each committee acts within clearly defined terms of reference. The Board takes collective responsibility for the overall management and performance of the Group.

Board

The Board is collectively responsible to the Group's shareholders for the direction and oversight of the Group to ensure its long-term success. The key activities of the Board include:

- setting the strategy of the Group as a whole;
- considering and approving proposed acquisitions, disposals and projects;
- monitoring and reporting the Group's financial and operational performance;
- overseeing governance of, and risks to, the Group;
- supporting and monitoring corporate responsibility;
- managing and reporting on investor relations and other stakeholder engagement; and
- overseeing people, planning and talent management.

The Board meets regularly throughout the year, either in person or virtually, to approve the Group's strategic objectives, to lead the Group within a framework of effective controls which enable risk to be assessed and managed and to ensure that sufficient resources are available to meet the objectives set. Nine meetings of the Board were held in the 53 weeks ended 18 September 2021, 11 were held in the 52 weeks ended 12 September 2020 and eight were held in the 52 weeks ended 14 September 2019.

The table below provides information on the current members of the Board.

Name and title	Principal activities performed outside the Group
Michael McLintock Chairman	Trustee of the Grosvenor Estate. Non-Executive Chairman of Grosvenor Group Limited. Chairman of The Investor Forum CIC. Member of the advisory board of Bestport Private Equity Limited. Member of the Takeover Appeal Board.
George Weston Chief Executive	Non-Executive Director of Wittington Investments Limited. Trustee of the Garfield Weston Foundation. Trustee of the British Museum.
John Bason Finance Director	Non-Executive Director of Compass Group PLC. Chairman of FareShare.
Ruth Cairnie	Director and Chair of Babcock International Group PLC.

Independent Non-Executive Director	Industry Chair of POWERful Women.
Emma Adamo Non-Executive Director	Director of Wittington Investments Limited. Director of Wittington Investments, Limited (Canada) Chair of the Weston Family Foundation.
Graham Allan Independent Non-Executive Director	Senior Independent Director of Intertek Group plc. Senior Independent Director of InterContinental Hotels Group PLC. Non-Executive Chairman of Bata International. Board member of Kuwait Food Company Americana KSCC. Director of IKANO Pte Ltd. Strategic Advisor to Nando's Group Holdings Limited.
Wolfhart Hauser Independent Non-Executive Director	Senior Independent Director of RELX PLC.
Dame Heather Rabbatts Independent Non-Executive Director	Non-Executive Director of Kier Group plc. Chair of Soho Theatre. Chair of Four Communications.
Richard Reid Independent Non-Executive Director	Chairman of National Heart and Lung Foundation. Deputy Chairman of Berry Bros & Rudd. Senior Advisor to Bank of China UK. Chairman of Themis International Services Limited.

Michael McLintock, *Chairman*

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

George Weston, *Chief Executive*

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

John Bason, *Finance Director*

John was appointed to the Board as Finance Director in May 1999. He has extensive international business experience and an in-depth knowledge of both the food and retail industries. He was previously the Finance Director of Bunzl plc and is a member of the Institute of Chartered Accountants in England and Wales.

Ruth Cairnie, *Independent Non-Executive Director*

Ruth was appointed to the Board in May 2014 and has been Senior Independent Director since 7 December 2018. She was formerly Executive Vice President Strategy & Planning at Royal Dutch Shell plc. This role followed a number of senior international roles within Shell, including Vice President of its Global Commercial Fuels business. Ruth has also held a number of non-executive directorships including on the boards of Keller Group plc, ContourGlobal plc and Rolls-Royce Holdings plc.

Emma Adamo, *Non-Executive Director*

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

Graham Allan, *Independent Non-Executive Director*

Graham was appointed to the Board in September 2018. He was formerly the group Chief Executive of Dairy Farm International Holdings Limited, a pan-Asian retailer. Prior to joining Dairy Farm, he was President and Chief Executive Officer at Yum! Restaurants International. Graham has previously held various senior positions in multinational food and beverage companies.

Wolfhart Hauser, *Independent Non-Executive Director*

Wolfhart was appointed to the Board in January 2015. He started his career with various research activities, he went on to establish and lead a broad range of successful international service industry businesses. He was Chief Executive of Intertek Group plc for 10 years until he retired from that role and the board in May 2015. He was previously Chief Executive Officer and President of TÜV Süddeutschland AG for four years and Chief Executive Officer of TÜV Product Services for 10 years. He has also held other directorship roles, including as a Non-Executive Director of Logica plc from 2007 to 2012 and Chair of FirstGroup plc for four years from 2015 to July 2019.

Dame Heather Rabbatts, *Independent Non-Executive Director*

Dame Heather was appointed to the Board on 1 March 2021. She has held a number of executive and non-executive roles including in local government, infrastructure, media and sports. She has previously been a Non-Executive Director of Grosvenor Britain & Ireland and was the first woman on the Board of the Football Association in over 150 years. She continues to work in film and sports.

Richard Reid, *Independent Non-Executive Director*

Richard was appointed to the Board on 1 April 2016. He was formerly a partner at KPMG LLP (**KPMG**), having joined the firm in 1980. From 2008, Richard served as London Chairman at KPMG until he retired from that role and KPMG in September 2015. Previously, Richard was KPMG's UK Chairman of the High Growth Markets group and Chairman of the firm's Consumer and Industrial Markets group.

The correspondence address of each member of the Board is Weston Centre, 10 Grosvenor Street, London W1K 4QY, UK.

Conflicts of Interest

There are no potential conflicts of interest between the private interests or other duties of the executive managers listed above and their duties to the Group.

Audit Committee

The Audit Committee's primary responsibilities include:

- ***Financial reporting***: overseeing and assessing the Group's financial reporting processes including monitoring the integrity of the Group's financial statements, reporting to the Board on the outcomes of the Group's external audit and reviewing and challenging, where necessary, the consistency of and any changes to the Group's accounting and treasury policies.

- ***Narrative reporting***: reviewing the content of the Group's annual report and accounts and advising the Board as to whether, taken as a whole, it is fair, balanced and understandable and advising the Board in relation to the principal and emerging risks facing the Group in the context of the disclosures required in the annual report and accounts.

- ***Internal financial controls***: reviewing the effectiveness of the Group's internal financial controls and internal control and risk management systems.

- ***Whistleblowing and fraud***: reviewing and reporting to the Board on the Group's arrangements in respect of whistleblowing and wider compliance policies and procedures (including anti-money laundering and anti-bribery and corruption policies).

- ***Internal audit***: monitoring and reviewing the effectiveness and independence of the Group's internal audit function.

- ***External audit***: overseeing all aspects of the relationship with the Group's external auditor.

As at the 53 weeks ended 18 September 2021, the Audit Committee's members were Richard Reid (Chair), Graham Allan, Ruth Cairnie, Wolfhart Hauser and Dame Heather Rabbatts. The committee met four times in the 53 weeks ended 18 September 2021, four times in the 52 weeks ended 12 September 2020 and four times in the 52 weeks ended 14 September 2019.

Remuneration Committee

The Remuneration Committee's role includes determining (i) the remuneration policy for the executive directors and the Chairman, (ii) the specific terms and conditions of employment of each executive director, (iii) the overall policy for remuneration of the Chief Executive's direct reports, (iv) the designing and monitoring the operation of the Group's share plans, (v) stretching performance targets for executive directors, (vi) an approach that fairly and responsibly rewards contribution to the Group's long-term success and (vii) that other provisions of the executive directors' service agreements and contractual terms (including payments made on termination) are fair to the individual and the Group.

As at the 53 weeks ended 18 September 2021, the Remuneration Committee's members were Ruth Cairnie (Chair), Wolfhart Hauser, Richard Reid, Michael McLintock, Graham Allan and Dame Heather Rabbatts. The committee met five times in the 53 weeks ended 18 September 2021, four times in the 52 weeks ended 12 September 2020 and eight times in the 52 weeks ended 14 September 2019.

Nomination Committee

The Nomination Committee's primary responsibilities include (i) leading the process for Board appointments and making recommendations to the Board, (ii) reviewing regularly the Board structure, size and composition (including skills, knowledge, independence, experience and diversity) and recommending any necessary changes, (iii) considering plans for orderly succession for appointments to the Board and to senior management, to maintain an appropriate balance of skills and experience within the Company and to ensure progressive refreshment of the Board, (iv) keeping under review the leadership needs of the Group, both executive and non-executive, to ensure the organisation competes efficiently in the marketplace and (v) being responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

As at the 53 weeks ended 18 September 2021, the Nomination Committee's members are Michael McLintock (Chair), Graham Allan, Ruth Cairnie, Richard Reid and Wolfhart Hauser. The committee met three times in the 53 weeks ended 18 September 2021, twice in the 52 weeks ended 12 September 2020 and once in the 52 weeks ended 14 September 2019.

Employees

In the 53 weeks ended 18 September 2021, the Group employed an average of 127,912 people (compared with an average of 133,425 for the 52 weeks ended 12 September 2020 and an average of 138,097 for the 52 weeks ended 14 September 2019), which includes a combination of part-time and full-time employees, seasonal employees and contractors. The Group's workforce gender balance as at 18 September 2021 was 53% women and 47% men.

The table below shows the average number of employees by operating segment for the 53 weeks ended 18 September 2021.

Key business area	**Average number of employees**
Primark	70,667
Grocery	15,815
Sugar	31,960
Ingredients	6,344
Agriculture	2,622
Central	504
	127,912

The table below shows the average number of employees by geographical segment for the 53 weeks ended 18 September 2021.

Key geographical segment	**Average number of employees**
United Kingdom	42,696
Europe & Africa	67,681
The Americas	6,081
Asia Pacific	11,454
	127,912

TAXATION

UNITED KINGDOM TAXATION

The following is a summary of the Issuer's understanding of current UK law and published HM Revenue and Customs' practice relating only to the UK withholding tax treatment of payments of interest (as that term is understood for UK tax purposes) in respect of Notes. It does not deal with any other UK taxation implications of acquiring, holding or disposing of Notes. It relates only to the position of persons who are the absolute beneficial owners of their Notes and all payments made thereon. UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future (possibly with retrospective effect). In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the UK) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes. Prospective Noteholders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes may be made without deduction of or withholding on account of UK income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007. The Market of the London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the Market of the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the Market of the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding on account of UK income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a UK source on account of UK income tax at the basic rate (currently 20%), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HM Revenue & Customs can, provided that any necessary conditions are satisfied, issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes (as described under Condition 16 (*Further Issues*) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

SUBSCRIPTION AND SALE

Banco Santander, S.A., Barclays Bank PLC, Citigroup Global Markets Limited and Merrill Lynch International (the **Joint Lead Managers**) have, pursuant to a subscription agreement dated 14 February 2022 (the **Subscription Agreement**), jointly and severally agreed to subscribe for the Notes at the issue price of 99.072% of the principal amount of the Notes less a combined management and underwriting commission. In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain standard circumstances prior to payment being made to the Issuer.

General

Neither the Issuer nor any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has agreed that it will comply to the best of its knowledge and belief with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense.

United States

The Notes have not been and will not be registered under the Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws.

Each Joint Lead Manager has agreed that it will not offer, sell or deliver the Notes, (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the date of issue of the Notes (the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. persons, and, at or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or other person to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by U.S. Internal Revenue Code of 1986, as amended and regulations thereunder.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available any Notes to any retail investor in the UK. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or

(b) a customer within the meaning of FSMA and any rules or regulations made under FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Joint Lead Manager has represented and agreed that:

(a) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Prohibition of sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive**,** where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any persons in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA); (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person that is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(I) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(II) where no consideration is or will be given for the transfer;

(III) where the transfer is by operation of law;

(IV) as specified in Section 276(7) of the SFA; or

(V) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA - In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) or subsection 73.3(1) of the *Securities Act* (Ontario) (the **OSA**), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**). Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any persons that are not purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in NI 45-106 or subsection 73.3(1) of the OSA, and permitted clients, as defined in NI 31-103.

GENERAL INFORMATION

(1) The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by, and pursuant to, a resolution of a sub-committee of the Board of the Issuer passed on 4 February 2022. The power and authority of such sub-committee in relation to the issue of the Notes was delegated to such sub-committee pursuant to a resolution of the Board of the Issuer passed on 19 January 2022.

(2) Application has been made to the FCA for the Notes to be admitted to the Official List. Application has been made to the London Stock Exchange for the Notes to be admitted to trading on the Market. Such listing and admission to trading is expected to occur on or about 17 February 2022, subject only to the issue of the Notes.

(3) The Issuer estimates that the total expenses related to the admission to trading of the Notes will be approximately £6,000.

(4) There has been no significant change in the financial performance or financial position of the Issuer or the Group, and there has been no material adverse change in the prospects of the Issuer or the Group, in each case since 18 September 2021.

(5) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

(6) The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The ISIN for the Notes is XS2441652901 and the Common Code is 244165290. The CFI Code and the FISN are available from the website of the Association of National Numbering Agencies (ANNA). The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

(7) The Notes (other than the Temporary Global Note) and the Coupons will contain the following legend:

Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended.

(8) The auditors of the Issuer are Ernst & Young LLP, who are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. Ernst & Young LLP have audited the consolidated financial statements of the Issuer for the 53 weeks ended 18 September 2021 and the 52 weeks ended 12 September 2020, as stated in their respective reports (which are incorporated by reference into this Prospectus).

(9) For the period of 12 months starting on the date on which this Prospectus is made available to the public, copies of the following documents will be available for inspection from https://www.abf.co.uk/:

(a) this Prospectus (together with any supplements to this Prospectus);

(b) the constitutional documents of the Issuer; and

(c) the Trust Deed (which includes the form of the Global Notes, the definitive Notes and the Coupons) and the Agency Agreement.

(10) For investors in the Notes, the Issue Price is 99.072% and the yield is 2.590%, calculated on an annual basis. The yield is calculated at the Issue Date. It is not an indication of future yield.

(11) The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Joint Lead Managers or their respective affiliates have performed investment/commercial banking and advisory and other services for the Issuer and its affiliates from time to time for which they have received customary fees, expenses, reimbursements and/or other compensation. The Joint Lead Managers or their respective affiliates may, from time to time in the future, engage in transactions with and perform advisory and other services for the Issuer and its affiliates in the ordinary course of their business. Certain of the Joint Lead Managers and/or their respective affiliates have acted and expect in the future to act as a lender to the Issuer and/or other members of the Group and/or otherwise participate in transactions with the Group. They have received, or may in the future receive, customary fees and commissions for these transactions and services.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. The Joint Lead Managers and/or their affiliates may receive allocations of Notes (subject to customary closing conditions), which could affect future trading of the Notes. In addition, certain of the Joint Lead Managers and/or their respective affiliates hedge their credit exposure to the Issuer pursuant to their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. These hedging activities could have an adverse effect on the future trading prices of the Notes offered hereby. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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