

# **COMMITMENT**

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# **RESPONSIBILITY**

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# **INNOVATION**

Delivering on our environmental  
and social objectives

# SUSTAINABILITY REPORT

## CHIEF EXECUTIVE'S INTRODUCTION

**This year is my 30th with Hilton Foods. Like many businesses, we have experienced more global instability in the past three years than in the previous 30 combined. War in Europe, rising inflation, plus the ongoing impact of Covid-19 have come together to make this a year of uncertainty for food businesses across the world.**



**“This is a blueprint for social and environmental progress, which harnesses the expertise of our business.”**

**Philip Heffer**  
Chief Executive Officer

It would have been tempting in these circumstances to reduce our focus on sustainability. This would have been a mistake. The whole focus of our strategy over the past five years has been to diversify our business and build a platform for Hilton Foods to create sustainable value over the long-term. The 2025 Sustainable Protein Plan is a key part of that work. This is a blueprint for social and environmental progress, which harnesses the expertise of our business.

Even with inflation rising, the importance of social and environmental challenges is increasing. When we consider our commercial priorities, the demand for more sustainable, but affordable, protein is continuing to grow. Meanwhile, investing now to address major risks and challenges will reduce costs and exposure over the longer term.

Above all, the Sustainable Protein Plan reflects the values which have been at the core of Hilton Foods since 1994. We believe that all businesses should be a force for good.

This report sets out our progress. It is rooted in the partnerships which have made Hilton Foods the business it is today. Through partnerships, we can help to create a more circular and sustainable food system that provides healthy and affordable proteins for consumers who have seen the cost of cooking double, and who worry about the health of their families and the future of our planet.

We have delivered across all parts of the plan this year. Through product innovation, we are working to decarbonise cattle, deliver zero emission factories and eliminate deforestation. We are committed to achieving fully recyclable retail plastic packaging and now have 70% recycled content across our plastic packaging, Group-wide.

I am particularly encouraged by the investment we have made in the meat technology company, Cellular Agriculture Limited (CellAg). With the right backing, CellAg can help Hilton Foods become a leader in the emerging market for cultured meat.

Even with these innovations, in future the majority of meat and fish will need to be produced by sustainable farming and fishing.

I am pleased with our progress on our planet targets. Hilton Foods was awarded a score of A- in this year's climate assessment by the Carbon Disclosure Project (CDP), achieving recognition as a Supplier Engagement Leader. However, we need to go further. This year we will submit even more ambitious targets to the Science Based Targets initiative. These will be consistent with achieving 1.5°C and see us commit to reach net zero well before our current 2050 target.

The first pillar of our plan is about our people. Our commitment to protect human rights, employee wellbeing and support career development is one of the reasons why we are participants in the UN Global Compact. I am pleased to renew here our continued support and commitment to the initiative and its principles.

We hope this report is helpful in updating those we work with on our progress, and also on the areas where we need to do far more. We will continue to develop our approach, and listen to the feedback from all our partners, as we act on the areas where we can have the biggest impact.

As we embark on Hilton Foods' fourth decade, our commitment to the Sustainable Protein Plan is steadfast. Not only is it the right thing to do, but it is also a critical part of how Hilton Foods will become the International Protein Partner of Choice.

**Philip Heffer**  
Chief Executive Officer

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# Delivering on our environmental and social objectives

**2022 marks the first full year of our new strategy: the 2025 Sustainable Protein Plan. It's a plan we developed to give added focus, and even more energy, to the work we are doing to make our products more sustainable. I am delighted that the Plan has become a core part of the wider growth strategy for the business.**



**“Growing our business and supporting the planet go hand in hand. That is why we have long-term incentives for senior leaders to support the delivery of the Sustainable Protein Plan.”**

**Rebecca Shelley**

Non-Executive Director and  
Chair of Sustainability Committee

Hilton Foods has a long record of partnership and innovation to address sustainability challenges. Our position within the food system, working with partners from farm to fork, gives us significant opportunities to make a positive difference. The Sustainable Protein Plan is a step forward in the contribution we can make.

We do not see the Sustainable Protein Plan as something which simply adds cost to our business. We have long seen the commercial benefits of our reputation for highly traceable, sustainably sourced proteins. For us, growing our business and supporting the planet go hand in hand. That is why we are proud to have published long-term incentives for all senior leaders to support the delivery of the Sustainable Protein Plan.

The Plan includes a range of stretching, and in some cases market leading, targets. All are aligned closely with the UN Sustainable Development Goals. On the following pages, we have set out these targets in detail. We were one of the first in our sector to set Science Based Targets across Scopes 1, 2 and 3 and are on the way to achieving net zero emissions before 2050 and net negative thereafter.

The three pillars of our plan revolve around topics which are material to our business and reflect core Hilton Foods values. With a plan of this scale, the pace of progress will always vary across each pillar, each year. However, the Committee is pleased with the overall delivery we have seen this year.

We were particularly impressed by the innovation we are continuing to see on packaging. This year the business has launched padless meat trays, film packaging with 30% recycled content and seafood packaging made from recovered coastal plastics, significantly reducing the footprint of that packaging. Meanwhile, within our APAC business, 95% of packaging materials are now recyclable and the business is using 70% recycled content in plastic packaging across group.

There remains a long way to go. We are aware that the targets we have set are ambitious. However, the business continues to benefit from the strength of our relationships with retail partners, and the ability this gives us to innovate across the value chain.

The project we have established with Future By Insects, Greencore and FERA to develop potentially carbon negative insect meal, supported by Tesco and the WWF, is a case in point. It will help to drive the adoption of sustainable feed more generally.

The Sustainability Committee will continue to monitor the delivery of the Sustainable Protein Plan closely. Reaching our goals will depend not on the actions of a few, but the involvement of colleagues across the business. I hope this report is a credit to all those who have contributed, and an inspiration to even more colleagues to get involved in 2023.

**Rebecca Shelley**

Non-Executive Director and  
Chair of Sustainability Committee

# OUR 2025 SUSTAINABLE PROTEIN PLAN – AT A GLANCE

Last year we set ambitious targets across the three core pillars of our 2025 Sustainable Protein Plan. An update on our progress so far can be seen below:

PILLAR	2025 TARGETS	2022 DELIVERY
<b>PEOPLE</b> <b>VALUING PEOPLE</b> Being a fair, safe and inclusive employer by engaging and empowering our people and supporting our local communities	<ul style="list-style-type: none"> <li>– Reduce Lost Time Incidents (LTIs) by 10% (against 2020 baseline across Hilton Foods)</li> <li>– Establish Global Wellbeing Framework to support employee wellbeing</li> <li>– 30% of all leadership roles filled by women</li> <li>– Employee consultative forums or works councils at all Hilton Foods sites</li> </ul>	<ul style="list-style-type: none"> <li>– Achieved 33% of women in leadership across Hilton Foods, supported by growth of Women's Network</li> <li>– Established Group Wellbeing Framework, and extended Mental Health First Aider training to more colleagues</li> <li>– Integrated sustainability objectives into our Long Term Incentive Plans (LTIPs) for senior leaders</li> </ul>
<b>RESPECTING HUMAN RIGHTS</b> Safeguarding the welfare and just treatment of all workers and communities engaged with our business and supply chains	<ul style="list-style-type: none"> <li>– Functioning governance structure in place</li> <li>– Train all Hilton Foods employees on human rights</li> <li>– Modern slavery awareness training extended to all managerial colleagues</li> <li>– 100% of labour and service providers audited to Hilton Foods Agency Labour Standard</li> <li>– 100% of primary suppliers signed up to Hilton Foods Supplier Social Code of Conduct</li> <li>– 100% of new primary suppliers screened using Hilton Foods social criteria</li> <li>– 100% of high risk primary suppliers audited</li> </ul>	<ul style="list-style-type: none"> <li>– Launched new global Supplier Social Responsibility Code of Conduct and accompanying Compliance Requirements. Implementation and onboarding has begun for suppliers</li> <li>– Creation of cross-functional Modern Slavery Working Group and development of site-level action plans</li> <li>– Implemented best-practice grievance procedure at Hilton Foods UK, and guidance for all sites</li> </ul>
<b>DEVELOPING POTENTIAL</b> Growing and developing our people to be the best they can be, ensuring our business is ready for the future	<ul style="list-style-type: none"> <li>– All production colleagues offered the opportunity to participate in career discussions with their manager to discuss performance, development career aspirations, wellbeing, ideas and feedback</li> <li>– Development opportunities for all management talent identified as ready for succession through annual review of leadership capability and succession</li> <li>– 150 colleagues to go through leadership development programmes (by 2025)</li> </ul>	<ul style="list-style-type: none"> <li>– 9% increase in employees who felt Hilton Foods training opportunities had helped them to do their work well</li> <li>– Increased the diversity of our apprenticeship programmes to include Engineering, Accounting, Quality and People and Culture within the UK</li> <li>– 700 new enrolments in 2022 in Industry Recognised Qualifications across quality, meat boning and distribution</li> </ul>



# SUSTAINABILITY REPORT

## OUR SUSTAINABLE PROTEIN PLAN – AT A GLANCE continued

PLANET	PILLAR	2025 TARGETS	2022 DELIVERY
	<p><b>REDUCING EMISSIONS</b></p> <p>Going further than addressing our footprint by achieving NetNegative emissions across our sites and value chains</p>	<ul style="list-style-type: none"> <li>– <b>100% renewable electricity across all own operations in Europe</b> (by end of 2025 and globally by 2027)</li> <li>– <b>Achieve our Science Based Targets across Scope 1, 2 and 3 and publish updated ambitions</b></li> <li>– <b>Intensity reduction of 15% in emissions of cattle in Europe by 2025</b> (aligned to the ERBS Sustainability objectives)</li> </ul>	<ul style="list-style-type: none"> <li>– Achieved A- rating from CDP for Climate Change</li> <li>– 14% reduction in Scope 3 emissions, meaning we are on track to meet our SBT target and will be submitting targets aligned to a 1.5°C pathway</li> <li>– Partnered with the Universities of Lincoln, Stirling and Oxford on three projects exploring: emissions reductions from manure, direct emissions from Pangasius farming and how sustainability metrics can influence policy</li> </ul>
	<p><b>ENHANCING ANIMAL WELLBEING</b></p> <p>Driving standards and innovation in the care of animals that enhances their lives and reduces antibiotic use</p>	<ul style="list-style-type: none"> <li>– <b>More than 90% of livestock from farms in assurance schemes</b></li> <li>– <b>100% humane slaughter of animals across all our products including aquaculture</b></li> <li>– <b>Responsible antibiotic use throughout our supply chain</b></li> </ul>	<ul style="list-style-type: none"> <li>– Achieved tier 3 in the last Business Benchmark in Farm Animal Welfare</li> <li>– Member of Stakeholder Advisory Board for the Animal Welfare Research Network allowing us to input into the wider research agenda</li> <li>– Completed first annual cycle of our dedicated animal welfare audit and collated welfare-based outcome data from across our value chain</li> </ul>
	<p><b>NATURE POSITIVE</b></p> <p>Collaborating to improve our stewardship of land and sea, promoting biodiversity, addressing deforestation and protecting water and soils</p>	<ul style="list-style-type: none"> <li>– <b>Eliminate deforestation from the conversion of natural forests to agriculture or livestock production in our supply chains</b></li> <li>– <b>Maintain 100% of paper and board from certified sources</b></li> <li>– <b>Planning and reporting tools provided to all farmers to support regenerative farming</b></li> <li>– <b>100% of seafood responsibly sourced to Hilton Foods standards</b> (aligned to the Sustainable Seafood Coalition code and PAS 1550), and openly reporting supply chains through Ocean Disclosure Project</li> <li>– <b>Hilton Seafood UK directly sourced wild caught seafood 100% certified to the MSC standard or equivalent</b> (by 2025)</li> </ul>	<ul style="list-style-type: none"> <li>– Published our UK Commitment to Sourcing Deforestation and Conversion Free Soy</li> <li>– 100% of paper and board from certified sources</li> <li>– Over 98% of Hilton Seafood UK directly sourced wild caught seafood certified to the MSC standard</li> </ul>

PRODUCT	PILLAR	2025 TARGETS	2022 DELIVERY
	<p><b>BALANCED HEALTHY DIETS</b></p> <p>Efficient regenerative food systems producing more accessible and nutritious proteins</p>	<ul style="list-style-type: none"> <li>– <b>Double sales of plant based, vegetarian and flexitarian products</b> (compared to a 2020 baseline)</li> <li>– <b>Assess health and sustainability attributes of all Hilton Foods proteins to provide consumers with information on their role in healthy, sustainable diets</b></li> </ul>	<ul style="list-style-type: none"> <li>– Launched 60 new vegetarian and vegan products, including vegan bacon with Tesco</li> <li>– 48.5% increase in sales of vegetarian and vegan products since 2021</li> <li>– Milestone investment in CellAg, cultured meat producer in the UK</li> </ul>
	<p><b>CIRCULAR PACKAGING</b></p> <p>Developing a circular economy for packaging and actively bringing waste materials back into use across our full value chain</p>	<ul style="list-style-type: none"> <li>– <b>Reduce direct packaging waste by 30%</b> (compared to 2020 baseline)</li> <li>– <b>Drive demand for circular tray-to-tray recycling and actively prioritise the use of circular material</b></li> <li>– <b>All Hilton Foods retail packaging fully reusable, recyclable or compostable</b></li> <li>– <b>Achieve minimum of 50% average recycled content across all plastic packaging</b></li> <li>– <b>Reduce the weight of plastic packaging while ensuring it remains fit for purpose</b></li> </ul>	<ul style="list-style-type: none"> <li>– Across Hilton Foods APAC business, 95% of packaging materials are now recyclable</li> <li>– Launch of preformed trays supplied at Hilton Foods Sweden and Hilton Foods Denmark which are made of 100% recycled plastic including 10% tray to tray content</li> <li>– Launch of products at Hilton Seafood UK with 30% recycled coastal plastics, removing 240 tonnes of plastic from the environment</li> </ul>
	<p><b>RESOURCE EFFICIENCY</b></p> <p>Optimising food waste and use of packaging, energy and water across sites, supply chains and in consumers' homes</p>	<ul style="list-style-type: none"> <li>– <b>Improve energy efficiency in Hilton Foods facilities by at least 10%</b> (compared to 2020 baseline)</li> <li>– <b>Improve water efficiency in Hilton Foods facilities by at least 10%</b> (compared to a 2020 baseline)</li> <li>– <b>Halve Hilton Foods factory generated food waste by 2030 compared to 2019</b> (in line with the Champions12.3 commitment to deliver UN SDG 12.3)</li> </ul>	<ul style="list-style-type: none"> <li>– 100% of purchased electricity at Hilton Foods UK, Hilton Seafood UK, Hilton Foods Ireland, Hilton Foods Central Europe, Dalco and Fairfax Meadow is from renewable sources</li> <li>– Installed 1.5MWp of additional solar generation at SoHi, expected to generate 2 GWh of clean energy every year</li> <li>– 600 tonnes of waste diverted from landfill by doubling the recycling rate of non-food waste across Hilton Foods APAC, versus 2021</li> </ul>

# SUSTAINABILITY REPORT

## PARTNERING ACROSS THE VALUE CHAIN

**How we deliver across the food system: To deliver the 2025 Sustainable Protein Plan, we have to be clear about how, and where, Hilton Foods can make the biggest difference. Our partnerships hold the key to our impact.**

We do not own farms, fishing vessels or abattoirs, but we do have a crucial position at the centre of the food value chain. As this diagram shows, we have the freedom to influence and innovate across each stage of the supply chain. The depth of our commercial partnerships helps to maximise our impact.

We also partner with Foods Connected, a supply chain software company, to share our commitments on quality, safety, animal welfare, human rights and sustainability with our suppliers. This system helps us manage our suppliers' performance to make sure we deliver both our own and our customers' priorities.

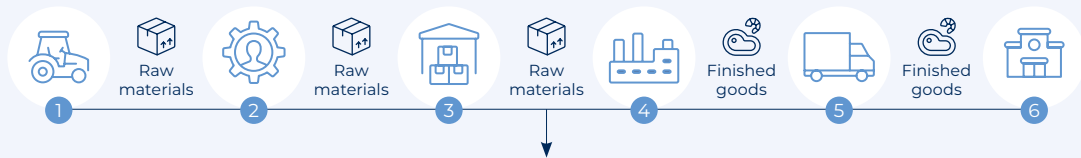
Transparency is the starting point for greater sustainability within our food system. By using this technology to its full potential we can inform consumers about product origin, methods of production and how human rights are protected in the supply chain.

### HILTON FOODS AND FOODS CONNECTED – SUPPLY CHAIN TRANSPARENCY



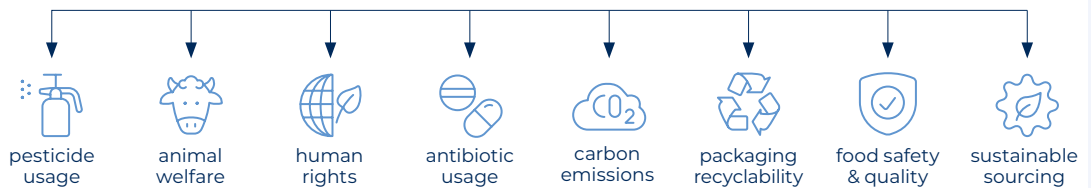
#### Base traceability

The movement and transformation of a product across different parties in the supply chain

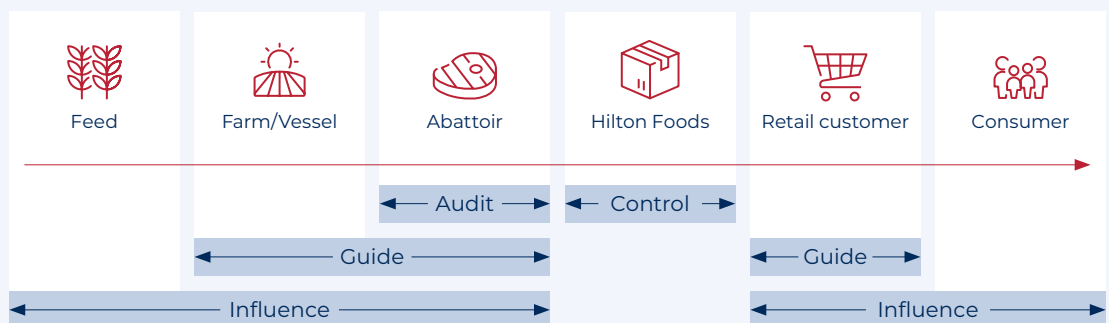


#### Value added traceability

Additional information that can be captured at different stages in the base traceability process



### How we work through the value chain





# AREAS OF BIGGEST IMPACT AND RISKS

## The world around us continues to change quickly, so when it comes to contributing to more sustainable and healthier communities, we know that we can never stand still.

That is why our Sustainable Protein Plan is the product of ongoing engagement with our stakeholders, internally and externally, to understand where our business can have the biggest impact.

An important part of that engagement is our materiality assessment – an exercise to identify the issues and risks which are most relevant to Hilton Foods, through consultation with a broad group of stakeholders who have recognised sustainability expertise.

The output of this is our materiality matrix, which is reviewed in full every three years. An in-depth review of our materiality matrix was completed in 2021. Minor updates in 2022 have been completed by a smaller group of specialists. All material risks are under active management and the subject of engagement across our value chain.

Our most material issues remain:

### Product safety, quality and integrity

Ensuring the safety of our products is our first priority. All the food we produce meets our quality specifications and must be labelled correctly, with the allergens they contain, the country of origin and the nutritional content of the products.

The materiality of this issue has increased slightly due to our greater exposure in the food service sector and the increased focus on these issues in Poland and Australia.

### Sustainability and biodiversity of agriculture, fisheries and aquaculture

The stewardship of resources to facilitate the production of animal proteins is critical to our business, in both aquatic and terrestrial ecosystems.

The materiality of this issue has increased this year, as biodiversity reporting requirements have become more stringent as a result of the renewed focus on nature, including through the COP15 UN Biodiversity Conference.

### Greenhouse gases

Measuring, managing and reducing emissions is a strategic priority for Hilton Foods throughout our value chain.

Across the world, there is now a growing focus on methane emissions. New Zealand's move towards carbon pricing in the agricultural sector has also increased the urgency to act.

### Human rights

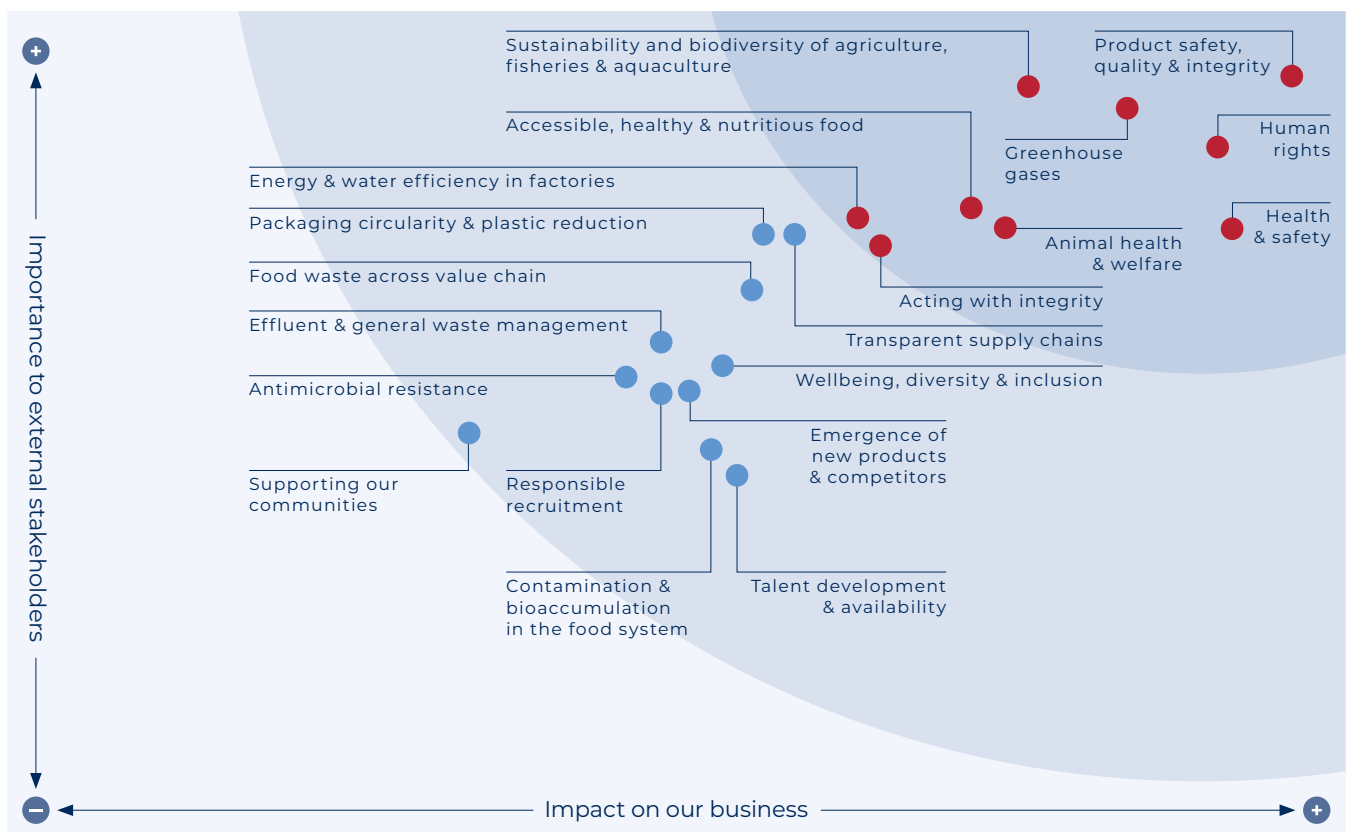
Ensuring communities and workers across our value chain receive fair treatment and are safeguarded is a moral, regulatory and strategic imperative.

Around the world, governments are introducing additional legislation to protect these rights; complying with, and where possible, exceeding these legal requirements is a core part of the Sustainable Protein Plan.

### Health & safety

We are duty bound to instil a safety-first culture across our operations and supply chain.

Adherence to strong health and safety standards is essential across all sites and for our value chain partners. We are committed to reducing health and safety accidents and their severity through ensuring employees' awareness of health & safety issues.



# SUSTAINABILITY REPORT

## GOVERNANCE AND LEADERSHIP TARGETS

**At Hilton Foods, we are delivering our Sustainable Protein Plan by embedding sustainability within the overarching business strategy and governance of the business. Our governance structure drives the delivery of the goals and targets in our plan and includes oversight at all levels of the business, right up to the Board.**

### Main Board

The Board is formally updated on the progress of the 2025 Sustainable Protein Plan every six months and together with the Sustainability Committee have oversight over the implementation of Hilton Food's sustainability strategy throughout the business.

### Sustainability Committee

The Committee is accountable for the delivery of our long-term social and environmental strategy and progress. It approves formal corporate sustainability reporting and supports the Senior Management Team in its delivery. It is formally updated on progress every three months and to ensure the ongoing resilience of Hilton Foods, it assesses climate-related risks and opportunities in collaboration with the Audit and Risk Management Committees. The Committee is chaired by Non-Executive Director Rebecca Shelley.

### Executive Leadership Team

The Executive Leadership Team is updated monthly, alongside the CEO, on the progress of our 2025 Sustainable Protein Plan, and relevant collaborative projects and customer requirements.

### Senior Management Team

The CSR team is led by the Chief Quality and Sustainability Officer. It supports our site-level senior management teams to achieve our targets, supply chain engagement and progress global reporting. Progress against our sustainability targets is shared across different functional areas, from People and Culture, to Quality, Operations, Finance and Procurement. The CSR team lead the implementation of our strategy alongside the Site CSR Leads.

### Leadership targets and LTIPs

The 2025 Sustainable Protein Plan is a fundamental part of our plan to generate sustainable value for all our stakeholders.

This year, we have therefore further embedded sustainability as a driver of how we do business by announcing specific ESG targets in the Hilton Foods Long-Term Incentive Plan (LTIP).

This is the first time the LTIP contains a significant ESG element. The changes are designed to demonstrate in practice the importance of the 2025 Sustainable Protein Plan to the business, and ensure leadership are held accountable to the progress we strive to make.

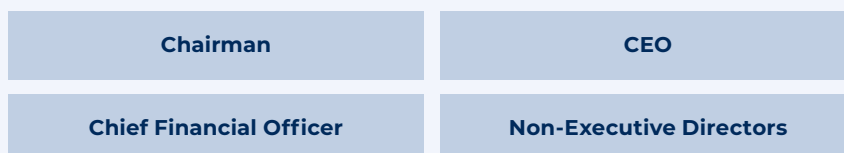
The performance conditions covering the three financial years 2022-2024 are as follows:

Metric	Weighting	Threshold 10% vesting	Maximum 100% vesting
EPS	60%	5% growth per annum	12% growth per annum
Relative TSR compared with the constituents of the FTSE 250 (excluding investment trusts)	25%	Median	Upper quartile
ESG			
i) Scope 1 & 2 energy efficiency	5%	6.5% reduction over 3 years	43.9% reduction over 3 years
ii) Packaging recycled content	5%	11.7% increase over 3 years	28.3% increase over 3 years
iii) Food waste	5%	15.0% reduction over 3 years	30.0% reduction over 3 years

## WHO IS RESPONSIBLE FOR THE SUSTAINABLE PROTEIN PLAN AT HILTON FOODS

### Main Board

Set the ambition for long-term CSR programme, embedding this in the business culture



### Sustainability Committee



### Audit and Risk Management Committees



### Executive Leadership Team

Agree and oversee delivery of targets



### Senior Management Team

Set global strategy and oversee Group and local implementation plans



Responsible for CSR projects and reporting



Integrate CSR strategy into their areas of responsibility



- Direct responsibility for CSR, including climate
- Shared responsibility

# SUSTAINABILITY REPORT

## PEOPLE

**At Hilton Foods we employ over 7,000 people, dedicated to serving our customers and their consumers across 14 countries.**

Our people are at the heart of our success and their health, safety and wellbeing is our first priority. We are an inclusive organisation built on equity and respect, ensuring opportunities for skills and career development are open to all. We work together to keep our business resilient for the future, bringing the diversity, creativity and skills of our people to the fore.

It is essential that every person in our supply chains is treated fairly and rewarded appropriately for their work, whether on farm or fishing vessel, abattoir or distribution centre. Protecting human rights is about building a fairer society and food system for all. The following chapter highlights the work of our teams in these areas.

### ALIGNMENT WITH THE UN SDGs



**5.5** Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life



**8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

## VALUING OUR PEOPLE

**Being a fair, safe and inclusive employer by engaging and empowering our people and supporting our local communities**

### 2025 Targets

Reduce Lost Time Incidents (LTIs) by 10% against a 2020 baseline across Hilton Foods

Establish a Global Wellbeing Framework to support employee wellbeing, inspiring our employees to make informed decisions about their mental, physical and financial health

30% of our leadership roles filled by women

A commitment to equal opportunity and development for all within Hilton Foods

Promote growth of our Women's Network, aimed at providing support, development and action to those who identify as women within Hilton Foods

Employee consultative forums or works councils operational at all Hilton Foods sites



Read more about how we are prioritising mental health **page 49**



## RESPECTING HUMAN RIGHTS

**Safeguarding the welfare and just treatment of all workers and communities engaged with our business and supply chains**

### 2025 Targets

Have a functioning governance structure in place which addresses human rights risks and opportunities

Train all Hilton Foods employees on human rights

Modern slavery awareness training extended to managerial colleagues

100% of labour and service providers audited to Hilton Foods Agency Labour Standard

100% of primary suppliers agreed to Hilton Foods Supplier Social Code of Conduct

100% of new primary suppliers screened using social criteria

100% of high risk primary suppliers audited

→ Read more about how we assess human rights impacts **page 50**



## DEVELOPING POTENTIAL

**Growing and developing our people to be the best they can be, ensuring our business is ready for the future**

### 2025 Targets

All colleagues will be offered the opportunity to participate in 'work conversations' or performance development reviews with their manager to discuss performance, development career aspirations, wellbeing and share ideas and feedback

Provide development opportunities for all management talent that has been identified as 'ready for succession' through the annual review of leadership capability and succession. By end of 2025, 150 colleagues will have experienced the programmes

→ Read more about how we are helping our people to develop their skills **page 52**



### VALUING OUR PEOPLE

**Our people are at the core of how we do business. They bring our culture to life within our factories, offices and communities. Through our 2025 Sustainable Protein Plan, we want to create an ambitious future, built together, with all our employees.**

Providing the space and culture in which all employees can speak freely is an important part of the work we do. This is why we do an annual survey to give employees the opportunity to feedback, which helps us understand what's important to them. We were pleased with engagement levels in 2022, when 91% of our employees contributed to the survey – a 14-point increase on 2021. Enhancing employee wellbeing is important to us; we will always strive to do better through best-practice sharing amongst our global sites.

As a growing international organisation, it's important that the different values, cultures and nationalities across our business are included in the way we do business. Our new core behaviours inform the actions, attitudes, and care all our employees bring to work.

We developed these core behaviours following 18 focus groups across our worldwide geographies. Employees across a variety of job levels and nationalities were provided with the opportunity to outline what behaviours within Hilton Foods ensure that they feel included.

Health, safety and wellbeing are absolutely essential for our people agenda. These are facilitated through good leadership, safe behaviour, the continuous improvement of our Global Safety Framework and our core behaviours.

We continue to make strides in this area. Our Global Health and Safety Framework was extended to all sites in 2022, with 94% of employees reporting that they understand how to apply our health and safety rules in their day-to-day work. We are committed to the continuous improvement of health and safety performance and ensure employees' awareness of health and safety issues.

In the aftermath of the pandemic, supporting and improving mental wellbeing is more important than ever. We made progress here too, as set out in the case study on the following page.

Finally, part of who we are as a business is how we care for our communities. Many of our employees have been impacted by events in Ukraine, motivated by family connections or humanitarian concerns. Employees across our European sites have fundraised, collected goods, and provided practical support to refugees. Hilton Foods UK collected a remarkable 33 pallets of donations over a period of five days, partnering with other local businesses in Cambridgeshire to deliver this safely to Ukraine.

#### OUR CORE BEHAVIOURS

##### We're open and honest

- We share knowledge and information
- We are clear on expectations
- We value honesty

##### We value each other

- We recognise efforts of others and say thank you
- We listen to and value the voices and ideas of others
- We value others for who they are

##### We're respectful

- We never discriminate against others
- We treat others how we wish to be treated
- We respect others' time, workload and commitments

##### We're friendly and inclusive

- We are welcoming and patient
- We celebrate and embrace our differences
- We say 'hello' and know the value of a smile

##### We're understanding and supportive

- We care and support the wellbeing of others
- We support training and career development
- We listen and give supportive feedback

##### We're responsible

- We proactively ask for and give help to others
- We take personal responsibility for our actions
- We trust, support and hold each other to account



## SPOTLIGHT ON MENTAL WELLBEING FOR HILTON FOODS EMPLOYEES

At Hilton Foods, health and safety extends beyond physical safety to encompass mental and emotional wellbeing. We believe that wellbeing is the responsibility of everyone, and ensure that all employees are given time to talk about how they are feeling through either 'work conversations' or their performance development reviews.

In 2022, we increased our focus on wellbeing across our production sites and established a Group Wellbeing Framework, supported by our European Wellbeing Working Group. Our framework is designed to deliver a holistic vision for wellbeing across our sites, covering five core areas: physical wellness, education and health promotion, the provision of wellbeing support, financial literacy, and community engagement.

Our European sites also took part in awareness campaigns around mental health and wellbeing. The majority of our sites have also met or exceeded having two mental health first aiders on site, meaning employees are able to access the support they need at work quickly and from a variety of trusted colleagues.

**“One of my goals was to delve more into the topic of mental health, where there is still a stigma and there shouldn't be. The training has equipped me with skills and knowledge to enable me to act as a helping hand to anyone who may have concerns about wellbeing.”**

**Safety and Wellbeing Coordinator  
Hilton Foods UK**



# 80%

**of employees say 'I feel I can be myself at work'**

(results of 2022 staff survey: vs 74% in 2021)

## SPOTLIGHT ON DIVERSITY, EQUITY AND INCLUSION

**We want everyone to feel themselves at work. Our 2022 staff survey revealed 80% of employees say 'I feel I can be myself at work' – a six-point increase on 2021.**

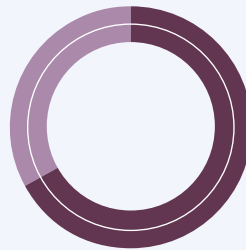
We made important strides towards our commitment of supporting women in the workplace with the launch of our Women's Network. We ran a number of successful workshops, open to all employees within Hilton Foods and covering a range of topics including Being Yourself at Work, How to Network, Building Your Confidence at Work and Dealing with Change.

In 2022, we continued to be a Strategic Partner to the 'Meat Business Women' network – offering networking opportunities, mentoring and workshops to women across our business.

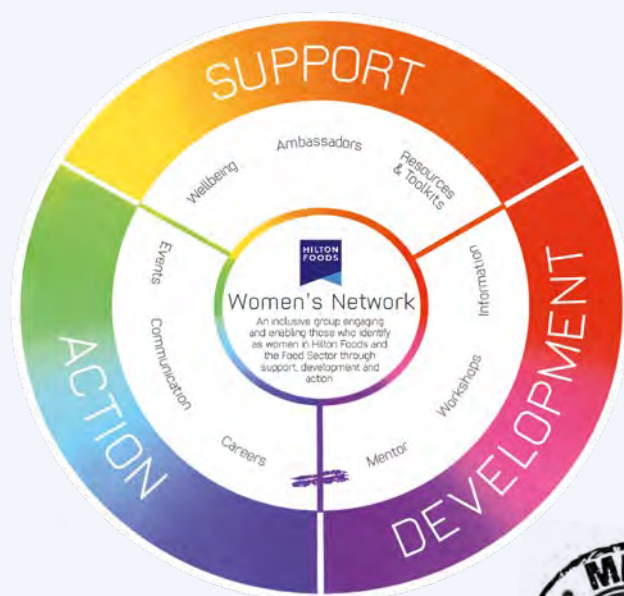
We are proud to announce that we have already exceeded our target for 30% of women in leadership across our business. In 2022, 33% of our senior leadership roles\* were held by women; this is a testament to the hard work of our teams to achieve equity across our business. We are committed to anti-discrimination and will continue to support women to achieve their potential within Hilton Foods.

\*In this context, a 'leadership role' will mean any job roles at functional lead or senior specialist level.

### Senior Management



- Male 67%
- Female 33%



## RESPECTING HUMAN RIGHTS

**Building strong ethical standards to embed respect for human rights across our value chain is an essential step toward a fairer food system.**

Our approach is informed by Principle 15 of the UN Guiding Principles on Business and Human Rights (UNGPs), which makes clear that companies must “know and show” that they respect human rights.

We do this by working to protect the human rights of workers, both within our business and our network of global supply chains. This includes establishing fair remuneration, respect for all employees’ right to freedom of association and collective bargaining, high health and safety standards, workplaces free from discrimination, and consistent access to effective grievance procedures and remedy.

We have continued to integrate our Human Rights Policy into our core business functions, through the implementation of our global Supplier Social Responsibility Code of Conduct and accompanying Compliance Requirements. We are delivering a globally agreed appraisal of human rights and labour risk, linking this to our supplier approval process. We use the internationally recognised supply chain transparency platform, Sedex, to monitor labour standards and gain in-depth insight into working conditions in supplier sites.

We always seek to work collaboratively with our suppliers, providing resources, training, and developing shared workstreams to align within the supply chain, through our Food Network for Ethical Trade and Seafood Ethics Action Alliance memberships.

Where suppliers are found to be high-risk, they are required to provide additional due diligence, up to and including an independent ethical audit. Our preferred methodology for ethical audits is the Sedex Members Ethical Trade Audit (SMETA). If a supplier is unwilling to engage on corrective actions or provide remediation to workers, Hilton Foods will re-audit, re-train and if we have to, end the contract in question. Hilton Foods has committed to engage in remedy where workers have been adversely affected.



## SPOTLIGHT ON OUR APPROACH TO HUMAN RIGHTS

Our Human Rights Policy helps to ensure that Hilton Foods incorporates the careful evaluation of human rights principles into our decision making and actions.

We actively assess human rights impacts that may be indirectly linked to Hilton Foods, take appropriate action, monitor implementation and report annually.

During 2022, we:

- Operationalised our Modern Slavery Strategy in APAC and established a multi-function Modern Slavery Working Group for our businesses in the UK and the Republic of Ireland. This enables candid conversations about the challenges of detecting and disrupting modern slavery.
- Developed and implemented a Hilton Foods Accommodation Standard, so that whenever housing is provided by one of our businesses we can be assured of the quality.
- Launched a new Children’s Rights and Child Labour Remediation Policy in consultation with our local People and Culture Managers. We are working to ensure that all staff understand their statutory obligations with respect to children and young people at all times, from apprentices to work experience.
- In response to well-evidenced academic reports regarding labour abuses and restrictive visas in UK fisheries, we worked collaboratively via the Seafood Ethics Action Alliance to develop an action plan with Producing Organisations, representatives of UK vessel owners, and key welfare organisations to address and remedy the issues faced by UK fishers.



# COLLABORATION TRANSPARENCY

## PARTNERING FOR CHANGE

We know that more can be achieved together, which is why we collaborate with a number of different organisations to safeguard human rights and improve working conditions.

This includes working with the Red Tractor Technical Working Group on the development of their Worker Welfare Module, and strengthening our commitment to the Food Network for Ethical Trade through engaging in its governance by becoming an elected Board Member. We are a founding member and Chair of the Seafood Ethics Action Alliance, a collaborative forum for ensuring human rights are respected in seafood supply chains.

Some of our strongest work came in the form of Speak Up!, a new grievance policy and procedure. Speak Up! was developed in partnership with our customer Tesco, Reckitt, and the Oxfam Business Advisory Service. It was also driven by the work and input of our employees.

The project focused on implementing an operational-level grievance mechanism aligned with the United National Guiding Principles (UNGPs) key effectiveness criteria. At Hilton Foods UK, an employee taskforce was formed to analyse the user experience of raising concerns, complaints and new ideas. This taskforce rebuilt the site's grievance policy, producing a new procedure making clearer the routes to engaging meaningfully with site management.

Disaggregated data is now shared both with the site's senior management team and their Your Voice Committee, to deliver transparency and drive accountability on response times from the business.

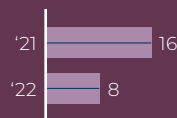
Since implementing this project, HFUK have seen a positive increase in employees speaking candidly about their experience of work. This coincides with an overall decrease in employees raising formal grievances. Our business functions at its best when everyone has a voice.

### Impact of 'SpeakUp!' Policy

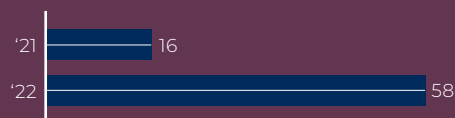
#### Number of informal grievances raised



#### Number of formal grievances raised



#### Total grievances raised







## DEVELOPING POTENTIAL

**Ensuring our business is ready for the future means giving all our people the opportunity to thrive and develop professionally.**

At Hilton Foods, that is about creating an inclusive culture, where everyone is able to fulfil their potential, no matter who they are, or where they are from.

We believe that everyone in every role deserves the chance to have a good quality conversation about themselves and their work with their manager, or someone else who can support them.

Good quality conversations are those in which employees:

- are recognised as an individual with unique talents;
- know what is expected of them within their role;
- feel their views and ideas are valued; and
- have a chance to discuss their ambitions and job progression.

To make conversations like these an everyday part of how we do business, in 2022 we launched our 'work conversations' initiative and then saw a seven-point increase in those reporting they were given opportunities to talk about their performance at work.

We have also created a development framework for our employees to access, so they can identify and realise the career and training opportunities that are right for them. We work hard to increase our internal hire ratio and invest in learning and development, both structured and on-the-job learning.

## SPOTLIGHT ON LEARNING & DEVELOPMENT AT HILTON FOODS

**In 2022, we saw a nine-point increase in the number of employees who felt that training opportunities provided had helped them to do their work well.**

Areas covered in training received by our production employees in 2022 included: Internal Auditing; Quality Assessments; Pest Awareness; Manual Handling; Accident Investigations; First Aid at Work; Confined Spaces; Fire Marshalling; and Control of Substances Hazardous to Health.

We aim to motivate our people by recognising and rewarding their talent and by nurturing our leaders so that they can lead by example, and truly care about and invest in our people. This year, one of our sites delivered a full day programme on 'Leading a Team' to a new cohort of team managers and leaders. This will continue into 2023.

In Hilton Foods APAC, the Seed Framework enables our people to develop and grow. Learning is interactive, practical and aligns with our values. It is broken into induction, compliance training and technical sections, to develop world-class leaders. Every team member has the opportunity to complete training, either for their role or to opt in for personal growth learning.

Since introduction, our engagement scores have risen significantly, demonstrating our people feel confident in how to do their role and are satisfied with learning opportunities on offer.



## SPOTLIGHT ON STRUCTURED LEARNING AND DEVELOPMENT AT HILTON FOODS

**We believe in the importance for professional development opportunities across all levels of the business and experience.**

In the UK, our apprenticeship programmes have grown in 2022 across our UK sites to include engineering, accounting, technical and People & Culture functions. In 2023, our apprenticeships will also extend to placements within our Learning and Development teams.

We continue to roll-out our Manufacturing Excellence Programme, based at our Hilton Foods UK site. Colleagues across all functions attend the intensive 2 week lean-training programme, where we train our teams to use the best improvement tools and techniques in the world, and combine this with their passion, work ethic and experience to create true excellence.

In Hilton Foods APAC, our people are given the opportunity to develop their careers by gaining industry recognised qualifications. In Australia this covers the Certificate 3 in Meat Manufacturing, Certificate 4 in Quality, and Certificate 4 in Leadership. Within New Zealand the qualifications include Distribution, Meat Boning and Seafood. There are 703 active enrolments in these qualifications.

Our Strategic Accelerated Development Programme takes a personalised approach to the development of those with potential for the most senior roles within Hilton Foods. This year, a new cohort completed the 'Exploring' leadership course, which focuses on potential successors to senior management roles. It is a seven-month programme run every two years, including development modules, individual coaching sessions, and two live Executive sponsored business projects.

# 703

**active enrolments in distribution, meat boning and seafood qualifications**



**“My biggest takeaway was the access to the knowledge of our international colleagues; it deepens the Hilton Foods spirit and family-feel.”**

Operations Manager  
Hilton Foods Holland

**“One of the key highlights of the course for me was getting to build relationships across the other Hilton Foods sites. The opportunity to have time to focus on my career and be given tailored guidance on how to improve how I operate and help my team was great.”**

Supply Chain Manager  
Hilton Foods UK

**“I have been fortunate to have completed the Hilton Foods Exploring Leadership Programme this year which gave me a platform to really focus on refining my leadership skills, build a really strong network with my international colleagues, with one to one mentoring and coaching support.”**

Strategy and Planning Director  
Hilton Foods UK & Ireland

# SUSTAINABILITY REPORT

## PLANET

**Our Sustainable Protein Plan sets out our ambition to contribute positively to the future of life on our planet by managing and reducing our emissions, enhancing animal welfare and progressing a Nature Positive agenda.**

As part of a sector responsible for 30% of global emissions, we have a responsibility to transition to a circular food system, in line with best practice in sustainable food production. At Hilton Foods we recognise the integral role we play, which is why we have committed to being a net zero business by 2050.

To back this ambition, we have created and are now implementing detailed decarbonisation plans for our own operations and our key supply chains, in line with our continued progress towards our verified Science Based Targets.

In addition, embedding high standards of animal welfare throughout our supply chain is integral to Hilton Foods, values and as nature rises up the agenda for regulators and businesses alike, we are working hard to improve our stewardship of land and sea.

### ALIGNMENT WITH THE UN SDGs

- |   |   |
|---|---|
|  | <b>2.4</b> By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems                              |
|  | <b>14.4</b> By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans                |
|  | <b>15.2</b> By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally |

## REDUCING EMISSIONS

**Going further than addressing our footprint by achieving net negative emissions across our sites and value chains**

### 2025 Targets

100% renewable electricity across all our own operations in Europe by the end of 2025 and globally by 2027

Achieve our Science Based Targets to reduce absolute scope 1 and 2 GHG emissions 25% by 2030 from a 2020 base year and reduce absolute Scope 3 GHG emissions from purchased agricultural products by 12.3% within the same timeframe. We are committed to publish updated ambitions in 2023

An intensity reduction of 15% in emissions of cattle in Europe by 2025, aligned to the ERBS Sustainability objectives



[→](#) Read more about how insects are helping to reduce carbon emissions **page 57**



→ Read more about how we are helping to protect ecosystems **page 61**



## ENHANCING ANIMAL WELLBEING

Driving standards and innovation in the care of animals that enhances their lives and reduces antibiotic use

### 2025 Targets

To achieve more than 90% of livestock from farms in assurance schemes and engage in their development

100% humane slaughter of animals across all our products including aquaculture

Ensure responsible antibiotic use throughout our supply chain

→ Read more about our animal welfare initiatives **page 58**



## NATURE POSITIVE

Collaborating to improve our stewardship of land and sea, promoting biodiversity, addressing deforestation, and protecting water and soils

### 2025 Targets

Enable farmers to reduce their emissions and improve biodiversity, to promote more regenerative farming, by providing planning and reporting tools

100% of seafood responsibly sourced to Hilton Foods standards (aligned to the Sustainable Seafood Coalition code and PAS 1550), actively engaging in fishery improvement projects (FIPs) and aquaculture standards development, and openly reporting our supply chains and their status in the Ocean Disclosure Project

Hilton Seafood UK directly sourced wild caught seafood will be 100% certified to the MSC standard or equivalent by 2025

We have signed up to the UK Courtauld Commitment 2030 Water Ambition to improve the quality and availability of water at catchment scale

Eliminate deforestation from the conversion of natural forests to agriculture or livestock production in our supply chains

Promoting novel proteins and oils in aquaculture feed to enable sustainable growth

Maintain 100% of paper and board from certified sources



## REDUCING EMISSIONS

Every business in every sector has a responsibility to reduce emissions and play their part in helping the world address the climate emergency. This is particularly important in the food sector. Without significant changes to operating models, the agriculture industry is set to be disproportionately impacted by increased extreme weather events caused by climatic change.

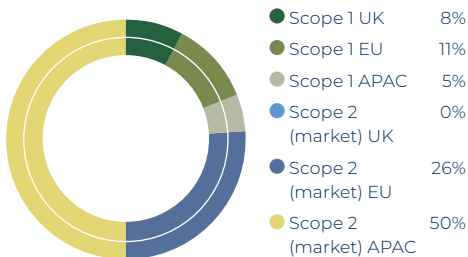
Our Sustainable Protein Plan commits us to achieve net zero emissions before 2050 and net negative emissions beyond that to demonstrate our commitment to emissions reductions and the way we do business.

This year we're proud to announce that we have made 14% reduction in like for like Scope 3 emissions and achieved an A- rating from CDP for Climate Change, who recognised us as a Supplier Engagement Leader.

Our agricultural value chain has a unique role to play in global emissions reduction, with the land we use having the capacity to store carbon, above and below ground, offsetting surplus emissions in other parts of the economy.

The starting point for sustained progress is clear and accurate data for informed decision-making. This data will help us to develop tools to ensure everyone understands the role they have to play, working with a wide set of partners and experts to accelerate emissions reductions across the value chain.

### Scope 1 and 2 emissions by region



### OXFORD DOCTOR OF PHILOSOPHY PROGRAMME

To accelerate the transition to net negative emissions throughout our supply chain, we're partnering with scientists at the University of Oxford and World Resource Institute (WRI).

This partnership involves supporting a Doctor of Philosophy (DPhil) project, focused initially on UK beef production, but with wider applications. The research will explore how measuring gases based on their contribution to warming (rather than total emissions) and using different methods of measuring the impact of land use, might influence decision making at a farm, corporate and national level.

The DPhil is also helping us to develop our own decarbonisation strategy, considering how agricultural policy may incentivise emissions mitigation without impacting food production.

Unlike most industrial sectors, emissions from agriculture are not dominated by CO<sub>2</sub>; methane and nitrous oxide are more significant. Methane in particular is shorter lived in the atmosphere, but has a stronger warming effect during its lifetime compared to CO<sub>2</sub>. This research will consider how that allows policymakers to make decisions that best reduce warming while considering use of land for producing food and for storing carbon.



### SPOTLIGHT ON OUR EMISSIONS REDUCTION INITIATIVES

Using our in-house expertise, we partner with academics, our supply chain, NGOs and government partners to explore a variety of initiatives and innovations for emissions reduction.

For livestock and farming we:

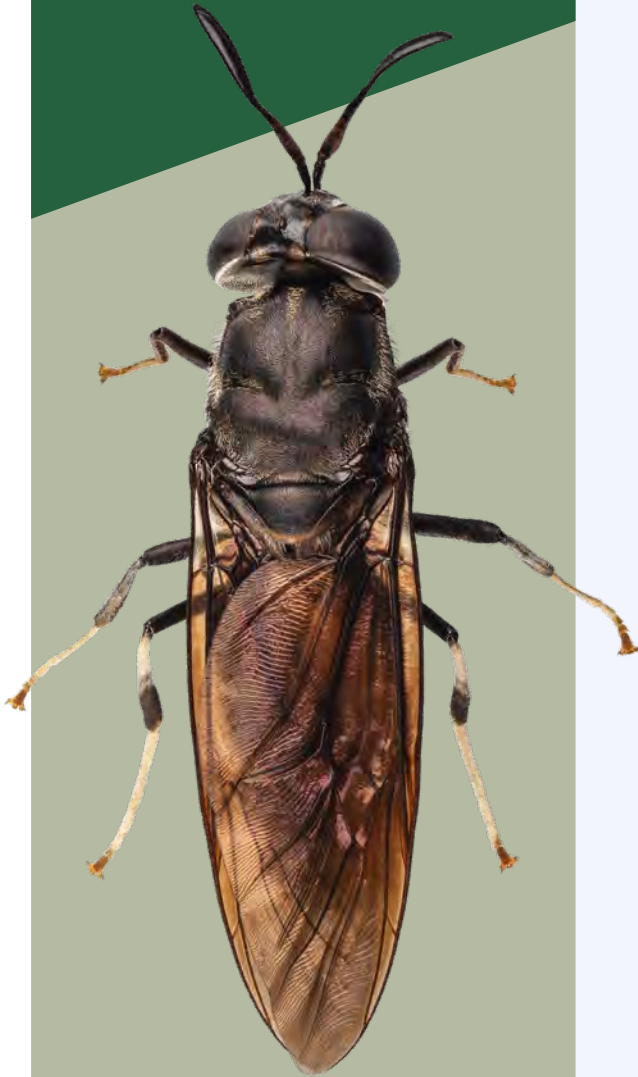
- Partnered with the University of Stirling, Centre for Innovation Excellence in Livestock (CIEL) and The Sustainable Trade Initiative (IDH) to collect primary data on direct emissions from Pangasius farming, on partner farms. This cutting-edge primary research will allow us to better target our decarbonisation activities by providing the whole sector with a clearer understanding of the factors that lead to greenhouse gas emissions in tropical aquaculture.
- Began a project with the University of Lincoln to understand how farm emissions from manure can be reduced.

In terms of infrastructure and production, this year we:

- Continued to phase out the use of diesel and petrol-powered forklift trucks, and began to phase out F-gas emissions at our sites.
- Continued work to move away from direct vented CO<sub>2</sub> coolant systems in our mince production, reducing direct emissions.
- Piloted the use of a rapid recipe lifecycle assessment in our new product development process, allowing us to consider the environmental impact of new products.
- Worked with Foods Connected to build the infrastructure to allow us to target our resources on the most material areas of our footprint and effectively monitor improvements.
- Our engagement this year included with WRAP in the development of measurement standards for the food industry which will enable data reporting through the supply chain. We also supported Defra's work on Comparative Life Cycle Assessment of Food Commodity Production project, which aims to improve the underlying data used to calculate emissions.



# INNOVATION PARTNERSHIP



**Above** Larvae of the black soldier fly (shown) are being investigated as a potential source of sustainable protein.

**Right** Algae growing at Future by Insects' facility, ready to be fed to the insect larvae.



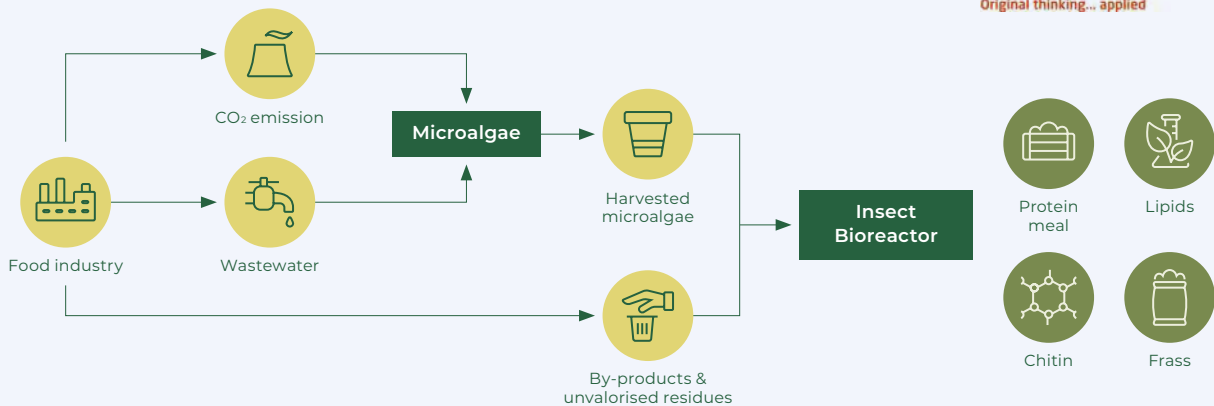
## FUTURE BY INSECTS

Hilton Foods has partnered with Future by Insects, Fera and Greencore to accelerate the development of carbon negative aquaculture feed.

Funded by Tesco-WWF Innovation Connections accelerator fund, the project combines food industry by-products and microalgae to create nutritious food for insect larvae. The project is designed to use captured CO<sub>2</sub> emissions and factory wastewater to feed the microalgae in future as part of a carbon negative system.

The larvae are being raised in Fera's newly commissioned insect rearing facility and can be used to produce feed for fish in aquaculture systems. The microalgae are grown at Future By Insects' lab simulating CO<sub>2</sub> capture and food processing wastewater treatment. The projects' aim is to confirm that insect larvae can be used as a sustainable alternative to soy and wild-caught fish meal.

It is also hoped that the project's use of captured CO<sub>2</sub> may deliver long-term carbon storage. This will be validated in the lifecycle assessment which the Hilton Foods team will carry out later in 2023.



## ENHANCING ANIMAL WELFARE

**Ensuring that there is no compromise when it comes to animal welfare is a central part of our sustainability ambitions.**

The science and understanding of animal welfare is continually developing and we consistently work to adopt new innovations to improve the lives of animals. This year we published our updated animal welfare standard, including nine animal health and welfare objectives and our progress against them.

Stakeholders' interest in animal welfare continues to rise. In response, we have been actively promoting and engaging the development of standards to deliver transparency and address welfare improvements in our supply chains. This includes increasing our contribution to industry working groups focused on improving the lives of animals in our supply chain and the markets we operate in, as well as driving standards and innovation in the care of animals.

Through our partnerships we continue to explore innovations and accelerate our impact, and that of the wider industry. This year we joined the Stakeholder Advisory Board for the Animal Welfare Research Network to support identification and prioritising of research areas. We also hold the Vice-Chair of the European Roundtable for Sustainable Beef, are founding members of the Food Industry Initiative on Antimicrobials, and our Aquaculture & Fisheries Senior Manager is Co-Chair of Global GAP Aquaculture Committee, which we have been part of since its inception.

### SPOTLIGHT ON OUR ANIMAL WELFARE INITIATIVES

We're undertaking a wide variety of initiatives and partnerships which continue to drive standards and innovation in the care of animals to enhance their lives.

Progress this year included:

- 80% of our prawns destined for the UK market were stunned using the electric stunner that we received the Compassion in World Farming Innovation Award for implementing in 2021.
- 'We supported the Hilton Foods auditors by providing internal and external training in animal welfare assessments, both to upskill their general knowledge and to give audit specific training on this topic. Species specific experts also carried out shadow audits with the auditors to enhance their learning.
- Foods Connected found new ways to use existing tools to meet the growing needs of their clients, including using biosecurity surveillance mapping to understand the impact of avian Influenza protection zones, and using multiple tools to digitise access of company policy and procedure at farm level. This allows producers to live-capture traditional flock card data.

 **FOODS  
CONNECTED**





## ENHANCED ANIMAL WELFARE PROGRAMME AND OUTCOME SYSTEM

**In 2021, we developed the Hilton Foods Animal Welfare Supplier Standard for cattle, sheep and pigs so that we could help our retail and food service customers enhance their animal welfare due diligence. We completed seven trial audits to ensure the standard was fit for purpose, and that our auditors and suppliers understood what was expected for all elements.**

We began to roll this out and have completed 58 audits altogether; 48 cattle audits, four pig audits and six lamb audits. Of this, 40 achieved a green rating, we worked with all of our suppliers to close their non-conformances and have successfully closed out all of our audits ensuring continuous improvement.

Building on auditor training completed in 2021 to enhance the expertise of our auditors, we had species-specific experts shadowing audits, in addition to online and specialised training in areas that the auditors found challenging, such as animal handling.

We continue to utilise Foods Connected to build our Animal Welfare Outcome system across cattle, sheep and pigs that enter our supply chains. Foods Connected allows us to develop efficiencies in the reporting processes we use with our suppliers.

The adjacent table gives some examples of the data we collect.

What	Why	Species
Average Transport Time	There is considerable evidence that animal welfare may be compromised by excessive transport times, and for this reason we have oversight of all transport times.	Cattle, Sheep, Pigs
Animal Handling (Slips and Falls)	Slips and falls can directly impact the health of the animal, causing physical injury and stress.	Cattle, Sheep, Pigs
Casualty/ Detained Animals	It is essential to animal wellbeing that any animal displaying physical injury does not undergo travel, a significant stressor.	Cattle, Sheep, Pigs
Goad Use	The limited use of handling aids is a key welfare objective; excessive use can be indicative of poor handling design or poor employee understanding.	Cattle



# 40/58

40 of a total of 58 audits achieved a green rating





## NATURE POSITIVE

**2022 saw the protection and restoration of nature become a leading sustainability topic. The COP15 UN Biodiversity Conference in Montreal delivered a landmark global framework for nature recovery and included a requirement that all large companies assess and disclose their risks, impacts, and dependencies on nature by 2030.**

Meanwhile, the Taskforce on Nature-related Financial Disclosures (TNFD) is working to provide a framework for organisations to report risks from biodiversity loss and ecosystem degradation, and the Science Based Target Initiative has added nature to its target-setting framework.

All of this, as well as the links we have to nature as a business, means we are acting now to reduce and remove the drivers that lead to the degradation of nature.

That means taking a holistic approach to protecting and restoring nature, working with partners to improve our stewardship of land and sea; promoting biodiversity; and addressing deforestation, where we've scored a B- with CDP Forests; and working together with industry to set better standards.



## SPOTLIGHT ON SOY

**Our Sustainable Protein Plan commits us to eliminating deforestation from the conversion of natural forest to agriculture or livestock production.**

We recognise this is a significant challenge and that we need to work collaboratively with all stakeholders to ensure this transition.

It is for this reason that we are founding members and board members of the UK Soy Manifesto and the Soy Transparency Coalition, who bring together stakeholders in the food system around common commitments to agree industry-wide implementation plans.

Great progress has been made in the agreement of the joint transition plan to enable our farmers to purchase 100% deforestation and conversion free (DCF) soy in the UK. We have aligned our UK commitment to the manifesto requirements and publish progress annually. This year we published our UK Commitment to Sourcing Deforestation and Conversion Free Soy which details our commitment and implementation roadmap.

We've already made progress. All of our salmon comes from segregated DCF sources. In 2022 a significant proportion of our warm water prawn supply chains sourced from segregated sources and we are working towards 100%.

In 2023 the group has committed to produce a quarterly soy deforestation risk register for UK soy imports, tracking the UK's progress in the importation of deforestation and conversion free soy. We also agreed to a joint transition plan, coordinated by a high-level cross-supply chain governance group, with support of expert stakeholders to monitor and review the transition, ensuring the risk and responsibilities are shared.

For beef, we have aligned a UK cattle industry soy commitment in the UK Cattle Sustainability Platform. We have also developed a working group to focus on how to enable our farmers to responsibly source soy.

30

sites across Devon and County Down have had Chirrup boxes installed







## PROTECTING ECOSYSTEMS WITH CHIRRUP.AI

Hilton Foods has partnered with technology start-up Chirrup.ai, through the Tesco-WWF Sustainability Innovation Fund.

Chirrup.ai uses cost-effective technology to monitor birdsong as a biodiversity indicator for grassland-based farming. Acting like a robot ecologist, a Chirrup box is placed in an appropriate place on the farm, where ambient sound is recorded and used by artificial intelligence to identify the population of each of the species it detects. This allows us to assess the ecosystems, health, measure natural productivity and build improvement plans for the farms where Chirrup boxes are deployed.

Chirrup boxes have been deployed to 30 sites across dairy, beef and sheep systems in Devon and County Down. Over the winter the team have been focused on refining the physical monitoring process. Throughout spring 2023, we will support Chirrup with revalidation and the building of a standard for the use of this new technology.



## LEMON SOLE AND PLAICE FISHERY IMPROVEMENT PROJECT

Hilton Seafood UK is an active collaborator in fishery improvement projects (FIPs). Sourcing from environmentally sustainable sources is an important part of our seafood strategy.

Over 98% of our wild-caught fish is being certified to the MSC Standard, with the remainder actively being brought up to certification standards through further FIP activity. The MSC Standard is considered to be one of the most comprehensive environmental standards for responsible sourcing in wild capture fisheries. FIPs enable fisheries to develop actionable plans to work toward MSC certification, through collaborative engagement.

In 2022 we were involved in the FIPs for lemon sole and plaice, both led by Project UK.

Project UK has provided a platform to collaborate with the fishing industry, scientists and NGOs, to achieve an environmentally sustainable future for UK fisheries.

A Marine Stewardship Council (MSC) pre-assessment was commissioned to develop an action plan for each fishery, which identifies actionable improvements. Since 2017, Project UK for lemon sole and plaice has achieved 21 of the 28 MSC Principles, which any fishery needs to achieve certification.

Over the next year Project UK members will focus on improving the management strategy for the fishery, influenced by re-negotiations post-Brexit.

# SUSTAINABILITY REPORT

## PRODUCT

**Our aim is to provide the high quality, nutritious and affordable proteins that society needs, in a way which limits impacts on the environment.**

This year alone, our protein products reached an estimated 160 million people and we continued to seek out new ways to provide consumers with a broader range of healthy, delicious proteins and sustainable alternatives.

We are working with our suppliers in the UK and Europe to limit our environmental impact, including reducing the amount of packaging in our products and increasing the amount of recyclable material we use, as we work towards a circular economy.

Our efficiency programmes at all sites have continued to minimise food waste and reduce our consumption of energy and water, sharing best practice across our company and making the most of our global network.

### ALIGNMENT WITH THE UN SDGs

	<b>7.2</b> By 2030, increase substantially the share of renewable energy in the global energy mix
	<b>12.3</b> By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses
	<b>12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

## BALANCED HEALTHY DIETS


**Efficient regenerative food systems producing more accessible and nutritious proteins**

### 2025 Targets

Doubling in sales of plant based, vegetarian and flexitarian (vegetables added to products that were previously 100% meat or fish) products compared to a 2020 baseline

Assess health and sustainability attributes of all of our proteins to provide consumers with the facts on their role in a diet that is healthy for us and the planet



 Read more about how we are innovating to provide consumers with healthy food choices **page 65**

## CIRCULAR PACKAGING

Developing a circular economy for packaging and actively bringing waste materials back into use across our full value chain

### 2025 Targets

Reduce direct packaging waste by 30% compared to a 2020 baseline

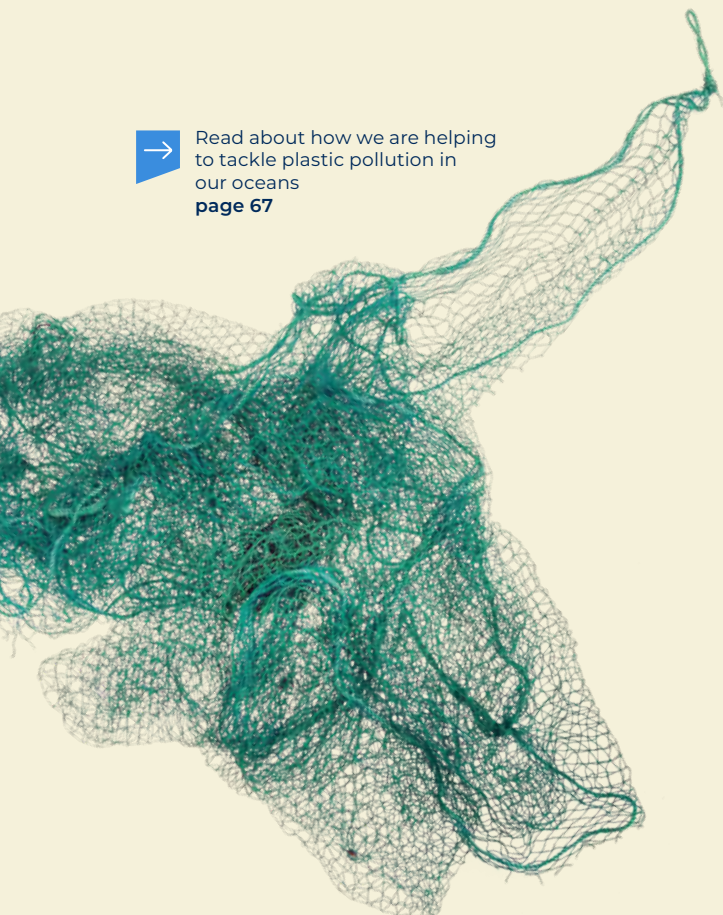
Drive demand for circular tray-to-tray recycling and actively prioritise the use of circular material

All our retail packaging will be fully reusable, recyclable or compostable

Achieve a minimum of 50% average recycled content across all plastic packaging

Reduce the weight of our plastic packaging while ensuring it remains fit for purpose

→ Read about how we are helping to tackle plastic pollution in our oceans  
page 67



## RESOURCE EFFICIENCY

Optimising food waste and use of packaging, energy and water across sites, supply chains, and in consumers' homes

### 2025 Targets

Improve energy efficiency in our facilities by at least 10% compared to a 2020 baseline

Improve water efficiency in our facilities by at least 10% compared to a 2020 baseline

Halve our factory generated food waste by 2030 compared to 2019 in line with the Champions 12.3 commitment to deliver UN SDG 12.3



→ Read more about what we are doing to conserve water  
page 68





## BALANCED HEALTHY DIETS

**Our Sustainable Protein Plan was developed around the idea that we have a responsibility to make it easier for consumers to identify healthy and sustainable protein options.**

To do this, we have continued to build our science-based knowledge on the positive role of each protein we produce, within a balanced diet, to inform our product development.

This year, the rise in cost of living has put pressure on consumer and household spend. According to consumer research completed by GlobalData, 58% of global consumers now follow a stricter budget when grocery shopping, up 5% on last year. Beef and lamb have been amongst the top eight items impacted by 'till shock', which means consumers have continued to be surprised by prices for these products.

In this context, it is all the more essential that we offer a range of healthy and affordable protein options to consumers. With this in mind, this year we continued to produce innovative new products like 'Facon', a plant-based 'bacon' and the high-fibre products in Poland, providing consumers with a broader range of healthy, delicious proteins.

With our investment in Cellular Agriculture Limited, we have continued this commitment to diversify into sustainable alternatives. We are working to better understand the positive environmental impacts and therefore the opportunity cultured meat presents.

# 23 of 31

of our products in Poland supplied to our customer Zabka have Nutriscore labelling with either an A or B score



# AGILITY DEVELOPMENT

## SPOTLIGHT ON HEALTHIER CHOICES IN DIFFERENT GEOGRAPHIES

**We are innovating to provide consumers with healthy food choices in line with the dietary recommendations in each of the markets in which we operate. This includes ranges of affordable products with lower fat and salt.**

All our products in Hilton Foods UK and Hilton Seafood have been benchmarked against High Fat, Salt and Sugar (HFSS) guidelines and we have been reformulating products to make them healthier. In addition, all new products are being developed with HFSS compliance in mind within the UK.

In Poland, we have partnered with Żabka, to benchmark all our products against Nutriscore, a nutritional label that aims to help consumers make healthy choices by assigning products a rating of A to E, with A representing the most nutritious product, and E the least. Products with high content of fruit and vegetables, fibre, protein and healthy oils such as, rapeseed, walnut and olive oils, contribute to positive scores. In contrast, ingredients with a high sugar, saturated fat and sodium, promote a poor score. Of our 31 products in Poland with Nutriscore labelling, we have nine products with A score; 14 products with B score; five products with C score; and three products with D score.

Hilton Foods Sweden partnered with ICA to use more local Swedish ingredients in our vegetarian and vegan products, and alongside Hilton Foods Dalco, developed new recipes using a Swedish pea protein. This product has now launched in-store in Sweden, and is our first step towards providing consumers with more locally grown vegan and vegetarian products.

At Hilton Foods Denmark, 39.1% of our products carry the Keyhole mark, the Scandic markets' label for healthier foods. This product label demonstrates to the consumer that the product contains less sugar and salt, has more fibre and wholegrains, and has either healthier or less fat than other products of a similar type. At Hilton Foods Sweden, 30.4% of products hold the Keyhole mark.



HILTON  
FOODS  
UK

HILTON  
FOODS  
DALCO

## SPOTLIGHT ON CONSUMER INSIGHTS FOR NPД

**Despite the rising cost of living, our research this year continued to show that health and sustainability continue to be increasingly important to consumers.**

In 2022 energy prices rose across many of our markets and consumers became more acutely aware of the cost of cooking food and a desire to reduce energy consumption. Consumer behaviours to mitigate increased energy costs are translating into more sustainable behaviours, such as reducing energy consumption. We have responded to this in the slow cooked category by innovating to reduce cooking times.

We have also seen an increase in home-cooking. Our chefs and product developers have been focused on creating quick and convenient solutions to aid home-cooking, for example, in the UK, introducing curry and beef stir fry strips and chicken shawarma pieces.

Our Sustainable Protein Plan commits us to increasing the sales of our vegetarian and vegan product range. In 2022, we launched 60 new vegetarian and vegan products. In the UK, our research identified an opportunity with Tesco for a new vegan bacon product.

Our aim was to have the best tasting product and with a nutritional profile beyond that of the best-selling competitor on the market. After 15 months of innovation from teams at Hilton Foods UK and Hilton Foods Dalco, we invested in an extrusion line for producing the vegan bacon. Launched in January 2022 as part of Tesco's Veganuary campaign, the product is now one of our top-five selling plant-based products in the UK.

We were delighted that Tesco consumer research has demonstrated that it was the best plant-based alternative to bacon in the market when compared to own label and branded alternatives.





## CIRCULAR PACKAGING

**At Hilton Foods we are committed to reducing the amount of packaging material we use while continuing to deliver safe, high-quality products. Packaging is essential in reducing food waste but we recognise how important it is to balance this against the negative impact it can have on the environment.**

To enable the best use of resources we are actively implementing circular principles across our value chains. Through a systems approach, aligned to sustainable design principles, we consider the product's primary use alongside its secondary life. To maintain leadership in natural fibre packaging, we also ensure that 100% of the paper and board we use comes from certified sources.

On plastics, we work with partners to explore: reduction, reuse and recycling options for all packaging material we use, reducing plastics leakage into the environment and addressing the impacts of micro and nano plastics on the marine environment.

Our plastic packaging contains more than 70% recycled content. This includes 30% recycled content film in Hilton Foods UK and Fairfax Meadow products, reducing our virgin plastic use by 74 tonnes each year. We also launched padless meat trays in the UK, the first product of its kind to market for red meat, which will improve the recyclability of 10 million trays annually and reduce emissions from disposal of used pads.

This year, Hilton Foods UK and SoHi introduced new trays containing 24% less plastic, which will reduce the amount of plastic we use by 274 tonnes per annum. We have also progressed on the journey to circularity with the launch of preformed trays supplied at Hilton Foods Sweden and Hilton Foods Denmark which are made of 100% recycled plastic including a 10% tray to tray content.

A partnership approach is essential and we continue to engage with others to find new solutions to old problems. We contributed this year to the work being undertaken at Heriot-Watt University, which seeks to understand the prevalence of microplastics across the marine environment, the implications for humans, and actions we can deliver in our value chain to reduce this. We are also a signatory to the UK Plastic Pact and the European Plastics Pact and a member of the Australian Packaging Covenant Organisation.

## BUILDING A CIRCULAR PACKAGING SYSTEM IN AUSTRALIA AND NEW ZEALAND

**In 2022, the transition to single material packaging at our APAC operations was classified as 100% recyclable by local recycling services. This classification will stop up to 3,515 tonnes of plastic trays going to waste every year.**

By collaborating with our Australian and New Zealand packaging suppliers, we have been able to develop new opportunities to better recycle plastic packaging and incorporate recycled materials into packaging.

During the project, we validated that plastic trays can be recycled with the plastic films still attached, an industry-first, which encourages consumers to use kerbside recycling services. This supports the diversion of 3,245 tonnes of plastic film from landfill each year.

Across our APAC business, 96% of the packaging materials used are now recyclable and we use up to 90% recycled content in our packaging trays. Our efforts have been recognised by the Australian Packaging Covenant Organisation (APCO), who awarded the APAC operations with the APCO Annual Award 2022 for Highest Performing New Member. This award recognises outstanding actions and contributions made by organisations against the packaging circularity targets set by the Australian government.

3,245

tonnes of plastic film can be diverted from landfill

96%

of the packaging materials used across our APAC business are now recyclable





## UPCYCLING OCEAN PLASTIC POLLUTION INTO OUR PACKAGING

During 2022, we worked with one of our strategic packaging suppliers, Klockner Pentaplast, and charity, Keep Sea Blue, to upcycle discarded plastic collected from beaches, coastlines and coastal communities around the Greek Mediterranean islands. Discarded plastic waste such as drinks bottles that pollute the oceans are collected and recycled for use in Tesco's fresh fish packaging.

The discarded material is collected by a network of 56 collectors and eco-service providers as well as volunteer organisations involved in beach clean-ups. Quantities, dates and locations of the collected plastic waste are recorded in detail through a blockchain platform by each of the collectors and ensures full traceability.

The PET share of the waste is carefully sorted, grinded, washed and recycled and goes back into food-grade packaging materials. By supporting this initiative and the collecting companies to collect this waste, we can avoid leakage into the sea and reduce the potential harmful impact on local ecosystems. The packaging was launched in November 2022 and contains at least 30% recycled coastal plastic. This is expected to remove around 240 metric tonnes of plastic from the environment each year.

# 30%

**Selected fresh fish packaging at Tesco will contain at least 30% recycled coastal plastic**



**Above** Keep Sea Blue people/volunteers collect discarded plastic from coastal areas for use in recycled packaging.



## RESOURCE EFFICIENCY

**We are committed to reducing the resources used to create our products, by minimising food loss and waste and using energy as efficiently as possible.**

To deliver against our 2025 Sustainable Protein Plan, we work with partners across our value chain to reduce waste and ensure water resources are managed in a responsible and equitable way.

To target food waste hotspots in our factories, we are running projects on sites at Hilton Foods Ireland, Fairfax Meadow and Hilton Seafood UK, to distribute surplus stock to local charities. Working with Foods Connected and other partners, we are also effectively monitoring waste, energy and water consumption across our sites, to allow us to target action accurately.

A central focus for optimising resource use is embedding an efficiency-first culture across all our facilities. We are rolling out energy efficiency programmes aligned to ISO50001:2018, providing our factory teams with a structured framework to achieve reductions and share knowledge. In the long term, we have developed capital investment and energy procurement plans to provide a clear roadmap to net zero for all Hilton Foods sites.

In 2022, we made strong progress. 62% of our electricity came from renewable sources. This includes the installation of a new 1.5 MW solar array at our SoHi site, in addition to existing arrays at Hilton Foods UK, Hilton Seafood UK and Hilton Foods APAC - Heathwood, which together generated 2,714,295 kWh of clean electricity, enough to power almost 250 homes for a year.

Processes within our factories are also generating significant energy efficiencies. We are optimising washing facilities and procedures, optimising our compressed air systems, improving our vacuum packing facilities, reutilising waste heat, improving refrigeration and implementing efficient door controls. This has allowed us to save 2,756,000 kWh of gas and 1,072,000 kWh of electricity across sites. We continue to learn and implement these solutions across more and more sites, generating additional energy savings.



# 10%

We are committed to delivering our 2025 targets of improving water efficiency in our facilities by at least 10% from a 2020 baseline

## WATER CONSERVATION IN AUSTRALIA

**We are committed to delivering our 2025 targets of improving water efficiency in our facilities by at least 10% from a 2020 baseline, in line with our resource stewardship principles.**

We aim to set an industry benchmark in water efficiency and continue to challenge ourselves to reduce the water intensity of our operations.

Australia is a country prone to drought, so water is a precious resource. We are working to reduce the water intensity of our operations and strive to achieve best practice in wastewater management.

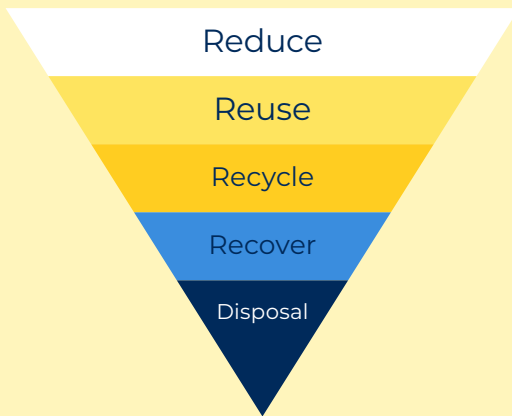
Weekly monitoring and reporting of the water used per kg of product in daily operational reviews has embedded the consideration of water consumption in our operational culture. This has helped us identify inefficiencies with equipment so these can be rectified. The rollout and ongoing improvement of our submetering programme continues, which will provide us with more detailed information on the efficiency of our manufacturing processes.

We have identified our most water-intensive processes and we have plans in place to reduce the intensity of those processes, which will also reduce the quantity of wastewater generated. We are also investigating rainwater harvesting opportunities for non-potable water use in our operations during 2023.





## Our waste hierarchy



# <1%

Our APAC operations target <1% of total volume handled and distributed to be wasted

# 600t

We have doubled the recycling rate of non-food waste compared to 2021 levels, diverting 600 tonnes of waste from landfill

## REDUCING OUR WASTE

As one of the largest protein processors in Australia, we know animal protein is a precious commodity and we have built a culture of respect for the product we handle, process and distribute.

We have set ourselves a target to halve our food waste across global operations this decade. Our Hilton Foods APAC operations target <1% of total volume handled and distributed to be wasted, as part of a region-wide approach to lead in resource efficiency. We have been able to achieve this target by engaging employees at all levels, identifying the root causes for food waste generation and working flexibly to adapt our processes. We have implemented processes to recover product packed as part of new product development trials rather than disposing of the product as waste.

We have also focused on applying the waste hierarchy to reduce the total waste in our sites and increasing site-based recycling rates. A project at our Hilton Foods APAC facilities increased waste recycling rates through improved waste segregation practices, improved signage and training. We worked closely with our service providers to identify and engage local recyclers with the capability to process packaging waste. As a consequence, we have doubled the recycling rate of non-food waste compared to 2021 levels, diverting 600 tonnes of waste from landfill. We are now working to share the learnings from APAC across all operations to ensure a global approach to best practice in resource efficiency.



**Above** Clearly labelled segregated recycling bins across our Australian sites to increase recycling rates and reduce total site waste.

# SUSTAINABILITY REPORT

## FOOD SAFETY AND QUALITY

### OUR QUALITY POLICY

Hilton Foods is committed to working in an ethical, open and honest manner to produce products of the highest food safety and quality. This is underpinned by our Group Quality Policy which outlines our commitment across the Group to ensure:

- Food safety, product quality, legality and integrity;
- The achievement of customer satisfaction by adherence to product specifications and service requirements;
- Adequate resources in the pursuit of continuous improvement for our products, processes and our people; and
- A programme to develop a food safety culture.

Our commitment to food safety and quality combined with our first-class manufacturing facilities and our customer focus makes us the first choice for our retail partners.

Managerial responsibility and accountability for our product safety and quality policy sits with the Chief Quality & Sustainability Officer, a member of the Executive Leadership Team (ELT).

### FACTORY STANDARDS AND QUALITY SYSTEMS

Our specialised processing and packing facilities are designed with a focus on hygiene and temperature control, including a high degree of automation and robotics which drives efficiency and minimises handling. This means we have industry leading food safety and ensure the quality throughout shelf life for our customers.

Our people are our most important asset to ensure high quality and safety, and our focus is on training everyone to be responsible for the quality of our products, assisted by highly qualified and experienced quality assurance teams. By automating our quality assessment and labelling systems; we ensure consistent adherence to customer specifications and reduce the risk of label errors.

All of our sites have achieved certification to a Global Food Safety Initiative (GFSI) recognised scheme and are also benchmarked by our central audit team to our own standards to ensure excellence across the Group. Our customers frequently visit and audit the sites that supply them and we value the opportunity to demonstrate that Hilton Foods consistently meets their expectations.

Our sites have facilities for organoleptic and physical assessment, and many have laboratory facilities for microbiological and chemical testing, all with trained personnel and appropriate local accreditation.

We set clear specifications and monitor the raw materials used in our products. Samples are assessed based on risk assessment for microbiological standards, and a range of authenticity tests including speciation testing and screening for adulteration using chemical and DNA methodologies. These tests are used to evaluate new supply chains and to monitor existing ones. These tests at accredited laboratories are used to assess the performance of suppliers and achieve continuous improvement. We are members of the Food Industry Intelligence Network where we compile industry-wide compliance statistics and share intelligence on suspected food fraud.

We have a comprehensive product recall policy and mechanism, that is verified by simulated tests, and is integrated into our wider business crisis management systems.

To ensure we have access to the latest food science, we are members of Campden BRI, the Danish Meat Research Institute and Teagasc Ireland. We are also engaged with developing regulations and trade rules through our trade association membership, the British Meat Processors Association and Food and Drink Federation, with further sector support from the UK Seafish Industry Authority.

### PRODUCT STANDARDS

Our innovation teams include qualified chefs covering each of the food categories we produce, and we share expertise in product and process development across the Group. They utilise our market insight teams and consumer focus groups to ensure our new product launches have a high degree of success.

We only use ingredients and additives where required to increase food safety and ensure product stability and quality. We comply with our customers' lists of prohibited additives, and actively reformulate where we can to remove artificial ingredients and unnecessary additives. Where possible we eliminate known allergens and clearly label them when present.

We are reformulating products to reduce the total salt and fat in food, and increase fibre in line with customer health targets.



# SUSTAINABILITY REPORT

## SUPPLY CHAIN INTEGRITY, ENVIRONMENTAL IMPACT ASSESSMENT AND TRACEABILITY

We partner with suppliers that share our commitment to quality, food safety, animal welfare and sustainability and we clearly state the standards we expect. We have full traceability back to the farms and fishing vessels that supply the slaughter operations and primary processing factories. This ensures that consumers can trust the products we produce.

Our supplier approval process gives us full transparency on the safety, quality, and the provenance of the raw materials we use against the Hilton Foods Supplier Standards. We audit suppliers at a frequency determined by risk assessment which looks at a combination of raw material and supply chain threat and vulnerability, horizon scanning and supplier history. The majority of our suppliers are certified against GFSI benchmarked standards by independent audit bodies.

For new suppliers, our policy is to take GFSI-certified suppliers and audit them against our standard. Where we use smaller, local suppliers, we sometimes take from non-GFSI certified sites, but we monitor these using a combination of a Hilton Foods Supplier Standards audit and self-assessment questionnaires. The current GFSI certification status of our meat and seafood supply chains is 89% and for ingredient suppliers is 90%. These audit processes have been in place for more than four fiscal years.

We work alongside our suppliers to address the footprint of our supply chains including factories, abattoirs and farms, and we are building decarbonisation and water stewardship plans for each sector with our key suppliers.

All farms, livestock facilities and slaughter facilities for farm animals, supplying Hilton Foods UK, Ireland and Sweden, and the majority supplying to the other European and Australian markets are certified to independent farm assurance schemes. In some instances, a higher standard of farm assurance is required such as welfare schemes or organic standards.

We have developed livestock farming and abattoir welfare standards in partnership with our retail customers. 100% of our livestock slaughter facilities are audited by a welfare qualified auditor. This can be to the Hilton Foods Supplier Standard using our own team of welfare-trained auditors; an independent audit using a dedicated second party; or by auditors employed by our retail partners.

We disclose all of the fisheries and fish farming areas that we buy from on the Ocean Disclosure Project website. We have built our own fisheries risk assessment tool in accordance with the Sustainable Seafood Coalition Codes and BSI PAS 1550 standard, both of which we helped to develop. It combines data sources for fishery stock assessments, fishing effort, impact of fishing gear, and risk of illegal fishing (for eliminating illegal unreported or unregulated fisheries). Hilton Seafood UK has signed to support the Environmental Justice Foundation Charter for Transparency.

Over 98% of Hilton Seafood UK wild capture volume is from certified fisheries and we help fund and actively participate in fishery improvement projects to bring the remainder of our supply to certification. We hold Group Marine Stewardship Council certification for all of our manufacturing facilities that use fish.

Over 99% of our farmed fish and shellfish are from certified farms (ASC, GlobalGAP, or BAP). Hilton Seafood UK carry out additional audits by its qualified fish welfare officers.

# SUSTAINABILITY REPORT

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

### INTRODUCTION

**Hilton Foods recognises that anthropogenic emissions are driving climate change and that governments, industry and wider society need to act together to mitigate the effects. We have already set Science Based Targets verified by the Science Based Targets initiative (SBTi) which are aligned to a 'well below 2°C' pathway for our Scope 1 and 2 emissions and those related to Scope 3 purchased goods and services category. These include near-term targets for 2030 and a target for net zero for our own operations and our supply chains by 2050.**

In 2023, we are revising our near term Science Based Targets to align with the SBTi's new minimum ambition for corporate targets of '1.5°C' above pre-industrial levels and will reaffirm our long-term target of net zero across our value chain by 2050 or earlier. Once finalised and approved by the Board and verified by the SBTi, we will disclose our new targets and details of our transition plan, which will outline the initiatives, timing, and strategy to achieve this ambition.

The development of our planned mitigation activities in this area is already advanced. Following a lifecycle analysis and decarbonisation modelling of our operations and key supply chains, site-level pathways have been developed and roadmaps for emissions reduction related to the animal protein we handle are being developed at a species level. We expect to submit new targets to the SBTi for verification during 2023. Further details of our planned key emissions reduction drivers can be found in Strategy: Transition Risks.

In line with the 'Task Force on Climate-related Financial Disclosures' (TCFD) recommendations and Listing Rule LR 9.8.6R(8), Hilton Foods has provided information to stakeholders on the potential climate-related risks and opportunities for our global food business and value chains, and our relevant governance structures related to our net zero ambition, in turn helping them to make informed decisions. We set out below our climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures as detailed in 'Recommendations of the Task Force on Climate-Related Financial Disclosures', 2017, with use of additional guidance from 'Implementing the Recommendations of the Task Force on Climate-Related Financial Disclosures', 2021. This year, we have enhanced our analysis of our physical risks, as detailed below. Detail on the 11 recommended disclosures can be found on the following pages:

Recommendation	Reference
<b>Governance</b> Disclose the organisation's governance around climate-related risks and opportunities	Page 45 and 72 - 73
<b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	Page 74 - 82
<b>Risk Management</b> Disclose how the organisation identifies, assesses, and manages climate-related risks	Page 73
<b>Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Page 83

### GOVERNANCE

**Our CSR governance structure, which covers climate change is outlined in detail on page 45.**

#### **The Board's oversight of climate-related risks and opportunities**

The Board, led by our Chair, Robert Watson, is responsible for the long-term success of the Group and has ultimate responsibility for climate-related risks and opportunities. The Board meets no less than eight times a year and provides rigorous challenge to management on progress against goals and targets, and ensures the Group maintains an effective risk management and internal control system, including over climate-related risks and opportunities. The Board has an ongoing review process for principal risks, including climate change (p.45). This is supported by a further in-depth annual assessment. Climate-related issues form part of the Board agenda when appropriate. Oversight of certain sustainability matters are delegated to principal committees: the Sustainability Committee has oversight of climate related strategy and the Audit Committee supports the Board in relation to climate-related risks. Individual Board members have experience relevant to climate risk management, including financial, supply chain, sustainability, and general governance roles across a range of industry sectors including global retailers and their suppliers (see Board of Directors, biographies on page 94-95). In addition, the Board received training on the Group's climate challenge, key and upcoming legislation, trends and how we are responding as a business. For more details of how climate change is considered in executive pay please see page 44 in the Sustainability report.

#### **Sustainability Committee**

From a strategic perspective, climate-related issues are discussed within the Sustainability Committee, which is chaired by Non-Executive Director, Rebecca Shelley, who has substantial ESG experience to inform Board discussions having led Tesco's CSR strategy and delivery programme internationally for four years and established sustainability programmes for financial services companies including Prudential.

The Committee meets at least three times per year and monitors the progress and performance of the Group's sustainability strategy and key initiatives for reducing Hilton Foods, climate footprint and that of our supply chains. The Committee also reviews our reported KPIs as outlined in Metrics and Targets below. The Committee Chair informs the Board of our strategy and progress every three months.

### Management's role in assessing and managing climate-related risks and opportunities

Our Chief Executive, Philip Heffer, has responsibility at the management level for climate change and environmental issues. As part of our commitment to sustainability, he leads our positive response to addressing climate risk and opportunities. Day-to-day governance of climate-related issues are delegated to the Executive Leadership Team, which oversees the strategy to meet climate targets, and aligns our product portfolio to shifts in demand.

Divisional CEOs are responsible for climate-risk identification and mitigation at site level, while the CSR team led by the Chief Quality and Sustainability Officer is responsible for climate risk mitigation across our supply chains. These teams oversee carbon reduction projects in partnership with customers and suppliers, and members of the team hold governance roles within industry collaborative forums.

Climate-related issues are monitored by the Group CSR team and mitigation strategies are developed for approval by the Executive Leadership Team and reported by the Group Sustainability Director to the Sustainability Committee.

### Processes by which management is informed about climate-related issues

In addition to the above information flow, management is also advised by our internal experts in areas such as energy procurement, sustainable agriculture, and supply chain insight. Additionally, management takes external advice from specialist consultants, who advise on climate risk and appropriate mitigations. Management is involved in national, regional and global associations and forums, providing scientific information on relevant risks and mitigations; more detail on our collaboration may be found on (pp. 56-69).

## RISK MANAGEMENT

### Audit and Risk Committees

Climate-related risks are identified, monitored and their mitigation strategies are reviewed within the internal audit and risk management function, which ensures the full integration of climate-related risks into the Group's risk management framework. The Group Internal Audit and Risk Director executes a key role, supported by the Group Sustainability Director, in ensuring that management are identifying, mitigating, monitoring and reporting on all key risks including climate change. Through this process they coordinate the agenda for the Risk Management Committee that allows management to present their activities to mitigate the risks. They then assess the effectiveness of these activities independently to report to the Audit Committee and Board. The Audit Committee determines risk categorisation and mitigation measures before final Board approval. The Risk Management Committee and the Audit Committee both meet four times per year, and climate change is discussed and monitored at all Audit Committee meetings as one of our principal risks.

### Our processes to identify, assess and monitor climate-related risks

The assessment of climate-related risks is a collaborative effort across business functions and allows for consideration of a risk's likelihood of occurrence, timescale, and magnitude of potential impacts. This process determines the categorisation of principal and emerging risks for final approval by the Board. For magnitude, climate-related risks and opportunities are assessed using the criteria below.

Hilton Foods considers climate-related risks and opportunities in all physical and transition risk categories, both current and emerging, and whether they occur upstream, within, or downstream of the Group's operations. Existing and proposed legislation and regulatory requirements are continually monitored in order to determine changing compliance requirements, such as controls on emissions and deforestation, or product environmental labelling. In combination, this information helps in the determination of the management treatment of risks and helps prioritise resources in managing the most material climate-related risks. Risks are subject to continual refinement and quantification over time, which assists in any required incorporation of climate-related risks into the Group's overall budgeting, strategy and financial statements.

### Climate risk assessment

We assess the relative magnitude of climate-related risks and opportunities using the below scale. This is distinct from the quantifiable indicators used to define our principal risks. This scale accommodates the larger potential impact of climate-related risks on the Group, allows for a greater delineation between climate-related risks that would otherwise all be classified as being at 'High' risk under our principal risk matrix and allows for their relative significance in relation to other Group risks to be better reflected.

Magnitude	1 Low	2 Medium	3 High
Impact	<ul style="list-style-type: none"> <li>No regulatory impact</li> <li>Immaterial financial loss with limited impact on business operations or key customers</li> <li>Minor adverse comment in local media</li> </ul>	<ul style="list-style-type: none"> <li>Moderate regulatory or legal obligation</li> <li>Moderate impact on relationships with customers with minimal effect on the strategic and financial health of the business</li> <li>Unfavourable coverage in national media</li> <li>Minor disruption to services</li> </ul>	<ul style="list-style-type: none"> <li>High potential for disclosure to market, resulting in significant penalties and high likelihood for a fall in share price</li> <li>Loss of key customers as well as very significant contracts</li> <li>Widespread critical coverage in national/international media</li> <li>Closure or suspension of business operations</li> <li>High staff turnover or departure of key personnel</li> </ul>

# SUSTAINABILITY REPORT

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

### continued

#### STRATEGY: APPROACH

Hilton Foods recognises that climate change presents both risks and opportunities to our business, and in 2020 we introduced climate change as a principal risk. The Group is impacted by both physical and transition risks which are outlined in detail below.

For the purposes of this disclosure, we have defined the time horizons for our climate risk analysis in the following tables. These are updated to reflect the Group's climate horizons as opposed to our normal financial horizons. The short-term horizon covers our immediate in-year actions, the medium-term horizon includes our near-term business strategy, and the long-term time horizon encompasses our actions that contribute to achieving our net zero strategy, our asset life and sufficient time period for climate-related risks to manifest. Certain climate-related risks, especially some physical risks, are unlikely to materialise before the medium or long-term horizon, or may have a high degree of unpredictability both in occurrence and severity (e.g., cyclones). Our long-term modelling includes forecasting risk impacts in 2030, 2050, and for physical risks only, 2100.

Time-horizon	From (years)	To (years)
Short	0	3
Medium	3	10
Long	10+	

#### Our approach to climate scenario analysis

In accordance with the TCFD recommendations, a review was undertaken of the behaviour of certain risks under different climate outcomes. We used three public scenarios to better understand our resilience to climate change. (See the table below.)

The scenario analysis conducted this year builds on that completed in 2021, in which we looked at the likely impact on relative product cost as a result of carbon pricing and the likely changes in demand that would induce. More detail on that assessment may be found on pages 68-69 of the 2021 Annual report. We incorporate use of the more ambitious NZE scenario (from the SDS scenario used last year) as it forms an input into the 1.5°C pathway used by the SBTi against which we plan to align. Within the physical risk assessment tool used, RCP 2.6 and RCP 4.5 are used in alignment with NZE and STEPS respectively, but the approximate temperature pathways are consistent. Whilst the IEA and IPCC scenarios are not exactly aligned, there is sufficient degree of comparability that they can be considered analogous for modelling purposes. Scenarios have been supplemented with additional internal and external sources specific to each risk to inform our assumptions.

Our overall assessment is that the business remains resilient to climate-related risks in all three scenarios, especially in consideration of our awareness of the risks and our existing and planned mitigation strategies, as such there are no effects of climate-related matters reflected in judgements and estimates applied to our financial statements. The process of accommodating climate change risks and opportunities is evolutionary, not revolutionary for the business. Therefore it is incorporated into strategy and reviewed as it evolves.

Scenario	Source	Change in global mean surface temperature (°C) by 2100	Notes
Net Zero Emissions by 2050 Scenario (NZE) / RCP2.6	IEA IPCC	1.5	Greenhouse gas (GHG) emissions are strongly reduced, resulting in a trajectory consistent with limiting the temperature increase to less than 1.5°C in 2100 compared to the pre-industrial period. This provides a below 2°C scenario.
Stated Policies (STEPS) / RCP4.5	IEA IPCC	2.5	A combination of physical and transition risk impacts as temperatures rise by around 2.5°C by 2100 with 50% probability. This scenario is used as it represents a base case scenario with the trajectory implied by today's policy settings.
RCP 8.5	IPCC	4.1-4.8	GHG emissions continue to grow unmitigated, leading to a best estimate global average temperature rise of 4.3°C by 2100. This scenario is included for its extreme physical climate risk impacts.

1. IEA (2022), World Energy Outlook 2022, IEA, Paris
2. IPCC (2014), Climate Change 2014: AR5 Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change



## STRATEGY: PHYSICAL RISKS

This year we have enhanced our physical risk assessment alongside further development of our risk disclosure. With 24 facilities across the world, Hilton Foods maintains a large and diverse geographical footprint. We have used geospatial risk modelling software to analyse the Group's exposure to natural hazards such as heat stress, sea level rise, storms and drought, and how these risks may change in the future under various scenarios for global temperature rise by 2030, 2050, and 2100.

Note this software exclusively uses IPCC scenarios. The temperature outcomes for RCP 2.6 and RCP 4.5 and NZE and STEPS respectively, are broadly comparable.

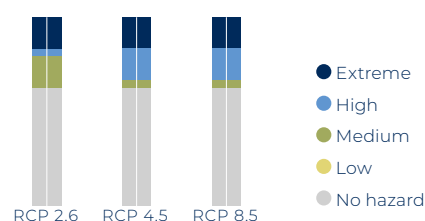
All of our sites are located in zones of low or no wildfire risk currently. Weather conditions related to increased wildfire stress may slightly increase at some sites under our base case and worst case scenarios relative to the current period, but the location of our sites in industrial zones away from vegetation mitigates direct impact from fires. Two of our sites, in Greece and Grimsby, are determined to be at a current high risk of river flooding, net of flood defences. Our exposure is not projected to increase materially across our estate under any scenarios or by any of the studied time horizons, so is not considered to be climate-related.

Our most pertinent physical risk exposure is global sea level rise, which under a baseline scenario presents a high or extreme risk to approximately a third of our total estate by 2100, concentrated in Grimsby and the Netherlands. The parameters of our modelling software mean that we are only able to model this risk to 2100, but modelling to 2100 gives some indication of what the most severe outcomes may be, which helps contextualise our response in our defined time horizons.

The Grimsby area is historically susceptible to tidal flooding from the sea, in addition to fluvial flooding from the river Freshney and New Cut Drain. Indeed, the northeast Lincolnshire area was affected by a large tidal surge in 2013. The potential for property damage to these facilities from coastal flooding is projected to increase under a baseline and severe climate scenario. Most of our sites in the Netherlands are assessed to be in 'Extreme' risk zones from storm surge, but this is a widespread regional risk and most of these sites benefit from extremely robust standards of national flood protection, reflecting the Dutch governments' significant expenditure on maintenance and reinforcement programmes. The Delta Programme to protect the Netherlands from flooding and climate-induced sea level rises has an annual budget of EUR1.25bn per annum up to 2032, with more than 55% earmarked for investment in new measures. While our two Foppen sites in Harderwijk are assessed to have less flood protection than our other Netherlands sites, we anticipate continued works by the government to mitigate risks to the Flevoland region and its surroundings.

We have explored other physical risks to our direct operations and their behaviour under various modelled scenarios and time horizons, in particular the risk of storms and drought. Recognising the significant economic and societal impact of Cyclone Gabrielle on New Zealand's North Island in February 2023, we modelled how tropical storms may affect our Auckland facility. Gabrielle had no direct impact on our site but highlighted the potential for disruption to supply. The complexity, infrequency and variability of cyclones makes them especially challenging phenomena to model, but we are able to assess that our Auckland site is at medium exposure to flash floods at present, and while exposure to cyclones with stronger wind speeds is not expected we project the maximum five-day precipitation to increase under a baseline scenario. We have additionally modelled how two of our Australian sites are projected to be increasingly exposed to drought risk, and considered how these plants may mitigate these risks especially given the relatively high water consumption at the Truganina plant which is already in a high water stress area.

### Base case scenario – % of sites at risk of sea level rise by 2100



Time-horizon	Number of sites per risk zone			Risk Index <sup>3</sup>
	RCP 2.6	RCP 4.5	RCP 8.5	
Extreme	4	4	4	35-450
High	1	4	4	16-34
Medium	4	1	1	6-15
Low	0	0	0	0-5
No hazard	15	15	15	

3. These risk scores are derived from normalising the average annual loss rates for property damage for a standard industrial business within each hazard zone, allowing for comparison of average loss potential across different locations. Locations in zones with a Risk Index value of 40 are on average expected to experience twice as high annual losses as in zones with a value of 20. However, it is important to note that as risk zones increase in severity so too do the risk bands become increasingly broad, such that an 'extreme' risk captures a much greater diversity of potential property damage than a low risk zone. Therefore, several sites in extreme zones may be at significantly variable levels of risk. Additionally, a property that moves for instance from 'medium' to 'high' risk may have experienced a slight or a large change in its risk profile.

# SUSTAINABILITY REPORT

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

### continued

#### Climate-related Physical risks

1. Extreme weather impacts on upstream supply chains	
Type	Physical (rising mean temperatures)
Area	Upstream
Primary potential financial impact	Disruptions in local supply affecting regional availability and/or pricing
Description	<p>Hilton Foods sources its products from around the world and recognises that extreme weather and the effects of changing temperature and precipitation may impact the growth of produce used in our vegetarian/flexitarian ranges, in addition to detrimental impacts on livestock through degradation of pasture, volatility in supply of animal feed, and potential impacts on welfare of livestock.</p> <p>For example, our detailed study on Australia indicates increased irregularity of precipitation and increased daily maximum temperatures may negatively impact supply of livestock, with projected declines in feed intake by 3-5% per additional 1°C above cattle's comfort zone.<sup>4</sup> Studies also indicate declining productivity of Australian rangelands of 17% under 2°C of warming, with negative impacts on livestock stocking rates.<sup>5</sup> Declines in productivity of cattle stations, and in particular sudden regional shocks to supply may increase volatility in food prices on international markets.</p> <p>Equally, climate change may affect the reliable supply of plant products; we note the shortages in early 2023 of certain vegetables in Europe as a consequence of poor weather in Spain and North Africa and anticipate that such disruption may be more frequent and prolonged with climate change.</p>
Time horizon	Medium-long
Likelihood	Likely locally in at least one supply chain
Impact	① ② Low-Medium
Areas impacted	Global
Response	<p>It is hard to quantify our direct impact or the extent by which global prices may be impacted by long-term regional impacts resulting from climate change, which would be industry wide. We assign a low-medium risk based on the potential for higher priced inputs and we continue to monitor our supply chains for potential disruption.</p> <p>We maintain flexibility in regional and global supply chains, and by not being integrated at the farm level like some of our peers, have reduced exposure to local disruptions. A large proportion of the Group's purchased meat products are sourced from northern Europe, where temperature rises are likely to be ameliorated by an increase in rainfall.</p>
2. Risk of rising sea levels to Grimsby and Netherlands sites	
Type	Physical (rising sea levels)
Area	Own operations
Primary potential financial impact	Disruption to production, increased insurance premiums, destruction of products
Description	<p>Eight coastal or low-lying sites are determined to be at high or extreme risk from rising sea levels and coastal storm surges under our base case scenario by 2100, representing a third of our total estate. Sites in the Netherlands are at extreme risk under all time horizons, but the level of national protection is high. The risk score at our Grimsby sites is projected to increase from medium to high under baseline and severe climate scenarios, which highlights risk of flood-related property damage, destruction of products, and increased insurance premiums.</p>
Time horizon	Long term
Likelihood	As likely as not
Impact	③ High
Areas impacted	UK, Netherlands
Response	<p>With the exception of the Harderwijk sites, our Netherlands sites are assessed to be protected by very strong standards of flood protection, reflecting proactive government management of coastal flood risks in the Netherlands. Specifically, our Oosterhout, Oss and Zaandam sites are protected against a 1-in-2,000, 1-in-1,250 and 1-in-10,000 year flood respectively. While the standard of protection is lower at our Grimsby and Harderwijk sites, we note that climate-related coastal flooding events are a long-term risk. We note continuous planned investment by the Dutch government on maintenance and reinforcement of flood protections, and therefore assume standards of protection will continually improve at these sites. Likewise, bodies such as the UK Environment Agency oversee flood defences on the port of Grimsby, such as concrete wave walls installed between 2013 and 2016.</p>

3. Storm risk to Auckland site	
Type	Physical (severe weather)
Area	Own operations
Primary potential financial impact	Disruption to production, increased insurance premiums, destruction of protections
Description	<p>Flooding in February 2023 in New Zealand has heightened awareness of the potential risk to our Auckland facility from storms and flooding. At present our Auckland facility is categorised as being at medium exposure to flash floods, and our modelling suggests increases in maximum five-day precipitation at the site by 11% and 14% under 1.5°C and 2.6°C scenarios respectively (by 2030). When measuring severity by wind speed, the site is at a low exposure (142-184km/h) to tropical cyclones, and medium exposure (121-160km/h) to extratropical cyclones. Tropical wind speeds are not projected to increase at the facility under any modelled scenario or time horizon.</p> <p>Increased frequency or severity of severe weather events may increase insurance premiums, supply chain disruption, or damage to the facility or stock losses. At the extreme, potential downtime may present supply disruption to our New Zealand based customers.</p>
Time horizon	Short term
Likelihood	Likely locally in at least one supply chain
Impact	2 3 Medium-High
Areas impacted	Auckland
Response	While we project increased precipitation at our Auckland facility, and no increased wind speeds from tropical cyclones, we note that such storms are challenging to model given their infrequency, high degree of random variability and complex interrelation of underlying small-scale physical processes. <sup>6</sup> We will continue to proactively monitor projected changes to this risk and our business continuity plans at the site, which will include planning and carrying out validation scenario exercises.
4. Drought impacting Australian facilities	
Type	Changes in precipitation patterns; rising mean temperatures (water scarcity)
Area	Own operations
Primary potential financial impact	Disruption to production
Description	Our sites in Australia operate in locations where the risk of water scarcity is expected to rise, with more infrequent precipitation events and increased annual maximum temperatures under all scenarios. Analysis indicates our Melbourne (10% of our global abstracted freshwater) and Bunbury (3%) facilities are respectively at high and very high exposure to increased drought stress under warming scenarios.
Time horizon	Short term
Likelihood	Very likely
Impact	2 Medium
Areas impacted	Melbourne, Bunbury
Response	Water scarcity is already a feature of operating in Australia, and the Group has developed policies to minimise water consumption and promote efficient water usage. We have a number of conservation/efficiency measures in place at our affected site. Local water restrictions may be mitigated in the short term through import of water by tanker. We continue to investigate opportunities to reduce reliance on municipal water. The execution of our business continuity response will enable rationalisation of production to redirect all available water to critical equipment.
Targets/KPIs	<p>We are targeting improved water efficiency by 10% compared to a 2018 baseline KPIs:</p> <ol style="list-style-type: none"> <li>Total water withdrawn</li> <li>Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress</li> </ol>

4. Mbow, C., et al, 2019: Food Security. In: Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems P.R. Shukla, J. Skea, E. Calvo Buendia, V. Masson-Delmotte, H.-O. Pörtner, D.C. Roberts, P. Zhai, R. Slade, S. Connors, R. van Diemen, M. Ferrat, E. Haughey, S. Luz, S. Neogi, M. Pathak, J. Petzold, J. Portugal Pereira, P. Vyas, E. Huntley, K. Kissick, M. Belkacemi, J. Malley, (eds). p. 455-458

5. Mbow, C. Food Security, p. 457

6. Seneviratne, S.I., X. Zhang, M. Adnan, W. Badi, C. Dereczynski, A. Di Luca, S. Ghosh, I. Iskandar, J. Kossin, S. Lewis, F. Otto, I. Pinto, M. Satoh, S.M. Vicente-Serrano, M. Wehner, and B. Zhou, 2021: Weather and Climate Extreme Events in a Changing Climate. In Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds). Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp. 1583-1594

# SUSTAINABILITY REPORT

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

### continued

#### STRATEGY: TRANSITION RISKS

Our net zero plan and emissions reductions initiatives are being developed to mitigate our exposure to transition risks. During the year, our expert internal team developed models of the transition pathways for our production sites and key supply chains. A literature review was conducted to assess the technologies and interventions that could be deployed, and we evaluated the emissions reductions that could be delivered over time and the likely financial costs and savings.

#### Our key emissions reduction drivers

Scope 1	<ul style="list-style-type: none"> <li>– Energy efficiency programme</li> <li>– Replacing natural gas-powered heating with biogas and heat pumps</li> <li>– Electrification of cooking applications</li> <li>– Conversion of our entire fleet to zero emissions vehicles</li> <li>– Phasing out fluorinated gas refrigerants and use of lower warming potential gases in short term</li> <li>– Expanding the phase out CO<sub>2</sub> as a cooling gas in production</li> </ul>
Scope 2	<ul style="list-style-type: none"> <li>– Energy efficiency programme</li> <li>– Onsite renewables in addition to the existing installations at Brisbane, SoHi, Huntingdon and Grimsby</li> <li>– Power purchase agreements for renewable electricity</li> <li>– Decarbonisation of global electricity grids</li> <li>– Conversion of district heat to a zero-carbon sources (e.g., biomass, geothermal)</li> </ul>
Scope 3 <sup>7</sup>	<ul style="list-style-type: none"> <li>– Engagement with retailers and internationally with governments, suppliers and industry bodies to shape policy and drive decarbonisation of our supply chains</li> <li>– Follow our species-specific decarbonisation plans for beef, lamb, pork and salmon, via:               <ul style="list-style-type: none"> <li>– Improved feed conversion rates via nutrition, genetics and health</li> <li>– Reduced on-farm energy use</li> <li>– Lowering the footprint of animal feed via uptake of green fertilisers and improved application methods; increased inclusion of waste crops</li> <li>– Reduced enteric emissions via changes in feed types and additives</li> <li>– Improved manure management</li> </ul> </li> <li>– Developing infrastructure with Foods Connected to help us focus our resources on the most material areas of our footprint</li> <li>– Continue programmes to reduce use of packaging and improve its circularity without compromising food waste</li> <li>– Diversify further towards lower-carbon proteins, as per our recent investment in Cellular Agriculture and Foppen</li> </ul>

7. The Group does not directly farm or slaughter animals. A partnership approach to reducing our upstream Scope 3 (Purchased goods & services) is required.

We have developed site-level pathways based on the above drivers as appropriate, to address our Scope 1 and Scope 2 emissions and reduce our exposure to potential carbon price impacts on our own operations over time. The Group does not directly farm or slaughter animals, but we are exposed to upstream climate change risks associated with our agricultural supply chain, so we need to take a partnership approach to reducing our upstream Scope 3 (Purchased goods and services).

As beef makes up a significant proportion of our total emissions footprint, we have developed an initial transition plan for beef, which has some applicability to lamb and other ruminants although bespoke pathways will be developed for these. We then plan to expand our work to encompass pork, salmon and other aquatic species. This will encompass the decarbonisation of feed crops which accounts for a significant proportion of the footprint of those species. Actions to deliver against this are further detailed in Reducing emissions (pg 56-57).



## Climate-related Transition risks

1. Changing consumer purchasing preferences to lower emission alternatives	
Type	Transition (Market)
Area	Downstream
Primary potential financial impact	Reduced revenues of higher emission foods
Description	<p>There is a risk that we fail to take advantage of changing purchasing preferences for lower-emission proteins. Our exposure to this risk is Medium based on our internal assessment, assuming no mitigation from the transition to lower-carbon intensity proteins produced by the Group outlined below. We conducted detailed modelling of a potential reduction in demand for beef and lamb in the UK market, which is considered to be among the most impacted by changes in consumer behaviour as our research shows how health and sustainability are rapidly growing in importance as drivers of diet choices. In summary, we determined that beef and lamb products would receive the largest increase in pricing, albeit with some regional variation, and that the price of fish or plant-based products are unlikely to increase significantly. More information on this work may be found on pages 68-69 of the 2021 Annual report.</p>
Time horizon	Short-medium
Likelihood	Likely
Impact	2 Medium
Areas impacted	Developed markets
Response	<p>Our mitigation strategy includes achieving significant reductions in the emission intensity of beef and lamb supplied to Hilton Foods and creating a diversified portfolio of proteins that aligns with consumer demand.</p> <p>We are committed to doubling production of plant-based proteins by 2025 and are actively expanding our plant-based facilities at several sites including a dedicated facility in the UK.</p> <p>We are investing in acquisitions to gain market share in lower emission proteins, such as the outright purchase of Dalco, a producer of meat-alternative protein products, Foppen, a large producer of salmon products, or our investment in Cellular Agriculture.</p>
Targets	<p>Hilton Foods has aligned its objectives for mitigating the greenhouse gas emissions of cattle in the UK and Ireland to the European Round Table for Beef Sustainability (ERBS) objectives of an intensity reduction of 15% in emissions of cattle by 2025.</p> <p>Our net zero plans for Scope 3 include decarbonisation roadmaps for emissions reduction related to the animal protein we handle.</p> <p>Doubling in sales of plant based, vegetarian and flexitarian products compared to a 2020 baseline.</p>

# SUSTAINABILITY REPORT

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES continued

### Climate-related Transition risks continued

2. Carbon pricing introduced to incentivise purchase of lower-carbon foods	
Type	Transition (Emerging Regulation)
Area	Downstream
Primary potential financial impact	Price increases of higher emission products affecting balance of consumer demand
Description	<p>If product pricing is adjusted to reflect its carbon footprint there may be a reduction in consumer demand, leading to reduced profits from foods where the footprints have not been mitigated.</p> <p>The timing and methodology by which carbon pricing is imposed is uncertain, but the UK Alliance on Climate Change recommends the food industry sets a climate tax on food products with a high footprint to align with UK decarbonisation targets. In New Zealand, plans to integrate the agricultural sector within the country's greenhouse gas emissions cap and trade system from 2025 have been proposed.</p>
Time horizon	Medium-long
Likelihood	Likely
Impact	2 Medium
Areas impacted	Global
Response	<p>Hilton Foods continues to be actively involved in supply chain carbon reduction programmes in collaboration with other industry stakeholders and are targeting net zero emissions by 2050. To progress our objective for reducing the emissions intensity of cattle by 15% by 2025, we have engaged in leadership of collaborative action to address the footprint of cattle farming with the European Round Table in Beef Sustainability (ERBS) and UK Cattle Sustainability Platform (UKCSP). We are in the process of developing a detailed decarbonisation plans for key species to responsibly reduce our footprint and reduce our exposure to this risk.</p>
Targets	<p>We have committed to the UN Race to Zero through signing the Business Ambition for 1.5°C.</p> <p>An intensity reduction of 15% in emissions of cattle in Europe by 2025, aligned to the ERBS Sustainability objectives.</p> <p>100% renewable electricity across all our own operations in Europe by end of 2025 and globally by 2027.</p>
3. Reliance on third parties for achievement of emissions targets	
Type	Transition (Market and Reputation)
Area	Upstream/own operations
Primary potential financial impact	Higher costs, higher cost of capital
Description	<p>Delivery against the Group's existing and draft updated net zero plan is in part reliant on third parties, and/or technologies that are not yet available. Failure to meet the Group's defined targets may cause reputational damage, dissuade potential investors, or result in greater costs due to the introduction of carbon pricing. The level of assumption increases in the long term, especially around the control of our Scope 3 emissions, where we may be limited by our ability to influence our supply chain. A significant proportion of our footprint derives from the production of beef, and given we are not integrated at the farm level we rely on farmers and other stakeholders to ensure the continued minimisation of beef-related emissions.</p> <p>The largest source of operational emissions are within Scope 2, where the ability to decarbonise electricity supply may be hindered by the rate of grid decarbonisation in the countries we operate in and the ability of local grids to support renewable energy tariffs. Additionally, technical developments are required beyond our immediate scope of control, such as the development of zero emission commercial vehicles to fully decarbonise our fleet.</p>
Time horizon	Long term
Likelihood	Unlikely
Impact	3 High
Areas impacted	Global
Response	<p>We seek as far as possible to influence third parties and promote their decarbonisation progress, whether through working collaboratively with retailers or engaging with governmental, farm assurance and industry bodies to shape supply chain decarbonisation policy. We continue to work with Foods Connected to develop the tools to effectively monitor and accelerate this transition, and are involved in academic research to better understand our upstream emissions.</p>
Targets	<p>We have approved Science Based Targets for Scope 1, 2, and 3. We are revising our near-term Science Based Targets to align with the SBTi's new minimum ambition for corporate targets of 1.5°C above pre-industrial levels.</p>

## OPPORTUNITIES

1. Decarbonisation	
Type	Energy Source, Resource Efficiency
Area	Own operations
Primary potential financial impact	Reduced cost and lower price volatility from self-generation, reduced energy use, packaging and water efficiency.
Description	In our operations, electrification, energy efficiencies, investment in self-generation (solar/wind) and long-term contracts for renewable electricity sources may reduce outgoing costs, improve resilience and mitigate against the cost of future carbon pricing. Improved packaging recyclability, reducing plastic content and reductions in weight may result in lower packaging costs and less waste.
Time horizon	Short-medium
Likelihood	Very likely
Impact	2 3 Medium-High
Response	See key emissions reduction drivers above. Further details will be outlined in our transition plan. We continue to seek grants and subsidies to facilitate facility upgrades as they become increasingly available.
Areas impacted	Global
Targets/KPIs	Improve energy and water efficiency in our facilities by at least 10%, before the end of 2025, compared to a 2018 baseline. 100% renewable electricity across all our own operations in Europe by end of 2025 and globally by 2027.
2. Carbon pricing introduced to incentivise purchase of lower-carbon foods	
Type	Products & Services
Area	Upstream
Primary potential financial impact	Increased revenue
Description	By leveraging our IT and automation solutions for supply chain management, we have an opportunity to add a strategic growth driver in the sale of technology and services to other companies to enable them to become more efficient and reduce operating emissions. Through Hilton Services, the Group is at the forefront of technology and physical architecture design, which improves internal logistics.
Time horizon	Medium
Likelihood	Very likely
Impact	3 High
Response	We continue to work with customers and suppliers to incentivise uptake of our technology and supply chain solutions, incorporating robotics and warehouse automation systems. Since our investment in Foods Connected, this subsidiary has continued to grow, providing end-to-end supply chain management services and further opportunities for category diversification. We use Foods Connected to both give us the data we need around our business and supply chains, but also share that data up and downstream, helping farmers and suppliers to consider what the particular carbon footprint of their part in the supply chain is. Our joint venture with the Agito Group facilitates our development of highly automated logistics solutions for our supply chain and retail partners. We can also lead in environmental data collection and traceability across multi-tier supply chains and capitalise on growing requirements for transparency across value chains to prevent negative environmental impacts.
Areas impacted	Global
Targets/KPIs	Enable farmers to reduce their emissions and improve biodiversity, to promote more regenerative farming, by providing planning and reporting tools.

# SUSTAINABILITY REPORT

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

### continued

#### OPPORTUNITIES continued

3. Meeting consumer demand for foods with demonstrably lower footprints	
Type	Markets
Area	Downstream
Primary potential financial impact	Increased revenues from sales of profitable low climate-impact products
Description	Demand is growing not only for vegan and vegetarian food products, but also for a balanced portfolio of meat and fish products that have significantly reduced environmental impacts. Overall protein demand is expected to double by 2050, presenting a significant opportunity for increased revenue if we successfully anticipate changing consumer preferences.
Time horizon	Medium-term
Likelihood	More likely than not
Impact	2 Medium
Response	<p>Hilton Foods has pursued key acquisitions to diversify and strengthen its offering within the vegan/vegetarian and seafood markets. In 2021 we reached an agreement to acquire the remaining 50% of our joint venture partner Dalco Food B.V., a leading vegan and vegetarian product manufacturer, and in 2022 completed the purchase of Foppen to enter the high growth smoked salmon market.</p> <p>As we do not farm or slaughter animals our infrastructure can react quickly to emerging consumer behaviour. Hilton Foods is well-placed to respond to changing consumer preferences through the adaptability of our factories and operations, which would for instance allow us to quickly upscale production of lower-carbon products such as fish or plant-based as required.</p> <p>We stay abreast of market demands through our consumer and market insight teams, and membership of trade bodies and industry associations.</p>
Areas impacted	Global
Targets/KPIs	Doubling in sales of vegan, vegetarian and flexitarian products compared to a 2020 baseline, by 2025.
4. Demonstrated ESG credentials	
Type	Markets
Area	Downstream
Primary potential financial impact	Increased access to capital, commercial opportunities
Description	Enhancing Hilton Food's ESG reputation through improved practices and transparency of reporting may lead to new revenue opportunities from environmentally conscious partners. Investors and banks increasingly incorporate sustainability criteria into their assessments, with climate change being a primary concern. Many banks actively take non-financial data into account from providers such as MSCI and Sustainalytics. Additionally, investors are aligning their portfolios to net zero and companies may face disinvestment if their plans are deemed insufficient.
Time horizon	Medium
Likelihood	More likely than not
Impact	2 Medium
Response	With an ambition to be a leader in sustainable business, we consider Hilton Foods to be in a very strong position to satisfy changing stakeholder expectations. As outlined in this report we have a strong governance structure to manage sustainability issues and maintain appropriate internal controls to ensure timely and accurate reporting of non-financial information, and progression against ESG-related targets. Our commitment to sustainable business is reflected by our A- score from CDP, and strong scores from other rating agencies.
Areas impacted	Global
Targets/KPIs	External ESG ratings



## METRICS AND TARGETS

### Climate-related metrics and targets

Hilton Foods reports carbon dioxide equivalent (CO<sub>2</sub>e) emissions across a 100-year timescale (GWP100) aligned to the IPCC's sixth Assessment Report and the recommendations of the Greenhouse Gas Protocol and the Science Based Targets initiative. These emissions are reported, in alignment with the Greenhouse Gas Protocol, across scope 1, 2 (both location- and market-based) and all relevant scope 3 categories. This data is independently verified by GEP Environmental across all three scopes to a 'limited level of assurance', which is in line with ISO 14064:3 2019. In addition, emissions intensity, total consumption of electricity and energy intensity, renewable electricity, gas and water, as well as emissions from fluorinated gases are monitored.

When calculating our scope 1, 2 and 3 emissions we consider both location- and market-based emissions and utilise the most appropriate public data for our supply chains combined with supplier-specific emission factors where available. We have taken a financial control approach, with any holding less than 50% of shares excluded, however these are assessed as minor. Following our acquisition of Foppen in 2022, this has been added to scope, just as Fairfax Meadow and Dalco were added in 2021. Agito has not been included in any non-financial disclosure in 2022, as non-financial data integration is still ongoing; nonetheless, a screening assessment has indicated it would not increase our footprint significantly. GEP Environmental have verified our scope 1, 2 and 3 emissions to a limited level of assurance for 2022, as they did in 2021 and 2020.

Category 1 Purchased Goods and Services account for 99% of Hilton Foods' scope 3 footprint, with 98% from purchased agricultural products. Categories 8, 13, 14 and 15 are not applicable to Hilton Foods and Categories 2, 3, 4, 5, 6, 7, 9, 10, 11 and 12 are calculated but not material. Following the acquisition of Fairfax Meadow we have reappraised our scope for 2022 to include Category 10 Processing of Sold Products, as this was not material it was not backward calculated. To reflect the increased number of colleagues working from home, we have included emissions from homeworking in Category 7 Employee Commuting for 2022.

At Hilton Foods we are constantly working to improve how we measure and report our scope 3 emissions. In 2021, we moved from a financial accounting approach to an inventory approach. In 2022, we have refined this to use more regional and supply chain specific data. This has led to a change in our estimated emissions compared to what was reported in prior years. For clarity and to enable comparability, we have applied the updated methodology to calculate our estimated scope 3 emissions for 2021 and 2020 as well as 2022. Updated scope 3 estimates for prior years are not included in GEP Environmental's verification of our scope 3.

Building on our partnership with the University of Oxford, we will also be reporting an estimate of our scope 3 emissions by greenhouse gas for the last three years. Understanding this will allow us to better understand our warming impacts in the future. These are not included in GEP Environmental's verification of our scope 3.

Through our Foods Connected joint venture, support of the Chirrup.ai project and sponsorship of a DPhil at Oxford University, Hilton Foods is actively engaged in work to improve understanding and deployment of climate metrics.

### Climate-related targets

All our climate-related goals and objectives, detailed below, are monitored as KPIs through the year, and reported to and reviewed by the Board.

In order to begin our work to address the carbon footprint of both our business and supply chain, Hilton Foods has set Science Based Targets covering our scope 1, 2 and 3 emissions and committed to the Business Ambition for 1.5°C, demonstrating our long-term goal to achieve net zero emissions across our value chain before 2050. Our existing 'well-below 2°C' targets are to reduce absolute scope 1 and 2 GHG emissions 25% by 2030 from a 2020 base year and to reduce absolute scope 3 GHG emissions from purchased agricultural products by 12.3% within the same timeframe. As well as our ongoing work to achieve these targets we are actively engaged in work to update targets to increase our level of ambition to the '1.5°C' pathway and to align to the new Forestry, Land and Agriculture (FLAG) guidance.

To ensure we meet these targets, we have developed detailed site level decarbonisation plans for each of our operations, to ensure efficiency (in line with ISO 50001), purchasing and capital expenditure decisions are aligned to our decarbonisation targets. We are actively seeking opportunities for investment and grant support to expedite the implementation of low-carbon technologies across heating, cooling and electricity. We are working with key suppliers and other partners to develop and implement decarbonisation plans for our supply chain.

Further details of our climate-related targets can be found in the Product and Planet sections of this report. Details of executive remuneration linked to climate change are outlined on page 44.

# SUSTAINABILITY REPORT

## NON-FINANCIAL DISCLOSURES

Carbon footprint	2022			2021			2020 (SBT base year)		
	UK	Global (excl. UK)	Total	UK	Global (excl. UK)	Total	UK	Global (excl. UK)	Total
<b>Scope 1</b> (tCO <sub>2</sub> e)	6,437	11,030	17,467	5,999	9,562	15,562	4,503	6,136	10,639
<b>Scope 2</b> location based (tCO <sub>2</sub> e)	6,599	47,866	54,465	8,900	48,349	57,249	8,607	49,069	57,675
<b>Scope 2</b> market based (tCO <sub>2</sub> e)	3	41,586	41,589	1,182	40,822	42,004	0	47,103	47,103
<b>Scope 3</b> 01. Purchased goods and services*	3,138,700	9,423,085	12,561,785	3,011,947	10,199,534	13,299,866	3,653,411	10,720,381	14,392,177
<b>Scope 3</b> 02. Capital goods	2,253	7,583	9,835	2,004	5,950	7,954	3,578	102,644	106,221
<b>Scope 3</b> 03. Fuel and energy-related activities	3,134	13,824	16,958	1,649	8,019	9,668	1,535	9,799	11,334
<b>Scope 3</b> 04. Upstream transportation and distribution	3,526	33,426	36,952	2,478	75,189	77,666	3,040	75,673	78,713
<b>Scope 3</b> 05. Waste	2,764	7,581	10,345	18,004	11,195	29,199	6,062	6,970	13,032
<b>Scope 3</b> 06. Business travel	322	609	931	39	141	180	2	3	5
<b>Scope 3</b> 07. Employee commuting	1,354	1,985	3,339	898	1,425	2,323	917	1,081	1,998
<b>Scope 3</b> 08. Upstream leased assets	Out of Scope			Out of Scope			Out of Scope		
<b>Scope 3</b> 09. Downstream transportation and distribution	3,523	15,302	18,825	4,961	114,599	119,560	4,240	118,841	123,082
<b>Scope 3</b> 10. Processing of sold products	438	0	438	Out of Scope			Out of Scope		
<b>Scope 3</b> 11. Use of sold products	2,561	27,714	30,274	7,911	84,093	92,004	8,199	104,641	112,840
<b>Scope 3</b> 12. End-of-life treatment of sold products	7,384	54,651	62,035	6,357	17,032	23,389	6,432	23,471	29,904
<b>Scope 3</b> 13. Downstream leased assets	Out of Scope			Out of Scope			Out of Scope		
<b>Scope 3</b> 14. Franchises	Out of Scope			Out of Scope			Out of Scope		
<b>Scope 3</b> 15. Investments	Out of Scope			Out of Scope			Out of Scope		
<b>Scope 3</b> Forestry, Land Use and Agriculture (FLAG) (tCO <sub>2</sub> e)	3,088,629	9,376,063	12,464,692	3,241,797	11,802,691	15,044,488	3,860,330	11,340,601	15,200,931
<b>Scope 3</b> Upstream (tCO <sub>2</sub> e)	3,152,054	9,488,091	12,640,145	3,275,894	11,969,151	15,263,431	3,905,585	11,591,734	15,497,320
<b>Scope 3</b> Downstream (tCO <sub>2</sub> e)	13,905	97,666	111,571	19,229	215,724	234,953	18,872	246,954	265,825
<b>Scope 3</b> non-FLAG (tCO <sub>2</sub> e)	48,259	209,694	287,025	53,327	382,184	453,895	64,127	498,087	562,214
<b>Scope 3</b> CO <sub>2</sub> (tCO <sub>2</sub> ) <sup>^</sup>	684,707	1,736,586	2,421,293	641,837	1,091,373	2,543,210	724,673	1,882,355	2,607,028
<b>Scope 3</b> CH <sub>4</sub> (tCH <sub>4</sub> ) <sup>^</sup>	51,696	173,232	224,928	47,559	189,819	237,378	62,185	205,014	267,198
<b>Scope 3</b> N <sub>2</sub> O (tN <sub>2</sub> O) <sup>^</sup>	3,524	10,246	13,770	3,614	11,392	15,005	4,272	11,781	16,053
<b>Scope 3</b> Unallocated (tCO <sub>2</sub> e) <sup>^</sup>	109,271	464,736	602,859	148,519	475,614	642,518	134,931	635,414	788,730
<b>Total Scope 3</b> (tCO <sub>2</sub> e)*	3,165,959	9,585,757	12,751,716	3,056,248	10,517,176	13,591,808	3,689,416	11,163,504	14,869,306
				3,295,123	12,184,875	15,498,383	3,924,457	11,838,688	15,763,145
<b>Total Scope 1,2 &amp; 3</b> location based (tCO <sub>2</sub> e)	3,178,995	9,644,653	12,823,648	3,310,022	12,242,786	15,571,193	3,937,567	11,893,893	15,831,459
<b>Intensity ratio scope 1 &amp; 2</b> – market based (tonnes CO <sub>2</sub> e per tonne produced)	0.05	0.15	0.12	0.03	0.19	0.12	0.03	0.12	0.10

2020 Scope 1 and Scope 2 (location and market based) reported emissions and Scope 1, 2 and 3 emissions for 2021 and 2022 have been externally verified with limited assurance by an independent third party (GEP Environmental Ltd) in accordance with ISO14064:3 2019

\* Data for 2020 and 2021 is provided as reported in 2021, above is recalculated to align to the 2022 dataset and methodology

<sup>^</sup> Data based on recalculated scope 3 emissions using same dataset as 2022 where relevant, it has not been possible in all calculations to split emissions by gas, where this is not available data has been reported as CO<sub>2</sub>e

Energy, kWh	2022			2021			2020		
	UK	Global (excl. UK)	Total	UK	Global (excl. UK)	Total	UK	Global (excl. UK)	Total
Total renewable fuel consumption	0	0	0	0	0	0	0	0	0
Coal	0	0	0	0	0	0	0	0	0
Heavy oil	0	0	0	0	0	0	0	0	0
Transport fuel	8,417,671	4,456,096	12,873,767	5,584,948	1,044,790	6,627,737			
LPG	172,210	6,461,190	6,633,400	0	3,717,606	3,717,606	0	1,981,079	1,981,079
Natural gas	15,513,205	32,454,081	47,967,286	15,537,123	24,876,987	40,414,110	21,332,658	30,218,747	51,551,406
Total non-renewable fuel consumption	16,513,934	38,191,001	54,704,935	21,122,071	29,639,383	50,761,453	21,332,658	32,199,827	53,532,485
Total electricity consumption	34,131,367	112,454,749	146,586,116	42,295,591	99,553,665	141,849,256	37,769,233	97,429,104	135,198,337
Solar electricity generation	303,297	2,410,998	2,714,295	223,291	2,926,408	3,149,699	243,000	2,260,000	2,503,000
Total renewable electricity consumption	34,120,813	56,412,858	90,533,671	38,510,862	35,573,856	74,084,718	243,000	25,984,033	26,227,033
Total non-renewable electricity consumption	10,554	56,041,891	56,052,445	3,784,729	63,979,808	67,764,537	37,526,233	71,445,071	108,971,304
Proportion of renewable electricity	100%	50%	62%	91%	36%	52%			
Total renewable other energy consumption	0	5,345,664	5,345,664	0	0	0	0	0	0
Non-renewable other energy consumption (district heating)	0	2,000,553	2,000,553	0	7,106,611	7,106,611	0	1,392,196	1,392,196
Total renewable energy consumption	34,120,813	61,758,522	95,879,335	38,510,862	35,573,856	74,084,718	243,000	25,984,033	26,227,033
Total non-renewable energy consumption	24,113,640	101,413,813	125,527,452	24,906,799	100,725,802	125,632,601	58,858,892	105,037,093	163,895,985
Total energy consumption	58,234,453	163,172,334	221,406,787	63,417,662	136,299,658	199,717,320	59,101,892	131,021,126	190,123,018
Energy consumption (kWh used per tonne of volume produced)	486	450	459	293	513	405	447	397	411

# SUSTAINABILITY REPORT

## NON-FINANCIAL DISCLOSURES continued

Fresh-water (m <sup>3</sup> )	2022	2021	2020	2019
UK*	391,453	290,064	329,600	297,500
Ireland	26,506	39,231	45,000	49,000
The Netherlands**	284,899	173,478	164,700	169,000
Sweden	57,069	61,830	58,300	59,000
Denmark	48,048	44,945	46,000	45,000
Poland	98,147	89,366	96,000	74,000
Greece***	96,500			
Portugal <sup>^</sup>	31,959	28,953	31,950	35,000
Australia	254,381	264,544	249,300	47,000
New Zealand	105,996	21,218		
Total Fresh-water Use	1,394,957	1,013,629	1,020,850	775,500
Total Fresh-water Withdrawals	1,379,145	998,288		
Intensity (m <sup>3</sup> per tonne of product produced)	2.90	2.03		

\* Fairfax Meadow sites included in UK number from 2022, due to water meter failure, 2022 usage at Laforey Road is based on estimated billing.

\*\* Inclusion of 100% of Dalco from 2021 and Foppen from 2022.

\*\*\* Inclusion of Foppen from 2022.

<sup>^</sup> Adjusted to JV holding.

Sites in areas of water stress (defined by World Resources Institute)

Very high = 0 High = 2 - Hilton Foods Australia site in Truganina and Foppen site in Greece



Workforce	2022			2021			2020			2019			2018		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Board	4	3	7	5	2	7	5	2	7	5	1	6	5	1	6
Executive Leadership Team	9	3	12	7	3	10	8	2	10	8	2	10	8	2	10
Senior Leadership*	28	13	41	28	11	39	47	11	58	39	11	50	39	11	50
Senior Management**	201	97	298												
Employees	4,256	2,825	7,081	3,395	2,386	5,781	3,185	2,206	5,391	2,981	1,963	4,944	2,878	1,840	4,718
Executive Leadership Team	75%	25%		70%	30%		80%	20%		80%	20%		80%	20%	
Senior Management (SSP)	67%	33%													
Average training time (hours)			12,007			8,444			6,554			4,523			
Number of employees who completed soft skills training			2,669												
Average training expense per employee			£550												
Number of employees who have been trained on ethical standards (i.e. anti bribery and corruption)			3,047												
% of employees covered by collective bargaining agreements			27%			41%			33%						
Total staff turnover			31%			24.91%			17.10%			21.90%			22.50%
Total fatality rate			0			0			0			0			0

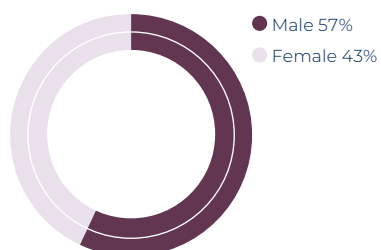
We have received no human rights/quality violations for the past three years.

\* Senior Leadership is defined in line with the FTSE Women Leaders Index, direct reports to Executive Leadership Team.

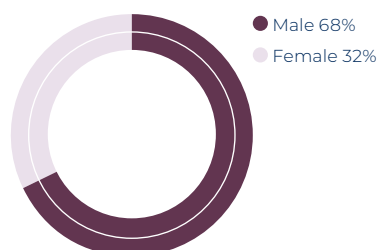
\*\* Senior Management is defined in line with Hilton Foods Sustainable Protein Plan (SSP) '30% of women in leadership' target. This is defined as all those who identify as women as Functional Lead, Head of Department or Job Level 5.

The decline of employees covered by collective bargaining agreements is representative of Hilton Foods new acquisitions in 2022.

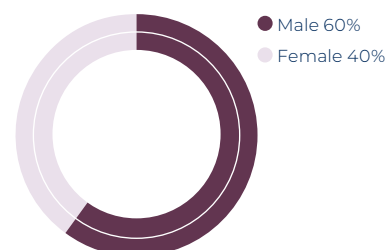
### Board of Directors



### Senior Leadership



### Employees



# SUSTAINABILITY REPORT

## NON-FINANCIAL DISCLOSURES continued

<b>Health and safety</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>% Change (2022 vs 2021)</b>
Hours Worked	10,238,356	9,559,280	9,143,579	9,717,405	7%
First Aid Incidents	645	586	677	573	10%
Lost Time** Incidents	138	138	87	147	0%
Lost Time Incident Frequency Rate	13	14.44	9.51	15.13	7%
Number of Days Lost	4,867	3,514	2,198	2,012	39%
Lost time incident severity rate	475	367.63	240.33	207.05	29%
Non-injury incidents/hazards	6,046	5,191	4,993	85*	16%

\* This data was not recorded on a Group basis in this format in 2019.

\*\* The definition use of a 'lost-time incident' is when the injured person does not attend work for the start of their next shift not including the day of the incident.

Lost-time incident rate for current and last two fiscal years covers 100% of directly employed Hilton Foods employees (this number excludes contractors).

<b>Nutritional context, for growing areas in healthier products % of total sales</b>	<b>2022</b>	<b>2021</b>
Products with a high source of Omega 3	1%	1%
Low fat products (<3%)	3%	3%
Lower fat products (<5%)	9%	16%
Products containing E Numbers	18%	21%
Low salt products (less than 0.12g/100g)	15%	15%

<b>Other information</b>	<b>2022</b>	<b>2021</b>
Total site waste (tonnes)	27,456	47,405
Customer service level (%)	95.86%	96.44%
Product produced (tonnes)	481,831	492,588
Charitable donations	£153,327	£72,629

No Hilton Foods staff have been disciplined or dismissed due to non-compliance with anti-corruption policy/policies in the current and last two fiscal years.

Hilton Foods has no redundancies or job cuts affecting more than 5% of the total workforce for the current and last two fiscal years.

# SUSTAINABILITY REPORT

## SASB PROCESSED FOODS REPORT

SASB Code	Sub-Category	2nd Sub-category	Disclosure	Unit of Measure	2022 Response
FB-FR-130a.1	Energy Management	Measurement	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)	See page 85 of this report.
FB-PF-140a.1	Water Management	Measurement	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Thousand cubic metres (m <sup>3</sup> ), Percentage (%)	1) 1,379,145 2) 1,394,957 3) 11% of sites are in High water stressed areas; these are our Hilton Foods Australia site in Truganina and the newly acquired Foppen site in Greece.
FB-PF-140a.2	Water Management	Measurement	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Number	Two incidents of non-compliance in 2022. The first at Hilton Foods Holland due to the lack of system in place with a lay-out of all the backlash valves; this non-conformance has been resolved. The second in the Hilton Foods APAC Truganina site due to the exceedance of the trade waste pH limit. An investigative report was submitted to Greater Western Water (GWW) outlining the root cause and the actions to rectify the issues identified. GWW were satisfied with the corrective actions and closed out the non-conformance.
FB-PF-140a.3	Water Management	Description	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A	See 'Resource Efficiency' disclosure on page 68 of this report.
FB-PF-250a.1	Food Safety	Measurement	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Rate	20 sites are GFSI certified. 14 sites are certified against BRC standard, 11 sites are AA (>5 minors), three sites are A grade (6-10 minors). Four sites are FSCC22000, all of which have been graded as Pass. Two sites are certified IFS standard, both rated 96% to high level grade.
FB-PF-250a.2	Food Safety	Measurement	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	Percentage (%) by cost	In FY22, 90% of our ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program.
FB-PF-250a.3	Food Safety	Measurement	(1) Total number of notices of food safety violation received, (2) percentage corrected	Number, Percentage (%)	In FY22, we received no notices of food safety violations.
FB-PF-260a.1	Health & Nutrition	Measurement	Revenue from products labelled and/or marketed to promote health and nutrition attributes	Reporting currency	Hilton Foods is a predominantly own label provider to our customers' brands. We work with our customers to enhance the health and nutrition attributes of our products. We do not currently gather data on the revenue of sales from products labelled and/or marketed to promote health and nutrition attributes. We are working to develop an internal database to be able to gather and share data on the nutritional attributes of our products across our different markets.

# SUSTAINABILITY REPORT

## SASB PROCESSED FOODS REPORT continued

SASB Code	Sub-Category	2nd Sub-Category	Disclosure	Unit of Measure	2022 Response
FB-PF-260a.2	Health & Nutrition	Description	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	N/A	Hilton Foods is actively engaged in reformulating products to reduce the fat, salt, sugar and calories, where appropriate, across our global product range. We actively promote the adoption of Omega 3 products amongst our customers, engaging with the salmon industry to increase the Omega 3 content. As a predominantly private label supplier, we work in partnership with our customers to deliver health benefits to their consumers; please refer to 'Balanced healthy diets' disclosure on pages 64-65 of this report.
FB-PF-270a.1	Product Labelling & Marketing	Measurement	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines	Percentage (%)	Hilton Foods is a predominantly own label provider to our customers' brands, so we do not conduct any consumer-facing marketing - whether to children or otherwise.
FB-PF-270a.2	Product Labelling & Marketing	Measurement	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Reporting currency	Hilton Foods does not generate revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO.
FB-PF-270a.3	Product Labelling & Marketing	Measurement	Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	Number	Hilton Foods has not received any incidents of non-compliance with industry or regulatory labelling and/or marketing codes in FY22.
FB-PF-270a.4	Product Labelling & Marketing	Measurement	Total amount of monetary losses as a result of legal proceedings associated with labelling and/or marketing practices	Reporting currency	Hilton Foods has not been a party to any legal proceedings in FY22 in relation to branding/product labelling.
FB-PF-410a.2	Packaging Lifecycle Management	Description	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	N/A	See 'Circular Packaging' disclosure on pages 66-67 of this report.
FB-PF-430a.1	Environmental & Social Impacts of Ingredient Supply Chain	Measurement	Percentage of food ingredients sourced that are certified to third-party environmental and/or social standards, and percentages by standard	Percentage (%) by cost	In FY22, 90% of our ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme.
<b>Activity Metrics</b>	<b>Sub-Category</b>	<b>2nd Sub-Category</b>	<b>Disclosure</b>	<b>Unit of Measure</b>	<b>2022 Response</b>
FB-PF-000.A	N/A	Measurement	Weight of products sold	Metric tons (t)	481,831
FB-PF-000.B	N/A	Measurement	Number of production facilities	Number	Hilton Foods has 24 production facilities



# SUSTAINABILITY REPORT

## GRI INDEX 2022

Statement of use	Hilton Food Group plc has reported in accordance with the GRI Standards for the period 31 December 2021 until 31 December 2022.	
GRI 1 used	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s)	N/A	
<b>GRI Standard</b>		
GRI 2: General Disclosures 2021	2-1 Organisational details	Annual report page 144
	2-2 Entities included in the organisation's sustainability reporting	Annual report page 83
	2-3 Reporting period, frequency and contact point	The Annual report is published annually in April, the reporting period is 31 December 2021 to 31 December 2022. This is in alignment with financial reporting. Publication date and point of contact are detailed on page 91.
	2-4 Restatements of information	Annual report page 83
	2-5 External assurance	Annual report page 83
<b>Material Topics</b>		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Annual report page 43, details our double materiality process.
	3-2 List of material topics	Annual report page 43

### APPROVAL OF THE STRATEGIC REPORT

Pages 6 to 91 of this Annual report comprises a Strategic report which has been drawn up and presented in accordance with applicable English company law, in particular Chapter 4A of the Companies Act 2006, and the liabilities of directors in connection with this report shall be subject to the limitations and restrictions provided by such law.

It should be noted that the Strategic report has been prepared for the Group as a whole, and therefore gives greater emphasis to the Company and its subsidiaries when viewed in its entirety. Approved by order of the Board of Directors.

**Neil George**  
Company Secretary

4 April 2023