

Sustainability report

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“Delivering a future-ready food system means we must think critically to address the complex interconnected issues; from climate and biodiversity, to resource use, and human rights.”

PHILIP HEFFER
CHIEF EXECUTIVE OFFICER

I am more convinced than ever of the profound responsibility of Hilton Foods to provide affordable, nutritious, and sustainable food in the many markets in which we operate. 2021 was marked by continued disruption to our global food systems and 2022 brings the tragedy of war in Europe.

We are thankful to all our people, who have worked tirelessly producing essential food, a testament to their resilience and resourcefulness. Our thoughts are with the families and friends of the colleagues we lost during last year.

We have a renewed understanding of how human health is inextricably linked to the health of our planet. Business has a powerful role to play in society, both by managing our impact and performance and by galvanising positive change. Delivering a future-ready food system means we must think critically to address the complex interconnected issues, from climate and biodiversity, to resource use, and human rights.

As we have grown and diversified in 2021, we have increased our sustainability ambitions. I am pleased to announce that we are launching our new '2025 Sustainable Protein Plan' delivering a refocused strategy under the pillars of People, Planet and Product. Our renewed strategy will embed sustainability into our daily actions, our decision-making and governance. Our strategy is to use our business capabilities and scale to support the UN Sustainable Development Goals. We became full participants in the UN Global Compact in 2021, and I am pleased to formally renew our continued support and commitment to the initiative and its principles.

My personal commitment is to ensure the 2025 Sustainable Protein Plan is used as a powerful catalyst for action, within our business but also across our supply chains. The task is daunting, but can be achieved through collective action. We signed the EU Code of Conduct on Responsible Food Business and Marketing Practices in 2021, which was one of the first deliverables of the EU Farm to Fork Strategy.

Last year we reported our intention to set Science Based Targets (SBTs), which have now been approved by the Science Based Targets initiative (SBTi). We also announced that we have signed the Business Ambition for 1.5°C pledge, committing us to reach net zero before 2050. We plan to submit even more ambitious targets to SBTi, aligned to the 1.5 degree track for our operations and their FLAG pathway for our supply chains.

We're delighted to be recognised by CDP as a 2021 Supplier Engagement Leader, recognising our efforts to mitigate climate risk within our supply chain. We're rolling out tailored decarbonisation plans across our own operations, employing technology for maximum heat recovery and efficiency. Hilton Foods Ireland has made significant strides, already halving their gas use across their operations since 2019.

Striving toward a more sustainable food system requires a holistic evaluation of how business engages with society, ensuring equitable access to the 'table' for all. I am thrilled to announce our commitment to advance the voice and impact of women, with a target of 30% of Hilton Foods leadership roles filled by women by 2025. We're committed to building a sustainable future together, ensuring all have the opportunity to thrive.

In 2021, we made a renewed commitment to the implementation of the United Nations Guiding Principles on Business and Human Rights (UNGPs) in our Human Rights and Supply Chain Social Responsibility Policies. This includes all agency, temporary and migrant workers.

Our teams have delivered impressive projects in 2021. Hilton Seafood UK received the Innovation in Animal Welfare Award by Compassion in World Farming for the world's first electrical humane stunner for warm water prawns. Huge progress has been made on delivering sustainable and circular packing solutions, with the replacement of plastic trays for beef mince with Flow-Wrap in the Netherlands and PaperSeal trays in Australia.

We are passionate about putting impactful climate and social actions at the heart of what we do, delivering for our employees, our customers, and shareholders alike. I hope the following report makes clear the commitment and energy Hilton Foods has delivering positive adaptations for society.

Philip Heffer

Chief Executive Officer

Sustainability report

Sustainability Committee Chair's introduction



Continuing to perform as a prosperous and resilient business means we must also drive meaningful change for our planet.”

REBECCA SHELLEY
SUSTAINABILITY COMMITTEE CHAIR

Reflecting on another year marked by continued disruption from the Covid-19 pandemic, the vulnerabilities of our food system have become ever more apparent. We are at a critical juncture in the future of our planet, where the interdependencies between business, climate and society are unmistakably clear. The Intergovernmental Panel on Climate Change (IPCC) signalled a ‘code red for humanity’ in its report earlier this year, a sobering statement for all of us who understand the urgency of the task at hand. Continuing to perform as a prosperous and resilient business means we must also drive meaningful change for our planet.

This year we have responded with speed and agility to protect lives and livelihoods, whilst growing our business. Finding a future that is sustainable for everyone on our planet demands that we intensify our capacity to create positive adaptations both for both society and the environment, and look critically at reducing negative impacts.

The COP26 summit in November 2021 achieved the Glasgow Climate Pact, a result of negotiations from almost 200 nations. We recognise that business has a crucial role in translating these commitments into rapid action. That’s why we are strengthening our commitment to the Science Based Targets initiative to achieve a 1.5°C trajectory, marking our ambition towards a net negative future.

However, we are aware that as we expedite climate action, it is of utmost importance that we secure a ‘just transition’ for society, making sure the evolution towards a climate-neutral economy happens in a fair way, leaving no one behind.

Respecting human rights, enabling the provision of fair and safe workplaces, and ensuring employees’ voices are heard throughout our value chains is essential to building back better. Momentum is building toward the EU Sustainable Corporate Governance Directive, whilst mandatory human rights due diligence legislation has already been achieved at a national level in a number of member states. We recognise the responsibility of businesses to identify and act to protect human rights in their supply chains, that’s why we advocated for similar human rights due diligence legislation to be introduced in the UK this year.

Consumption of soy for agricultural use is one of the primary causes of deforestation and biodiversity loss globally. This is why we have increased our advocacy both within the UK and EU for robust deforestation due diligence legislation, and have worked with EFCA to support Defra in the implementation of UK legislation.

Sustainability considerations also influence where consumers want to shop, and where individuals want to work. The growing prominence of the eco-conscious consumer who wants to make purchases that align with their values and have a positive impact on the planet must be addressed. We are expanding our expertise by bringing innovative solutions to deliver sustainable protein choices that perform in taste, quality and affordability for our customers.

We are committed to taking a leadership position to address the concerns that matter most to our stakeholders, whether they be our investors, our customers, our suppliers, or our own employees. Above all, this year has strengthened our dedication to being a leader in sustainable business. I hope the following report makes clear that we are an organisation which is passionate about achieving these aims for a better future for all.

Highlights

PEOPLE

We published our first Group Human Rights Policy and recommitted to the UN Guiding Principles



Launched our Women's Network supporting women to progress at all levels of our business



PLANET

Hilton Seafood UK received the Compassion in World Farming Award for Innovation in Animal Welfare in 2021



1.5°C



In 2021, our Science Based Targets were approved and we signed the Business Ambition to 1.5°C, committing us to Net Zero before 2050

PRODUCT

100%

of the paper and board we use comes from certified forests



76%



of our meat trays are made from 100% recycled PET



82%



We have reduced the weight of plastic in our mince packaging by up to 82% at Hilton Foods Holland by implementing flow wrap technology

of our UK seafood was sourced from Marine Stewardship Council certified fisheries

Using more robust methodology, we have recalculated our Scope 3 emissions at 15.5 million tonnes CO₂e, in anticipation of setting more ambitious targets in 2022



We signed the EU Code of Conduct on Responsible Food Business and Marketing Practices in 2021



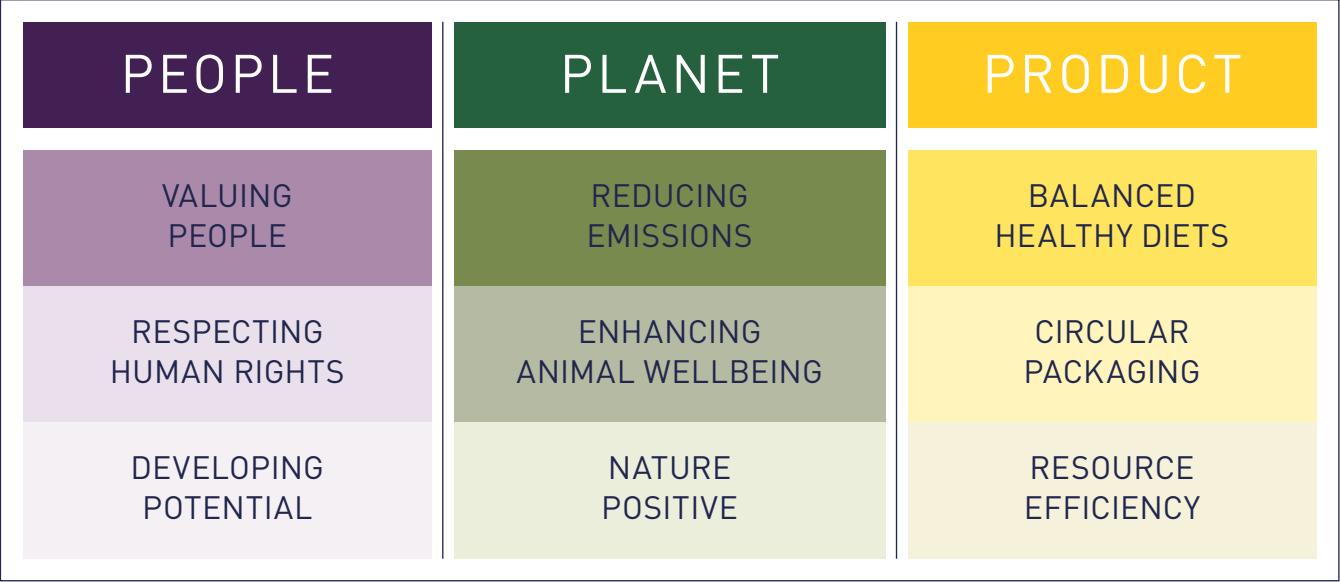
>2.4GWh

In 2021, we generated 2.4GWh of solar electricity at our Heathwood, Huntingdon and Grimsby sites

Sustainability report

Our 2025 Sustainable Protein Plan

Innovating through partnership to make nutritious protein more sustainable



Sustainability is at the heart of how we do business. This year we are pleased to introduce our new strategy, the 2025 Sustainable Protein Plan. This amalgamates the workstreams of our previous ‘Quality Naturally’ strategy in an improved clearer format, with new robust targets built around improved transparency and action.

We understand the importance of our role in the future of a sustainable food system that protects and restores our planet’s resources and enhances the lives of the people and animals that produce it. This report sets out the work currently being undertaken by Hilton Foods, and our plans to enhance and improve. We are aligning our business to deliver long-term benefits to both people and planet, using our scale and reach to drive transformative change.

Transparency is crucial to meeting our targets, but through leveraging technological solutions to drive change within our value chains, we have been able to progress data accessibility. Our data collection platform can demonstrate where our raw materials come from, assurance of standards across our supply chains, and measure progress made towards shared goals and our 2025 targets.

The 2025 Sustainable Protein Plan is ambitious, but we’re confident we can achieve our goals in partnership with our customers and suppliers as we raise the bar together.

“

Business as usual is changing and consumers’ expectations have shifted considerably. There is a danger in setting easy targets and meeting them – we want to set stretching goals that drive impactful actions that become integrated into our core business practices. It’s so much more than just reporting.”

NIGEL EDWARDS
GROUP CSR DIRECTOR

PEOPLE

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Valuing people

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

Our people are at the core of how we do business and they bring our culture to life within our factories, offices and communities.

Respecting human rights

Safeguarding the welfare and just treatment of all people and communities engaged with our business and supply chains.

We have a responsibility to protect the internationally recognised human rights of workers both within our business and our global supply chains. Building strong ethical standards to embed respect for human rights across our value chain is an essential step toward a fairer food system.

Developing potential

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

We're committed to building a sustainable future together, ensuring all our employees have the opportunity to thrive. Ensuring our business is fit for the future means we have to create a visible framework for our employees to access and understand their career and training opportunities.

PLANET

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Reducing emissions

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

With over 30% of global emissions coming from the food system and the impacts of climate change becoming more acute, we are working to make this complex topic actionable across our supply chain on our journey to net negative emissions.

Enhancing animal wellbeing

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

We are actively encouraging uptake of innovation and developing standards that advance welfare and reduce the need for antibiotics throughout our global supply chains.

Nature positive

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

We are leading collaborative action to address the key environmental challenges, shaping and guiding agendas and driving uptake of innovation at scale.

PRODUCT

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Balanced healthy diets

Efficient regenerative food systems producing more accessible and nutritious proteins.

By combining innovation and responsible sourcing, we ensure our consumers can make balanced choices that are healthy for them and for the planet.

Circular packaging

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

We are using innovation and our scale to drive transformational development of sustainable packaging and move towards a circular economy across our value chain.

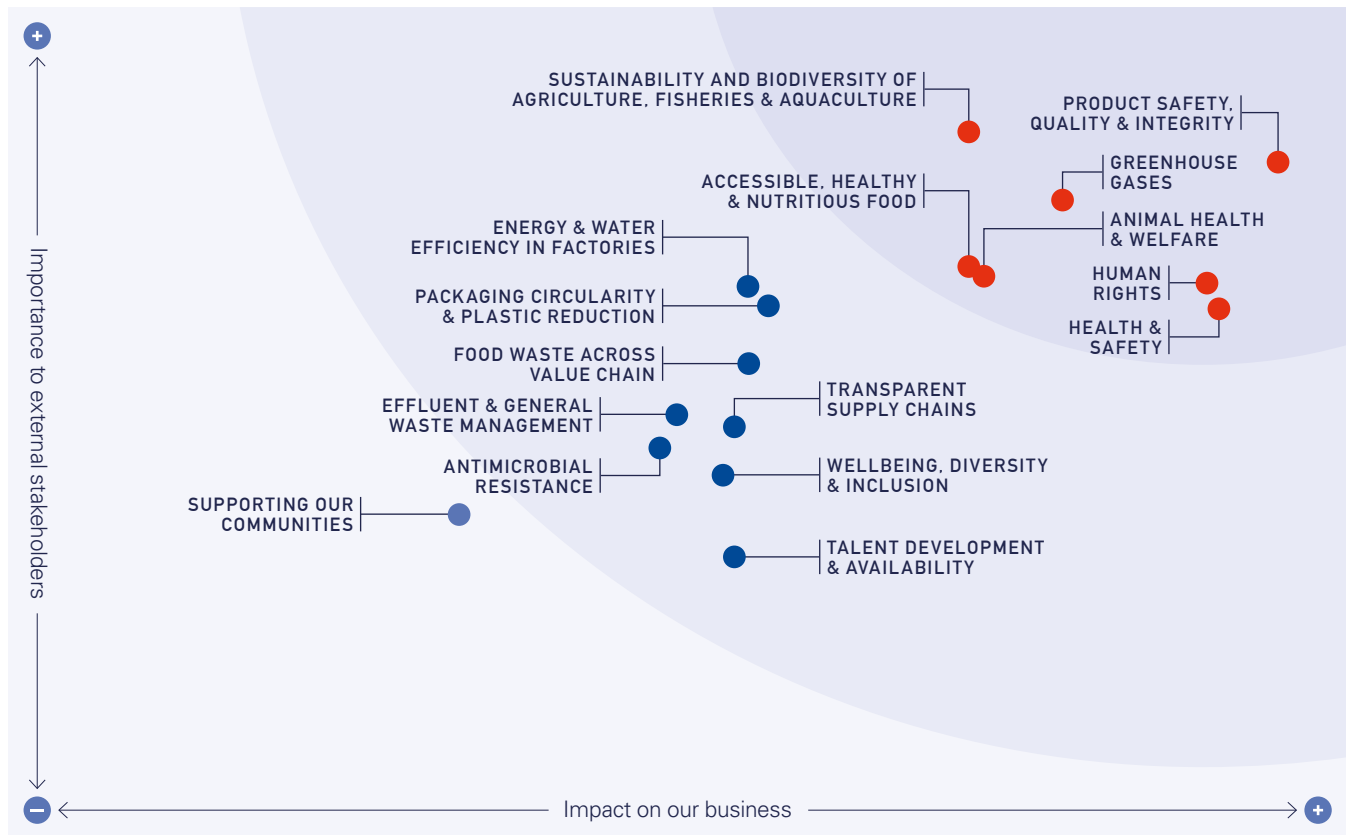
Resource efficiency

Reducing food waste and optimising use of energy and water across sites, supply chains, and in consumers' homes.

We are constantly reducing our environmental impact by eliminating waste and driving resource efficiency.

Sustainability report

Materiality matrix



As part of the development of our new strategy we have updated our materiality matrix to effectively prioritise initiatives and ensure our focus is on addressing the most material issues to our business.

In the process of developing the materiality matrix, a consultation was carried out with both a cross-section of internal and external stakeholders (including NGOs, consultancies, centres of excellence, customers, retailers and partners in our agricultural, ingredient and packaging supply chains) with recognised expertise across our key risk areas. This ensures materiality is assessed against: Hilton Foods strategy, broader societal expectations, legislation, policy and the business' influence on other entities in our value chain. A thorough statistical analysis was performed on the consultation's results to ensure the views of each stakeholder group were appropriately reflected, taking into account the geographic and operational diversity of our business.

Our material issues were identified as:

● Product safety, quality and integrity

Ensuring all food is safe to eat is of paramount importance to us, our products must also meet our quality specifications and be labelled correctly, covering important issues such as the allergens they contain, the country of origin and the nutritional content of the products.

● Sustainability and biodiversity of agriculture, fisheries and aquaculture

This encompasses the management of inputs and output of agriculture, fisheries and aquaculture at a level that may allow its continuation in the long term in harmony with the ecosystems with which it interfaces.

● Greenhouse gases

Greenhouse gas emissions occurring in our value chain, from farm, through processing, distribution and retail to consumption, and their contribution to climate change.

● Human rights

Respecting human rights by safeguarding the welfare and ensuring just treatment of all workers and communities engaged with our business and our supply chain.

● Health & safety

Safeguarding the health & safety of people in the workplace and ensuring a safety-first culture across our value chain.

These most material risks are under active management and are subjects of engagement by Hilton. These processes are under constant review and subject to ongoing improvement to ensure robust, comprehensive monitoring to best mitigate their impact.

Our 2025 Sustainable Protein Plan was built to mitigate our material issues.

Governance

At Hilton we have embedded sustainability throughout our governance structure and decision making processes, so that we remain accountable and ensure we apply our influence for benefit of both people and planet.

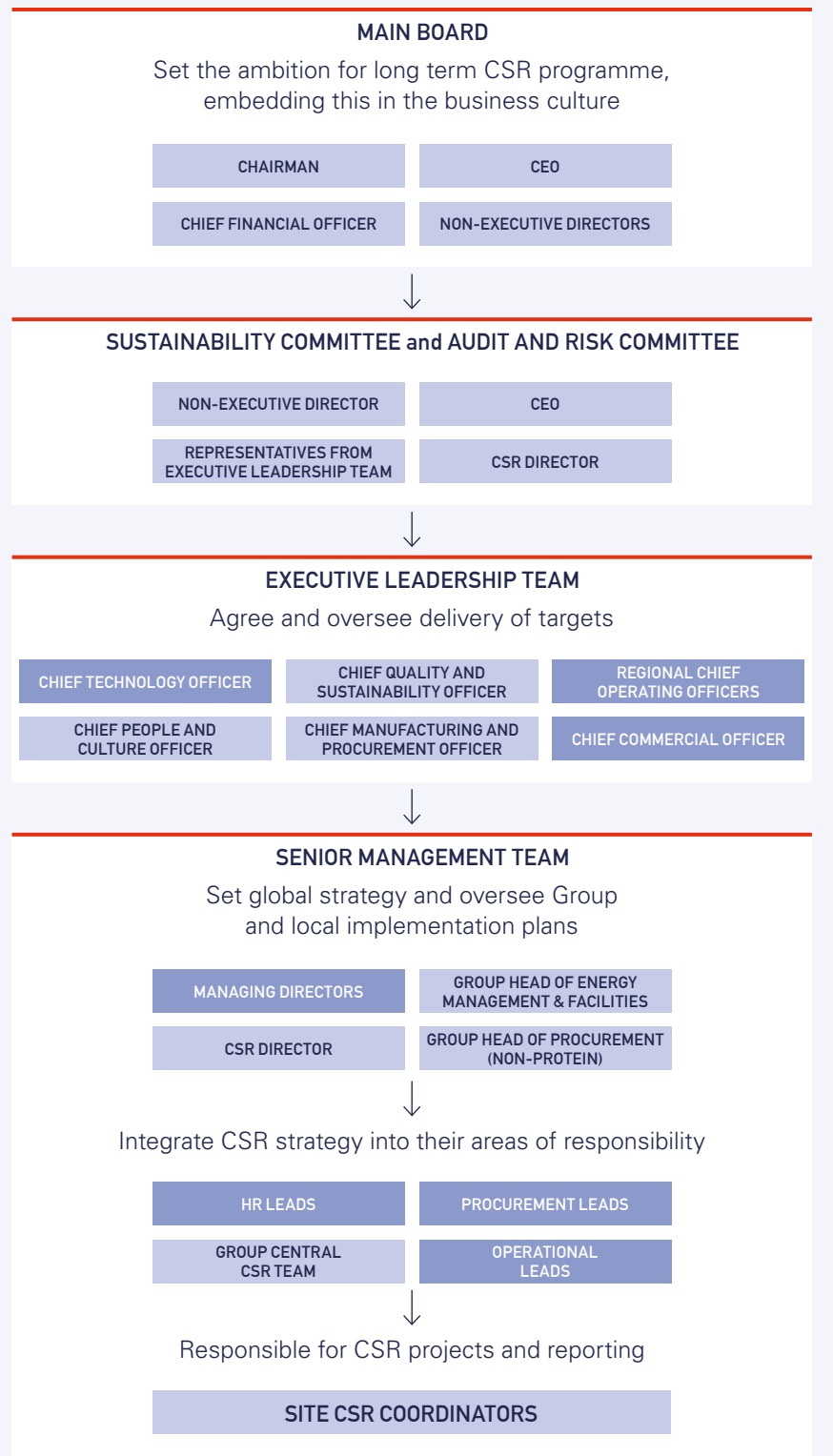
The Board ensures the ongoing success of the business, overseeing and engaging with both the Sustainability Committee and Executive Leadership Team on the direction and values of the company, including the integration of corporate social responsibility objectives. The Board is updated on sustainability objectives and strategy progress every six months.

The Sustainability Committee, chaired by Non-Executive Director Rebecca Shelley, oversees the delivery of our long-term corporate sustainability strategy and performance. The Committee approves formal reporting on corporate sustainability and provides integral support to the Senior Management Team, while evaluating both opportunities and risks alongside the Audit and Risk Committee in order to ensure a climate resilient business.

The Executive Leadership Team are updated monthly alongside the CEO on customer and corporate social responsibility targets and objectives.

The CSR team (led by the Chief Quality and Sustainability Officer and the CSR Director) coordinate our supply chain engagement and global reporting. The team acts as stewards over the sustainability strategy, assuming full responsibility for achieving targets and meeting reporting requirements.

Who is responsible for CSR at Hilton



- Direct responsibility for CSR, including climate
- Shared responsibility

Sustainability report

Value chain influence

How we work through the value chain

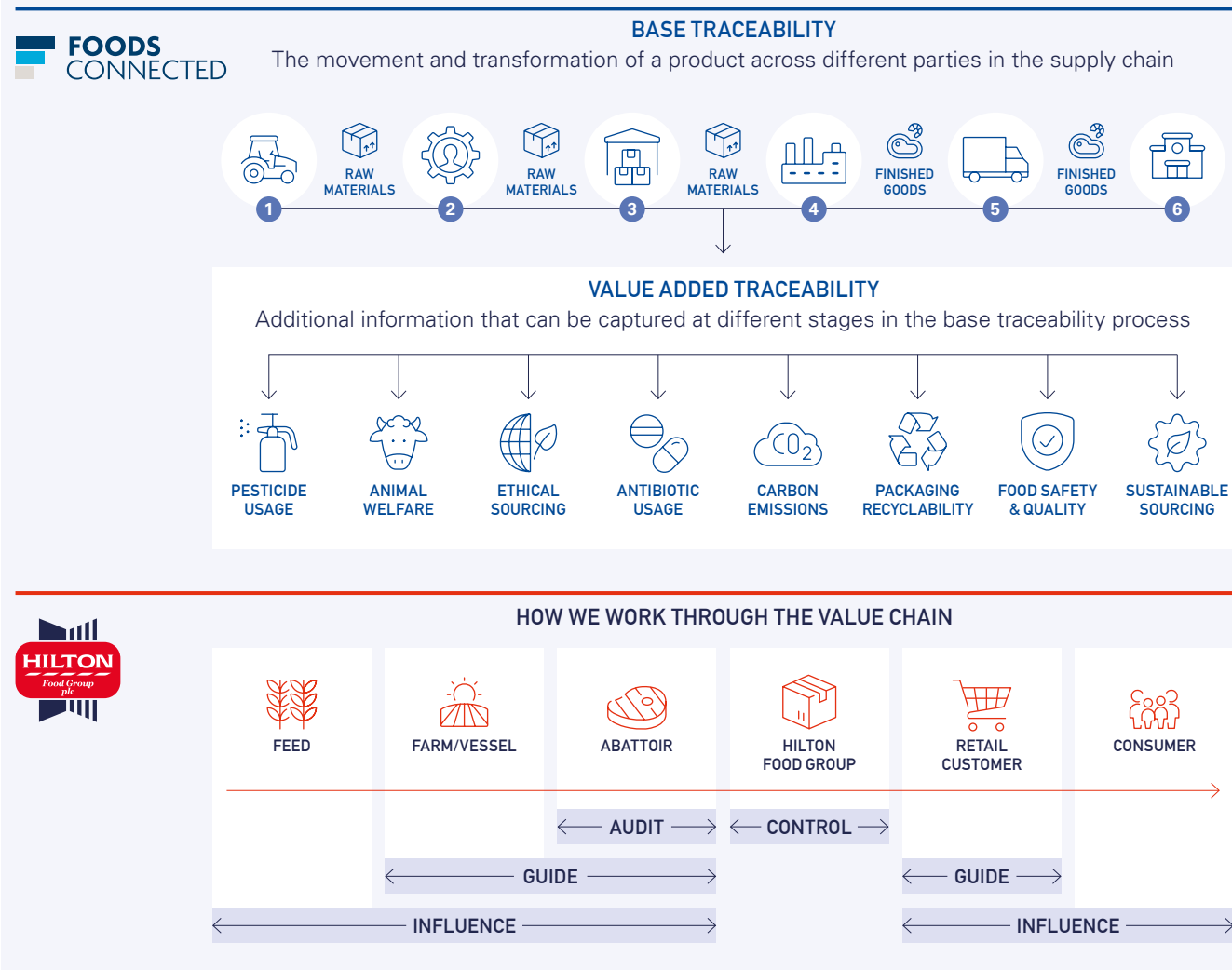
Hilton Foods engages the whole value chain to incentivise investment in step change improvements, which are economically sustainable at scale.

We do not own farms, fishing vessels or abattoirs, which gives us the freedom to work with the leaders in innovation and sustainability. The diagram shows how we guide and influence at each stage of the chain.

Foods Connected ensures we partner with suppliers that share our commitment to quality, safety, animal welfare, human rights and sustainability. The system helps us manage supplier performance and risk assessment to make sure we deliver our customer priorities.

Ensuring the sustainability of food requires transparency across the value chain to prevent negative environmental and human rights impacts. New technologies and tracing methods will inform consumers about the origin and methods of production and how human rights are protected.

Hilton and Foods Connected – supply chain transparency



Working with Foods Connected on transparency

We continue to work with Foods Connected to enhance transparency through digitisation of data capture within our facilities and throughout our supply chain. Some examples include rejection recording to allow comparison of supplier performance across our sites, customer complaints recording to report on trending issues, and group risk assessments which are completed by each site to inform audit scheduling based on risk. Having an aligned approach allows us to create powerful reports to manage performance, identify opportunities for continuous improvement and showcase best practice.

A DIGITALLY CONNECTED FOOD SUPPLY CHAIN TO DELIVER TRANSPARENCY, SUSTAINABILITY AND EFFICIENCY

Hilton Foods continue to work with Foods Connected on an Innovate UK funded traceability project, to demonstrate how state-of-the-art technology can be implemented in a commercial environment to deliver a transparent supply chain where data is accurate and accessible in real-time.

Hilton Foods Huntingdon have conducted a current and future state analysis and completed a full digital gap analysis of product movement throughout the facility for a beef primal cut. This has allowed us to identify where Foods Connected and other existing systems can digitise data capture. Mapping and understanding our digital landscape is an important first step towards real time access and integration with the centralised traceability solution, Trace Connected.

Throughout this year we have refined our value propositions and used them to inform the key events and associated data that are required for a full and complete trace. These include but are not limited to, base traceability (product movement), alongside value-added traceability data, such as, product quality and inventory metrics, the scope of which can be broadened based on reporting needs.

Foods Connected have continued to design and build Trace Connected in line with our requirements, ensuring the solution is fit for purpose for the Food Industry, reducing risk, cost, waste, and ensuring product integrity throughout.

We are collaborating with one of our suppliers to capture data one step back in the supply chain to achieve interoperable traceability between multiple stakeholders and systems. Centralising traceability information end to end is both innovative, and a significant step change for the food industry.

Hilton Foods Huntingdon have completed a full analysis of product movement throughout the facility for a beef primal cut



Sustainability report

PEOPLE

At Hilton Foods we employ over 6,000 people, dedicated to serving our customers and the millions of consumers across 14 countries.

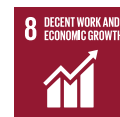
Our people are at the heart of our success and their health, safety and wellbeing is our first priority. We are an inclusive organisation built on respect, with equal opportunities for skills and career development. We work together to keep our business resilient for the future, bringing the diversity,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

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.

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.
- Development and roll-out of core HFG Agency Labour Standards.
- 100% of labour and service providers audited to HFG Agency Labour Standard.
- 100% of primary suppliers agreed to HFG Supplier Social Code of Conduct.
- 100% of new primary suppliers screened using social criteria.
- 100% of high risk primary suppliers audited.

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 production colleagues will be offered the opportunity to participate in 'work conversations' with their manager to discuss performance, development career aspirations, wellbeing and sharing 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, there will be have been 150 through the programmes.

Valuing our people

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

2025 Strategic Goals

Continue to put the health, safety, and wellbeing of our employees at the heart of what we do

Driving a more inclusive and diverse workforce, where all have an opportunity to thrive

Engaging and empowering our people

Our people are at the core of how we do business and they bring our culture to life within our factories, offices and communities.

Health, safety and wellbeing is the cornerstone of our strategy, facilitated through good leadership, safe behaviour and the continuous improvement of our Global Safety Framework. 92% of our employees reported that they understand how to apply our health and safety rules in their day-to-day work. This is evidence of our strong health and safety management system.

We're working towards an ambitious future, one we want to build together with all our employees. Creating spaces where our employees can speak freely about contributing to that future and how to participate in it is vital.

We are driving an even more inclusive and diverse business through our people strategy. We believe that no one should miss out on opportunities because of their age, gender, race, social background, sexual orientation, belief, political opinion, trade union membership, disability, family responsibility (i.e. pregnancy), mental health, sensitive medical condition or any other characteristic that forms part of who they are.

In 2021, we asked our employees whether 'I feel I can be myself at work' resonated with them. 74% of our employees responded that they were able to be themselves at Hilton. This is the first time we have included a diversity and inclusion metric in our annual engagement survey, and we will use this as a way of understanding the impacts of our Inclusion and Diversity activities going forward.

Highlights:

- In 2021, we successfully ran a Health and Safety Awareness week across all our European sites. Our employees found creative ways to bring our health and safety culture to life, from videos, to quizzes and posters. It's important to us that everyone has an opportunity to engage positively.

- We have stepped up our focus on mental health and wellbeing. A number of our factories now have 'mental health first aiders.' The pandemic has had a profound impact on all our lives, it's important to us as a business that we look after our employees holistically.
- Many of our sites supported our employees to have their Covid-19 and flu vaccinations whilst at work. It's important to us that we make it as easy as possible for our employees to stay safe.
- Supporting our communities is a valuable part of who we are. Many of our sites have worked to fundraise for causes important to them: from Make a Wish Foundation to Parkinson's and East Anglia Children's Hospices.
- We achieved an increase in the response rate to our annual engagement survey, rising to 77% of our global business. The first step to inclusion is to listen to our people to understand how we can improve.

30%

By 2025, 30% of our leadership roles will be filled by women

At Hilton Foods we are passionate about supporting women and those who identify as women in their careers. Improving our gender balance is critical to us, that is why we are setting a target on women in leadership for the first time. We want to take action on progressing the careers of women within Hilton, that is why 30% of our leadership roles will be filled by women by 2025. In this context, a 'leadership role' will mean any job roles at functional lead or senior specialist level.

We will continue to be a sponsor of Meat Business Women, finding innovative ways to achieve better female representation within senior management.

Looking forward

In 2022, we will establish a Global Wellbeing Framework to further support employee wellbeing, inspiring our employees to make informed decisions about their mental, physical and financial health. This will allow our sites to address the wellbeing needs that matter to their employees: from morning workouts in Denmark to our Your Voice and Wellbeing Committee in Ireland.

We've made a commitment to equal opportunity and development for all within Hilton Foods. In APAC we have established a Learning Management system to support our employees' development and we will build further on this in 2022 and beyond.



WOMEN'S NETWORK 2021 LAUNCH

Last year we launched our Women's Network, aimed at providing support, development and action to those who identify as women at Hilton Foods. Over 100 colleagues from across our global business have already joined the network.

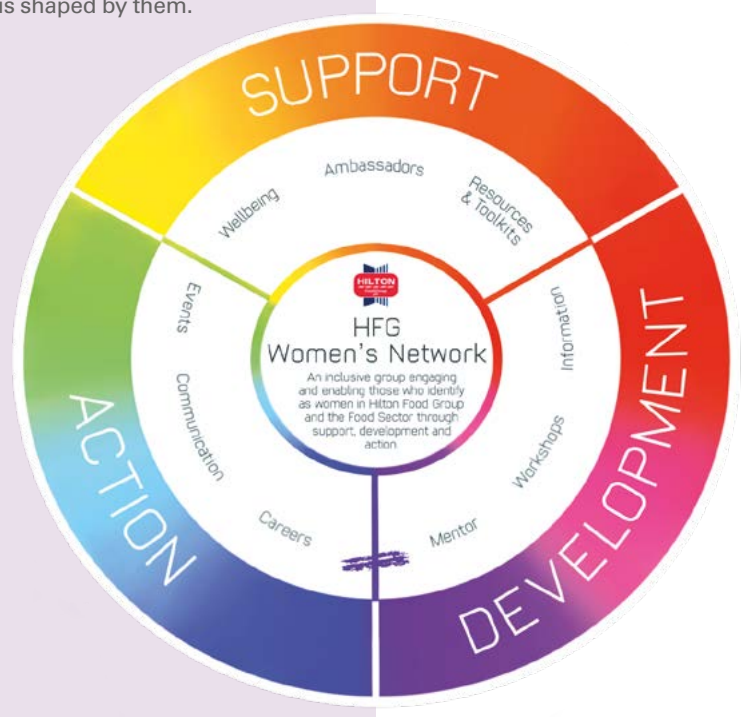
Achieving gender equality and promoting the value of careers in food production for women goes beyond targets to addressing systemic issues. We have thought critically about how to engage those in our workforce that identify as women and have created space for networking and skills development.

We plan to run four global virtual development events per year open to all, focusing on topics raised by individuals participating in our forum. The development of this forum has been informed by colleagues across our Group, it is important to us that we are led by what is important to our employees and how we work is shaped by them.



Diverse and inclusive teams are key to delivering our ambitious growth plans. It is essential that we do all that we can to demonstrate the opportunities for diverse talent that exists within our business."

JACKIE LANHAM
CHIEF PEOPLE AND CULTURE OFFICER



Respecting human rights

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

2025 Strategic Goals

Assess and address human rights impacts across our business activities

Extend our modern slavery strategy and awareness training to colleagues to all Hilton Foods sites

Improving access to grievance procedures across Hilton Foods

Establishing future-ready standards for agency and service staff on our sites

Hold robust due diligence on our primary (protein, ingredients and indirect) suppliers

The global food system is a complex web of activities, ranging from agricultural cultivation, production and processing to transport and consumption, upon which many livelihoods depend.

We have a responsibility to protect the internationally recognised human rights of workers both within our business and our global supply chains. This includes their labour rights; for example access to effective grievance procedures, worker representation, and a safe working environment. Building strong ethical standards to embed respect for human rights across our value chain is an essential step toward a fairer food system.

As we better understand the profound impact of Covid-19 and the tremendous shift in our society that will be required to reach Net Zero, it is essential that we work to make this a 'just transition'.

At Hilton Foods we see business done well as a vital element of ensuring a just transition: creating good jobs and opportunities for people and communities across our value chain. We have both an opportunity and a responsibility to provide a better future for all.

In 2021, we made a renewed commitment to the implementation of the United Nations Guiding Principles on Business and Human Rights (UNGPs) through the publication of our Human Rights Policy and Supply Chain Social Responsibility Policy. This sets our commitments to all workers engaged across our own operations and value chain. This includes all agency, temporary or migrant workers. The purpose of these policies is to embed respect for labour rights and improve working conditions throughout our business and supply chain.

Highlights:

– Alongside our new policies, our human rights strategy has been refreshed and endorsed by senior management within Hilton Foods. We plan to accelerate the work we're doing on human rights to 2025, by extending its scope and enhancing our commitments.

- We have created a new Supplier Ethical Approval & Risk Assessment process which is housed on our supplier management system, Foods Connected. We piloted this system in 2021, and will launch across our business in 2022. In addition, we have developed a new Supplier Social Code of Conduct, which sets out the behaviours and standards we expect from our suppliers. This Code of Conduct will launch in 2022.
- In 2021, we extended our in-house modern slavery and human rights standards training to our Group auditors. We see the value in empowering those working with our suppliers most frequently with the tools to speak up when they see something amiss.
- We have continued to support the outcomes of the independent Human Rights Impact Assessment, in collaboration with Tesco and local supply chain partners in our Vietnamese prawn supply chain. We are committed to understanding the impacts of our business activities on rights-holders, and working to address and enhance livelihoods.

Advocacy for a better future

The European Commission's legislative proposal on Sustainable Corporate Governance will be published in early 2022, which is anticipated to deliver mandatory human rights and environmental due diligence expectations for businesses operating in the EU. It is vitally important that similar legislation is implemented in the UK; this is not only to ensure a 'level playing field', but a reflection of high human rights and environmental standards within the UK, and appropriate access to justice for victims.

To this end, we signed a letter advocating for the introduction of this legislation in the UK, alongside a number of our investors and customers.

COLLABORATION AND GOVERNANCE

At Hilton Foods we recognise the importance of collective action to deliver a future ready food system. We work with a number of third parties, including NGOs to deliver this change; working to address both our own impact and wider industry issues that impact our suppliers. This collaborative work enables us to safeguard labour rights and improve working conditions.

We are a founding member of the Seafood Ethics Action Alliance (SEAA), a pre-competitive collaboration platform that works to ensure human rights in wild-capture fish supply chains are respected. We sit on the steering group of the SEAA, and have participated in the development of a risk assessment tool in 2021, with the purpose of enabling businesses to identify potential human rights risks in their supply chains (based on an agreed set of indices and criteria).

The Food Network for Ethical Trade (FNET), in which we actively participate, provides valuable due diligence and horizon-scanning for our risk assessment processes. In 2021, we participated in their Recruitment Fees Working Group, we are using these learnings to enhance our own internal procedures.

In 2021, we have held governance roles within Global Seafood Assurances, working to improve working conditions on vessels through the creation of robust health and safety and employment standards through the Responsible Fishing Vessel Scheme.

Hilton Foods supports the work of Stronger Together, a leading initiative working to provide practical solutions to business in the eradication of modern slavery and hidden exploitation. We use their training across our UK businesses, and spoke at an Australian webinar supporting their work in APAC.



Developing potential

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

2025 Strategic Goals

Enhance learning and development opportunities for our employees

We're committed to building a sustainable future together, ensuring all our employees have the opportunity to thrive.

The culture of our business is derived from our people, that's why we are committed to developing them. The innovation, resourcefulness and dedication of our employees is what makes Hilton a great place to work.

Ensuring our business is fit for the future means we have to create a visible framework for our employees to access and understand their career and training opportunities.

This is about creating value for every employee who works with us.

As part of our capability and succession review in 2021, we worked to identify and grow talent to fill future leadership and business-critical positions. Our vision for a business ready for the future means working with our employees to identify their strengths, and making our business resilient with a strong talent pipeline.

Nurturing internal talent is important to us, that's why we run our Accelerated Development Programmes. We want to ensure everyone knows they have a place at Hilton, and support is at hand for them to become the best they can be.

In 2021, we were proud to launch our Emerging Leaders Programme, developing participants to lead and to implement change. We want to grow our future leaders to be self-aware and empathetic leaders, who are able to work across cultures and deliver our growth strategy.

Highlights

- In 2021, our employees accessed a total of 8444 training hours.
 - We are passionate about the unique perspectives and skills our employees bring to the table. That's why in 2021 we created reverse mentoring relationships between our executive leadership team and our shop floor employees. We hope this will encourage even better cross-pollination of ideas within our business, and ensure all levels of leadership understand what matters to employees.
 - We've extended the number of employees receiving individual performance appraisals. We focus on holistic conversations from objectives to work responsibilities and from development plans to career aspirations. We believe we engage best with our employees by working transparently with them.
 - We know the value of training for our employees and our customers. Along with upskilling, training offers important opportunities to enhance employee satisfaction, improve our internal processes and retain valuable employees.
- Our factories have conducted training covering:
- Lean Manufacturing
 - Food Safety and Allergens
 - Chemical Handling
 - First Aid
 - Electrical Safety
 - Manufacturer Training for Equipment
 - Manual Handling Training
 - Personal Development Review Training
 - Apprenticeships Across Functions
 - Modern Slavery and Human Rights



Looking forward

At Hilton Foods, we want everyone to have an opportunity to have their achievements recognised and the chance to discuss their ambitions and job progression.

This is why we're launching 'workplace conversations' across our business. This new initiative will give every Hilton Foods employee the chance to discuss their experience at work, development and future ambitions at least twice a year. This forms part of our 2025 Sustainable Protein Plan.

Having quality conversations is a vital element of maintaining and improving employee engagement and to achieve this for our hourly paid colleagues, the approach is intentionally informal and positively focused, coming from a belief in respect and inclusion. It gives the opportunity for a straightforward conversation carried out with a genuine interest and intent and focused on what matters to our colleagues.

An update on our Accelerated Development Programmes

Last year we announced the extension of our Accelerated Development Programme to Emerging Leaders. Despite the challenges of Covid we successfully took 18 participants from seven of our businesses on a five-month leadership development journey. They worked on live Corporate Social Responsibility projects of critical significance to Hilton Foods. We are passionate about our developing leaders building powerful futures with us.

18

participants in our leadership
development programme

CAREERS AT HILTON FOOD GROUP

The Emerging Leaders programme gave me the headspace to really think about what I wanted from my career within HFG, the perspectives of different colleagues across Europe, and the opportunity to understand new areas of our business was invaluable.

The cross-functional working enabled by the Emerging Leaders programme through project teams was brilliant, giving me an opportunity to take myself out of my comfort zone, build my network within the business, and work with colleagues I wouldn't normally work with on an unfamiliar topic. This brought lots of interesting shared learnings and broaden my knowledge within a new field.



The course helped me to see the different opportunities available across the Group. It feels like a creative way of approaching personal development."

COMMERCIAL MANAGER

CAREERS AT HILTON FOOD GROUP

The Emerging Leaders programme was a great opportunity to get myself out of my comfort zone. This allowed me to enhance my skills and improve how I addressed and coped with more complex situations.



Hilton Food Group is being increasingly diversified, competitive, agile and technologically advanced and, more than ever, I feel ready for the challenge!"

GROUP PROCESS IMPROVEMENT LEADER

Sustainability report

PLANET

We believe we have a responsibility as a business to play our part in ensuring we move towards a food system that is operating within planetary boundaries. For this reason we have committed to being a net zero business by 2050. We recognise that this is a major undertaking for our supply chain and have committed to Science Based Targets to demonstrate our progress on this journey.

To reach our ambitious targets we have put in place robust decarbonisation plans for our own operations. Hilton Foods is rolling out tailored reduction and improvement plans on all sites, using low carbon technology for heat recovery and efficiency.

We have also built decarbonisation plans for our supply chains working in collaboration with our suppliers, retail partners and key industry stakeholders.

Alignment with the UN SDGs



2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems



14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans



15.2 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 end of 2025 and globally by 2027.
- Achieve our Science Based Targets across scope 1, 2 and 3 and publish updated ambitions.
- An intensity reduction of 15% in emissions of cattle in Europe by 2025, aligned to the ERBS Sustainability objectives.

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.

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 HFG standards (aligned to the Sustainable Seafood Coalition code and PAS 1550), actively engaging in fishery improvement projects and aquaculture standards development, and openly reporting our supply chains and their status in the Ocean Disclosure Program.
- Hilton Seafood UK directly sourced wild caught seafood 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.

Reduce emissions

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

2025 Strategic Goals

Achieve net negative emissions across our value chain to limit the impacts of climate change

With 30% of global emissions coming from the food system and the impacts of climate change becoming more acute, we are working to make this complex topic actionable across our supply chain on our journey to net negative emissions.

The first stage of this journey is building the measurement infrastructure to understand our emissions in more detail and monitor improvements. We are building an internal lifecycle assessment team and are working with Foods Connected to build tools that establish an ongoing reporting dialogue with our supply chain partners.

By building a toolset which gives a transparent view of our full value chain, we can target our resources where they will have the greatest impact and provide consumers with the clear evidence they need to make informed choices.

We are actively working with industry associations, suppliers and government to accelerate emission reductions. We recognise that the land sector has a unique opportunity in mitigating climate change. As custodians of the land, our supply chain has the capacity to sequester carbon, offsetting residual emissions from other sectors and providing long-term revenue streams.

Highlights

- The Science Based Target initiative approved our targets to reduce absolute scope 1 and 2 GHG emissions 25% by 2030 from a 2020 base year and reduce our absolute scope 3 GHG emissions from purchased agricultural products 12.3% within the same timeframe.
- We signed up to the UN Race to Zero, announcing our commitment to achieve net zero emissions globally before 2050.
- We have brought in a dedicated LCA specialist to improve our carbon accounting infrastructure and develop our decarbonisation strategy. This has begun with work to re-baseline our scope 3 emissions in anticipation of setting more ambitious targets in 2022.
- We have solidified our commitment to lower carbon proteins by taking full ownership of vegetarian and vegan protein producer, Dalco Foods.

- We are building tools to allow us to integrate consideration of carbon emissions into new product development.
- We have reduced business travel emissions by 84% compared to 2019 by making teleconferencing the primary business technology.
- We have partnered with WRAP in the development of their Scope 3 Guidance for the Food Sector and with the UNGC in the development of guidance for seafood.
- We have worked through UK CSP to deliver common industry KPIs to enable farmers to implement reductions at farm level.

TARGETING OUR DECARBONISATION ACTIVITIES

As part of our commitment to embedding lifecycle assessment within our business and the growing importance of environmental topics more broadly, we have expanded our team to include an experienced LCA practitioner.

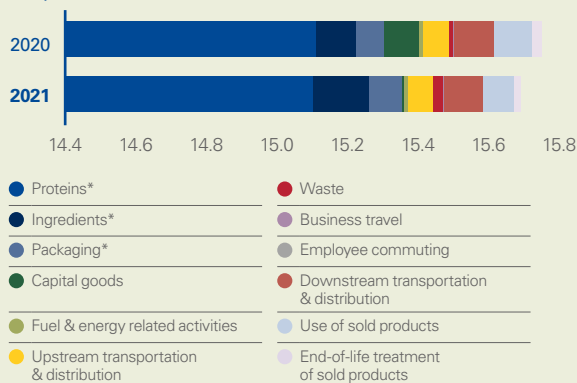
They have conducted a detailed assessment of our full business carbon footprint across our agricultural and industrial supply chains, improving upon our previous indicative methodology based on financial spend data to use physical entities.

This updated methodology estimates our total global carbon footprint at 15.5 million tonnes CO₂e with 80% of that coming from the beef we pack.

This work is allowing us to better target our decarbonisation activities where they have the greatest impact, accurately assess reductions and set more ambitious targets with confidence.

For example, whilst it is small overall, we found that 90% of emissions from upstream and downstream transport occur in Australia, so improving logistics in that region will be a priority for 2022.

Scope 3 Emissions (tCO₂e)



* Purchased goods and services.

ENVIRONMENTAL IMPACT IN VIETNAM

Environmental assessment of aquatic supply chains is often made challenging by a lack of transparent geographic or system specific data. This can make it difficult to target resources to the elements of the supply chain where they can have the greatest impact.

This is the case with many agricultural systems, due to the challenges associated with monitoring biogenic systems which are not present in most industrial systems.

Working with Tesco, IDH and Blonk, we have begun a project to build a better picture of the environmental impact of our Vietnamese aquaculture supply chain.

This project is focused on climate change, eutrophication and water consumption down to the level of the farm in Basa (Pangasius) and both intensive and extensive prawn systems, including the feed and hatcheries.

The learnings will be presented at the Seafood Expo Global in Barcelona in April 2022, enhancing capability across the industry.



Enhancing animal wellbeing

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

2025 Strategic Goals

Further animal welfare throughout our supply chains by raising the baseline and increasing the percentage of animals that are reared to a higher welfare standard

At Hilton Foods, animal welfare is important to us, our retail partners and their consumers. The science and understanding of animal welfare is continually improving, and we work to adopt new innovations to improve the lives of animals. Society is demanding more transparency and stakeholders such as NGOs, investors and consumers increasingly have a heightened interest in the provision of animal welfare. We actively promote and engage in standards development to deliver transparency and address welfare improvements in our supply chains.

We have increased the transparency of the animal welfare standards within our supply chains. This year we revised our animal welfare policy and issued our animal welfare statement which can be found on our website and will be updated annually. Our animal welfare statement details our approach and implementation of animal welfare; it includes our eight animal health and welfare objectives and our progress against them. We are also increasing our contribution to industry working groups to improve the lives of animals in our supply chain and the markets we operate in.

Alongside our focus on the sustainability of our products, we will ensure there is no compromise in animal welfare. We will do this by driving standards and innovation in the care of animals that enhances their lives and reduces antibiotic use.

As part of our annual audit of suppliers all our supplying abattoirs are audited for animal welfare. We have developed a further standard that gives our customers the option of a more in depth animal welfare standard at audit.

Highlights

- Hilton Seafood received the award for Innovation in Animal Welfare in 2021 by Compassion in World Farming for progressing humane stunning in warm water prawns by adopting the worlds first commercial use of an electrical stunner.
- We achieved tier 3 in the Business Benchmark in Farm Animal Welfare, demonstrating that we have an established approach to farm animal welfare.



- We are involved in a number of industry working groups to influence the progression of animal welfare including the European Roundtable on Sustainable Beef and Global GAP standards committee.
- We were on the development group for the animal welfare goals for the Global Roundtable on Sustainable Beef.
- We supported the Hilton Foods auditors through providing internal and external training in animal welfare assessments, both to upskill their general knowledge and audit specific training on this topic.
- Our Aquaculture & Fisheries Manager is Co-Chair of Global GAP Aquaculture Committee, which we have been part of since its inception.

AWARD-WINNING ELECTRIC STUNNER INNOVATION



The sentience of crustaceans is often overlooked and in the absence of any legislation or standards, this electric stunner for shrimp, pioneered by Hilton Seafood, has the potential to benefit billions of animals if adopted more widely across the industry.”

TRACEY JONES
DIRECTOR OF FOOD BUSINESS,
COMPASSION IN WORLD FARMING

Hilton Foods seek to ensure that all animals and farmed fish are effectively stunned prior to slaughter. All animals in all markets are routinely stunned prior to slaughter across the group.

Hilton Seafoods has made significant progress working with our suppliers to drive improved standards of humane slaughter.

A good example of this was a project that has helped to step change the humane slaughter of warm water prawns using a technology we previously introduced for stunning seabass and seabream in Turkey. This was a two-year project which resulted in the first commercial trial and the adoption of an electric stunner in warm water prawns (P. Vannamei). The electric stunner for finfish had to be modified to fit prawn production, and the stunner had to be fitted on a moving platform to allow the transfer of the stunner to the many ponds in a farm.

The evaluation concluded that the use of the stunner presented several benefits including:

- Faster method to render prawns unconscious and insensible to pain than the widely used ice slurry
- Reduced handling
- Better consistency of stun delivery
- Greater efficiency and reduction in labour during the harvest process
- Not detrimental to product quality

This work has been recognised by Compassion in World Farming when Hilton Seafood was awarded its award for Innovation in Animal Welfare in 2021.

Our Fisheries, Aquaculture and Supply Chain Manager presented this project at the Animal Welfare Research Network to share the learnings with the scientific community who may be able to adapt the technology to meet the needs of other species.



**SPECIAL
RECOGNITION
AWARD
2021**

COMPASSION
in world farming

Nature positive

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

2025 Strategic Goals

Enhance biodiversity on land

Enhance aquatic biodiversity

We understand that we have to enhance the resilience of our planet to not just halt nature loss but reverse it. We need to take action now to reduce and remove the drivers that lead to the degradation of nature across our global supply chains. We will do this by: collaborating to improve our stewardship of land and sea; promoting biodiversity; addressing deforestation; and protecting water and soils.

We will enhance biodiversity on land by:

- Eliminating deforestation in our supply chains.
- Maintaining 100% of paper and board sourcing from certified sources.
- Enabling farmers to reduce their emissions and improve biodiversity by providing planning and reporting tools.

We will enhance aquatic biodiversity by:

- Ensuring 100% of seafood is responsibly sourced to Hilton Foods standards which are aligned to the Sustainable Seafood Coalition code and PAS 1550.
- Hilton Seafoods UK directly sourced wild caught seafood 100% certified to the MSC standard or equivalent by 2025.
- We will continue to engage in fishery improvement and aquaculture standards.
- We will continue to report our progress in the Ocean Disclosure Program.
- Promoting novel proteins and oils in aquaculture feed to enable sustainable growth.
- We have committed in the UK to the Courtauld 2030 Water Ambition to improve water catchments.

Highlights

- We are signatories of the UK Soy Manifesto.
- We are founder members of the Soy Transparency Coalition and sponsored the first trader benchmarking report in 2021.
- Building on the success of the 2020 deforestation cut-off date set by the soy protein concentrate traders in Brazil for use in salmon.
- Focusing on beef, we have aligned a UK cattle industry soy plan in UK Cattle Sustainability Platform.
- We have achieved that 98% of our UK direct supply of wild caught fish is certified to the MSC Standard.
- We fund and actively participate in Project UK Fishery Improvement Projects (FIPs) to bring the remainder into certification.

INFLUENCING AND RESPONDING TO LEGISLATION ON DEFORESTATION

We supported the successful advocacy for UK and European regulations to require traders of forest risk commodities to apply deforestation due diligence.

We are now actively working to support Defra with the design of the new UK regulation and to support Bord Bia to align the soy supply into Ireland with both the forthcoming UK and European requirements.



Trees and forests are true allies in the fight against the climate and biodiversity crises. Trees purify our air, cool our cities, and take up CO₂. We need to be their allies too. Our deforestation regulation answers citizens' calls to minimize the European contribution to deforestation and to promote sustainable consumption."

FRANS TIMMERMANS
EXECUTIVE VICE-PRESIDENT
FOR THE EUROPEAN GREEN DEAL



COLLABORATING FOR CHANGE

We are signatories of the UK Soy Manifesto which is a collective industry commitment to ensure that all of the soy imported to the UK or used in feed for animals is from farms that are deforestation and conversion free by 2025.

Through this we are committed to:

- Collectively verifying that the supplying farms used by the traders are free from deforestation and conversion with a cut-off date of January 2020
- Ask direct suppliers to adopt and cascade the same commitment
- Build this requirement into contractual requirements through the supply chains
- Publicly disclose progress
- Support harmonised monitoring, verification and reporting



Sustainability report

PRODUCT

Each year we provide an estimated 150 million people access to high quality nutrition and we are committed to continuing to help each of them make better choices; better for their health, better for people and better for the environment.

Last year we processed 492,588 tonnes of protein, using 29,036 tonnes of packaging, 957,084,000 litres of water and 196,086,756 kWh of energy. The 2025 Sustainable Protein Plan will guarantee we can continue to provide access to nutritious, high quality products while ensuring we are good stewards of the Earth's resources.

Alignment with the UN SDGs



7.2 By 2030, increase substantially the share of renewable energy in the global energy mix



12.3 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

12.5 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

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

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 2018 baseline
- Improve water efficiency in our facilities by at least 10% compared to a 2018 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

Balanced healthy diets

Efficient regenerative food systems producing more accessible and nutritious proteins

2025 Strategic Goals

Enable consumers to make choices that are healthier for themselves and the planet

Increase the health scores of our current products and prioritise health in new product development

At Hilton we believe we have a responsibility to make it easier for consumers to identify the most healthy and sustainable option to enable them to make better choices. We want to help consumers make ethical and sustainable choices for both their health and the health of the planet.

Through our principle approach of consumer-led and customer-focussed, insight has shown that health and sustainability aspirations are becoming of increasing importance to consumers.

We are using innovation to provide consumers with healthy food choices in line with dietary recommendations. We promote healthy choices and provide ranges of affordable products with lower fat and salt content to help people to reduce these in their diets.

We continued to build our science-based knowledge on the positive role of each of the proteins we produce in a balanced diet, to inform our product development.

Highlights

- We invited Professor Alice Stanton to meet with senior colleagues across our businesses to both upskill and enable us to have practical conversations on how we can ensure consumers have access to the correct information and enable them to make better choices. Professor Stanton also gave us the tools to be able to better interpret the science enabling us to have more educated conversations with our retail partners.
- Our blended meat and vegetable range in the UK has been redeveloped to achieve a new improved health score. This makes it easier for consumers to increase the amount of vegetables that they eat allowing them to make healthier meal choices. This has been achieved by using cuts of beef with more lean muscle and less fat.
- Reducing sugar and salt has been a focus area for our developers over the last 12 months. Proactively improving the nutritional value of our products. Practical examples of this have been; reducing the salt content of the Tesco Piri Piri Chicken Wings and within our Heat and Enjoy Garlic Prawns by introducing a new batter system.

ENABLING CONSUMERS TO MAKE BETTER CHOICES

Working with Tesco we undertook a review of their meat and vegetable inclusion range, which was first launched in 2019.

Our consumer insight research told us that consumers found the meat and vegetable inclusion range helped them to make healthier choices, but that it was sometimes difficult to find in store and therefore could be more clearly communicated.

Taking learnings from the success of Plant Based in Tesco, the range was relaunched as a destination in store with both brands and own-label products to help build trust and appeal with customers.

Retaining familiar product formats has enabled consumers to make simple swaps within meals they already cook regularly at home.

The range has had strong appeal with families, and we have increasingly seen customers making repeat purchases of the products.

DEVELOPING AND UTILISING BETTER TOOLS

In partnership with Foods Connected we have built a tool for NPDP workflow. This is a critical manager workflow and this supports us in collaboration with our colleagues across all the functions.

Getting a product from a concept to launch involves teams across every function in our business.

Workflow gives everybody clear visibility of what they have to do and when they have to do it. Which gives clarity to our colleagues.

We're working to enable consumers to increase the amount of vegetables in their diet



Circular packaging

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

2025 Strategic Goals

Eliminate as much of the plastic waste within our own operations as possible

Achieve our commitments in the Plastics Pacts globally to drive the circular recycling of our packaging and reduce our use of virgin plastic materials

Packaging is essential to ensuring our consumer receives safe, high quality products and preventing food waste throughout the value chain. We are committed to building a circular economy, working with our partners to reduce the impact packaging has on the environment. We are working to support the development of lower impact polymer grades, introducing new fibre packaging options, and accelerating the development of global recycling infrastructure through our use of recycled content.

As part of our journey to circularity, we are ensuring we embed the waste hierarchy in every product decision we make. Reducing the amount of packaging we use is our first priority, before exploring reusable solutions and then striving for the highest quality recycling route. This is implemented through a set of sustainable design principles, using systems-thinking to ensure we are providing the best packaging solution whilst considering any second life the product might have. These strategies ensure we are able to reduce the environmental impact of our packaging throughout the full product lifecycle.

Highlights

- 76% of our meat trays are made from 100% recycled PET.
- We have reduced the weight of our mince packaging by 74% and the plastic content by 73% at Hilton Foods Holland by implementing flow wrap technology.
- We are maintaining leadership in natural fibre packaging by ensuring 100% of the paper and board we use comes from certified forests.

- We are a signatory to the UK Plastic Pact and the European Plastics Pact and a member of the Australian Packaging Covenant Organisation.
- We have continued our work to ensure all our packaging is reusable, recyclable or compostable.
- We have continued to transition our modified atmosphere packaging (MAP) from mixed PE/PET to mono-material PET.
- Our packaging contains an average of 57% recycled plastic.
- We continue to use our Carbon Trust packaging footprint and circularity assessment tools to make the right choices.
- We have removed 10 million pads from salmon fillets, and are now testing padless meat trays.
- We have reduced the thickness of our vacuum sealed trays by 25%, delivering an estimated annual reduction of 400 tonnes of plastic.

Waste hierarchy



JAZZ PROJECT REDUCES WASTE TO LANDFILL

We have rolled out the Jazz project across our UK meat and fish lines.

This novel technology converts difficult-to-recycle coloured plastics into food grade packaging, which is itself recyclable, creating a circular economy.

Using this technology we were able to divert 2,231 tonnes of plastic from landfill and incineration each year, equivalent to over 100 million individual items.

2,231

tonnes of plastic diverted
from landfill and incineration
each year



FLOW WRAP TECHNOLOGY SAVES 200+ TONNES OF PLASTIC EACH YEAR

We have reduced the weight of our mince packaging by 70% at Hilton Foods Holland by transitioning from traditional trays to flow wrap technology.

This innovation will save over 200 tonnes of plastic each year with no reduction in the product's quality or shelf life.

This has also allowed us to print product information directly onto the pack, avoiding the production of 200,000 paper labels every week.

70%

reduction in the weight
of our mince packaging

Resource efficiency

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

2025 Strategic Goals

Improve resource efficiency across our global operations

Reduce waste across our full value chain

Hilton recognises the Earth's resources are finite; and is committed to minimising the resources that we do use, and working to eliminate waste throughout our value chain.

Optimising our own operations will always remain our first priority, but we are also working with our value chain partners to ensure effective monitoring and reduction of waste through the whole food system.

- We are working with our retail partners to provide product choices to consumers that help them to reduce food waste, and the use of energy and water in their homes. As part of this we are ensuring we address our key water management risks, including: drought or extreme flood events in areas which supply both core proteins and non-protein ingredients. This is a fairly material risk which is primarily mitigated through our distributed supply strategy, which reduces our dependence on any specific geography.

- Disruption to water supplies in our facilities, most likely due to a pollution event or damaged infrastructure, is mitigated by most sites having onsite stores of water capable of lasting at least one day.
- Water pollution events from our sites are mitigated by grease traps on effluent pipes.

Highlights

- In 2021 we generated 2,466,759kWh of solar electricity at our Heathwood and Huntingdon sites.
- We have continued our programme to transition our refrigeration systems away from fluorinated gases.
- We have implemented intelligent energy monitoring across all our global sites, allowing us to effectively manage energy use across our portfolio.
- At Hilton Foods Poland we have saved 25,727kWh by optimising our use of air compressors.
- At Hilton Foods Ireland we have saved in excess of 11,000 litres per day by shutting down one of the site's cooling towers during the cold winter months. This also allows us to implement more thorough, less disruptive maintenance, improving efficiency all year and extending the life of our assets.
- We have installed charging stations across our estate to help our employees transition to electric vehicles.
- We have saved 65,151kWh at our Polish site and 14,551 at our Irish site by upgrading all our lights to LEDs.
- We have saved 89,846kWh by optimising refrigeration at our Huntingdon plant.
- We have saved 103,617kWh by optimising our use of vacuum systems at Hilton Foods Ireland and a further 74,760kWh at our SoHi joint venture in Portugal.
- We have saved 110,000kWh per year by replacing our liquid nitrogen freezing tunnels at Hilton Foods Poland with a compressor cooling system.
- We have initiated a project to implement ISO 50001 across our global sites.

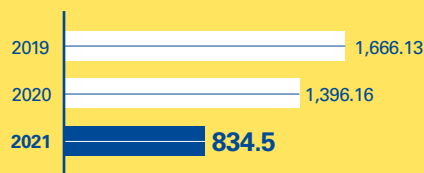
WATER HEATING AUDIT CUTS GAS USE BY 50%

At Hilton Foods Ireland we have halved our gas use in the last two years by optimising our use of hot water.

We have implemented processes to ensure we only heat the water we need and reduced the amount we are using by auditing our cleaning processes, ensuring at all times we were not compromising hygiene.

Through this process we then changed the nozzles on the cleaning lances to halve the flow rate, changed the cleaning cycle to use cold water where it did not detrimentally affect hygiene and turned off the air handling units during cleaning to prevent overrun.

Overall the site has cut its annual consumption by 5.5 million litres of water and halved its gas use since 2019.



EFFICIENCY FROM THE BOARDROOM TO THE SHOP FLOOR AT SOHI

From the boardroom to the shop floor, at our Portuguese Joint venture SoHi, we have implemented the principle that 'efficiency is everyone's job'.

Over the last year we have introduced a project to reduce our energy use during down time by turning off vacuum systems and other production equipment when they are not in use.

We have optimised our refrigeration systems by; changing temperature set points in different rooms, automating door operation, isolating temperatures between rooms, and switching compressors across the site to best match the load and reduce consumption.

This is an ongoing process that will continue in the coming years, we have already identified opportunities to optimise the compressed air system by eliminating losses and reducing the pressure.

By embedding a resource efficiency mindset across the site, we have already been able to implement over 400,000kWh of annual savings across the business.

400,000kWh

annual savings across the business
due to resource efficiencies



Sustainability report

Food safety and quality



All of our sites received the highest levels of third party and customer audit results in 2021.”

Food safety and quality

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:

- 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.

Factory standards and quality systems

We are proud of our modern, specialised processing and packing facilities which use state-of-the-art production equipment, including a high degree of automation and the use of robotic equipment which minimises handling. We are also automating our quality checks and by doing so removing paper and reducing the risk of errors. This, combined with our high standards of hygiene and temperature controls, ensure we meet our customers' expectations for quality throughout each product's shelf life.

Our well-trained production operatives are responsible for the quality of our retail partners' products and they are supported by highly qualified and experienced quality assurance and technical teams at each site. We have developed our own HFG Factory Standards to ensure both our new and existing facilities are set up and operate to the highest standards. All our sites are audited against these standards by our group audit team. In addition each of our sites undergo independent third-party accreditation to a Global Food Safety Initiative (GFSI) recognised certification scheme.

Our retail customers make frequent visits to our sites, which in some cases includes unannounced audits and visits as part of their own surveillance. This level of attention is a valuable part of our partnership with our retail customers and gives consumers confidence that Hilton can consistently meet their expectations. All of our sites received the highest levels of third-party and customer audit results in 2021.

We maintain strong links with academia and technological advances, working alongside Campden BRI, Danish Meat Research Institute and Teagasc Ireland. We are also active members of a number of trade associations such as British Meat Processors Association, Food and Drink Federation and Seafish.

Product standards and responsibility

The quality of the raw materials used in our products contributes significantly to the achievement of consistent finished product quality. We work closely with our suppliers to set clear specifications for the products they supply. Monitoring incoming raw material quality combined with close control of the processes we follow in our manufacturing operations ensures we are able to consistently meet the best in class specifications our retail partners set for our products.

Our product innovation capability is industry leading with local and regional centres of excellence for each of the food categories we produce. We have specialist teams at each of the sites and we share expertise in product and process development across the Group. Our creative team includes many qualified chefs who utilise the market insight teams and consumer focus groups to ensure our new product launches have a high degree of success.

Hilton's approach is to 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.

We are also supporting the reformulation of products to reduce the total salt and fat in food, and increase fibre in line with customer health targets and following FSA/EFSA guidance. Where possible we eliminate known allergens and clearly label them when present.

All of our sites have in-house testing facilities for raw material and finished products including organoleptic and physical assessment. We operate laboratory facilities in a number of our sites which carry out microbiological and chemical testing. These are operated by fully trained personnel and have appropriate local accreditation.

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.



Our product innovation capability is industry leading with local and regional centres of excellence for each of the food categories we produce.”

Supply chain integrity, environmental impact assessment and traceability



We have developed our own supplier standards for each raw material group which clearly state the standards we expect our suppliers to operate to.”

We partner with the best suppliers that share our commitment to quality, food safety, animal welfare and sustainability. We are committed to ensuring the integrity and traceability of the raw materials we use in our products, which includes the meat, fish, ingredients and packaging. We have developed our own supplier standards for each raw material group which clearly state the standards we expect our suppliers to operate to.

Audit frequency is determined by risk assessment which looks at a combination of raw material and supply chain threat and vulnerability, horizon scanning and supplier history. We have full traceability back to the farms and fishing vessels that supply the slaughter operations and primary processing factories in our supply chains.

Audits are carried out by our own team of qualified auditors or second party auditors against the Hilton Food Group Supplier standards. In addition, the majority of our suppliers are certified against GFSI benchmarked standards by independent audit bodies. For new suppliers our policy is to take from only GFSI certified suppliers. The current GFSI certification status of our supply chains is 93%. These audit processes have been in place for more than three fiscal years.

All UK Seafood is environmentally risk assessed in accordance with the Sustainable Seafood Coalition Codes which we helped develop as the first founding member. Currently over 98% of our wild capture volume is from certified fisheries and over 99% of our farmed fish and shellfish are from certified farms (ASC, GlobalGAP, or BAP).

All other fisheries are risk assessed against the most relevant data sources such as ICES stock assessments, Seafish RASS, Sustainable Fisheries Partnership Fish Sources, and Marine Conservation Society. We do not source from any high risk fisheries where there is no data available or there is proven poor fishery status, prevalence of illegal fishing, lack of management, or very high environmental impact.

We also buy directly from many fishing vessels that freeze their catch at sea giving us direct relationships with the major fishing quota owners.

We exercise due diligence in establishing the legal origin of seafood products and marine ingredients used in the feed for our farmed fish, and base our systems on the BSI PAS 1550 standard (for eliminating illegal unreported or unregulated fisheries) which we helped to develop. This includes audits of the feed producers and for the highest risk supply chains the fishmeal plants that supply them. Hilton Seafood has signed to support the Environmental Justice Foundation Charter for Transparency.

We hold Group Marine Stewardship Council certification for all of our manufacturing facilities that use fish, with annual compliance audits by the certification body. Hilton Seafood is founding, funding and active participants in multiple Fishery Improvement Projects to bring the remainder of our supply to certification or to develop new sources of supply. Hilton Seafood discloses all of our source species, fisheries and fish farming areas on the Ocean Disclosure Program website.

All farms, livestock facilities and slaughter facilities for farm animals, and >99% of farmed fish supplying Hilton Food Group UK, Ireland and Sweden, and the majority supplying to the other European and Australian markets are certified to independent farm assurance schemes. Where required assurance may be to higher 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, either to the Hilton Group Supplier Standard by our own team of welfare trained auditors, independently using a dedicated second party, or by auditors employed by our retail partners.

Hilton Seafood UK directly employs farmed fish welfare officers to audit all farmed fish slaughter facilities globally and the fish farms and hatcheries that supply them.

Our supplier approval process gives us full transparency on the safety, quality, traceability and provenance of the raw materials we use. This ensures our product labels correctly describe the provenance of the product, including its species and country of origin so that consumers can trust in the products we produce.

Our Seafood Standard includes additional requirements on fishery management, and environmental impact mitigation in fisheries and aquaculture.

Hilton actively review and engage in the sustainable development of our agriculture supply chains. 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. This includes addressing the GHG footprint of animal feed and other environmental risk areas.

We engage in the leadership of collaborative action to address the footprint of soy and cattle farming with the Soy Transparency Coalition, European Round Table in Beef Sustainability and UK Cattle Sustainability Platform. Our engagement is described in more detail in the Planet pillar.

Hilton additionally reviews welfare and environmental risks by using external data sources (for example lice counts, benthic scores and mortality in farmed salmon). For our aquaculture supply we are working with low stocking density farms where the environmental outputs are lower than standard with additional welfare benefits.

Hilton continually develops and refines testing methods, data collection and reporting. Samples collected from raw material deliveries are assessed for compliance to microbiological standards and agreed quality specifications. Results are used to assess the performance of suppliers and achieve continuous improvement. We conduct a wide range of authenticity testing to evaluate new supply chains and to monitor existing ones. The tests include speciation and screening for adulteration using chemical and DNA methodologies at accredited specialist laboratories. We are members of the Food Industry Intelligence Network where we compile industry-wide compliance statistics and share intelligence on suspected food fraud.

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We recognize that global warming is driving climate change and that governments, industry and wider society need to act together to mitigate the effects.”

Introduction

In 2020, we made our first TCFD disclosure that explained how our climate risk and opportunity assessments were being conducted, and how they fitted into our broader ESG strategy. This year we have made climate-related financial disclosures consistent with the TCFD's recommendations and recommended disclosures with the following exception:

- We have included details of our scenario analysis work in this report. However, Hilton is currently enhancing the number of scenarios it runs to ensure we further understand the financial impact of climate-related risk on the business. We plan to build more details into future disclosures.

We recognise that global warming is driving climate change and that governments, industry and wider society need to act together to mitigate the effects. We have identified potential risks and opportunities for our global food business and value chains and have explained the actions we are taking and plan to take in the future to mitigate the risks and maximise the opportunities.

Governance

The governance structure is detailed in the diagram on page 35.

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

The Board, led by our Chair, Robert Watson, has ultimate responsibility for sustainability, 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 members also have a range of experience that is relevant to risk assessment and mitigation strategy including leading financial, supply chain, sustainability, and general governance roles within global retailers and their suppliers.

The Board convenes eight times a year and where appropriate climate-related issues form part of the Board agenda. The Board has oversight of the progress against our Sustainability strategy. The Board has full responsibility to ensure the effectiveness of the risk management systems in place, and undertakes an annual review of the principal risks that include climate change.

The Board delegates certain sustainability oversight matters to its principal committees who work in synergy with overlapping membership utilising and ensuring a broad reach of skills and expertise across the business.

Corporate Sustainability Committee

Climate-related issues are discussed within the Hilton Sustainability Committee, which includes the CEO as a member, and is chaired by a Non-Executive Director, Rebecca Shelley, who has relevant experience in ESG derived from four years leading Tesco's CSR strategy and delivery programme internationally, as well as establishing and running sustainability programmes for large financial services companies including Prudential. This Committee meets at least three times a year. The role of the Sustainability Committee is to review the strategy to address climate risks and opportunities, and to monitor progress in reducing our climate footprint and the footprint of our supply chains. The Committee Chair subsequently informs the Board of our strategy and progress.

Audit and Risk Committees

Climate-related risks and the mitigation strategies are also reviewed within the internal audit and risk management function and the Risk Management Committee. The purpose is to ensure that the risks are identified and appropriately monitored and reported to the Audit Committee which recommends the risk categorisation and agrees mitigation measures for final approval by the Board. This process provides assurance to the Board that climate-related risks are fully integrated into the risk management framework. Progress against the sustainability strategy is considered within the Audit Committee's review of the effectiveness of both the internal controls and risk management systems. This is the responsibility of the Sustainability team and enables the Board to receive assurance on the management and mitigations of our climate opportunities and risks.

The Risk Management Committee and the Audit Committee both meet four times a year. As climate change is one of our principal risks, it is reviewed and monitored at all Audit Committee meetings. A special focus workshop meeting on climate risks was held where the two committees worked together to holistically consider risk.

Managements role in assessing and managing climate-related risks and opportunities

Our Chief Executive, Philip Heffer has overall responsibility for climate change, and environmental matters. As part of our commitment to sustainability, he leads our positive response to addressing climate risk and opportunities.

The CSR team, led by the Chief Quality and Sustainability Officer and the CSR Director, is responsible for climate risks mitigation across our supply chains. The operations teams, led by the Chief Manufacturing and Procurement Officer, are responsible for climate risks mitigation at site levels. 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 to the Sustainability Committee by the CSR Director.

The Group Head of Internal Audit and Risk executes a key role, supported by the CSR Director, in ensuring that management are identifying, mitigating, monitoring, and reporting on all key risks including the principal risk of 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 are then able to assess the effectiveness of these activities independently to report to the Audit Committee and subsequently to the Board. This provides key assurance to the Board.

The Executive Leadership Team oversees the strategy to meet our climate targets and align our product portfolio to shifts in demand.

Processes by which management is informed about climate-related issues

Management are advised by our internal experts in energy procurement, sustainable agriculture, sustainable fisheries & aquaculture, sustainable packaging, consumer insight, and supply chain insight. Management take external advice from specialist consultants including South Pole, Schneider Electric and IMS who advise on climate risk and mitigation options. The management team are directly engaged in national, regional, and global associations and forums that inform us about the latest science on both the risks and potential mitigations. Hilton has also directly employed a specialist in life cycle analysis and modelling of decarbonisation plans to advance our mitigation activities.

Hilton has directly engaged with a number of organisations to understand the climate risks and mitigation options during 2021. A selection are listed below.

- WWF – Engaged with the UK team to contribute to the development of their Protein Disclosure guidance and Sustainable Food Basket measure
- UN Global Compact (UNGC) – Sponsored the UNGC Ocean Stewardship Coalition and contributed extensively to their guidance on achieving Science Based Targets in Seafood
- Direct engagement with national bodies that coordinate programmes to reduce the footprint of the livestock sectors including Meat and Livestock Australia, Beef and Lamb New Zealand, Bord Bia, and The Agricultural and Horticultural Development Board in the UK
- Soy Transparency Coalition – Founder sponsor to ensure open reporting of progress by traders in South America

Risk management

Our processes for identifying and assessing climate risks

Climate risks (physical and transition), their severity, impacts and mitigation are considered within the Hilton Risk Management Committee and reported to the Hilton Audit Committee as described in the Governance section above. These assessments are a collaborative effort across business functions and are an opportunity to identify emerging risk, review existing risks and provide appropriate mitigation measures to reduce or manage the risk. The Committee considers the risk in terms of likelihood of occurrence, timescale and scale of potential impacts, alongside other types of risk. These determine the categorisation of principal and emerging risks that are submitted for final approval by the Board.

This assessment is where Hilton's own response to climate change is noted, with the appropriate action to deliver improvements detailed.

Existing and proposed regulatory requirements in each of our operating countries are considered, to determine compliance requirements. These include emissions and deforestation controls and product environmental labelling. Hilton actively engages in the consultation over proposed regulations and support the development of effective regulation that ensures common high standards of environmental management. We are currently supporting the development of the UK regulation to prevent the sale of products linked to illegal deforestation.

For more details of our risk management process and principal risks see page 24.

Our processes for managing climate risks and opportunities

Our process to determine material issues was to consult with a cross-section of both internal and external stakeholders (including NGOs, consultancies, centres of excellence, customers, retailers and partners in our agricultural, ingredient and packaging supply chains) with recognised expertise across our key risk areas. This ensures that materiality is assessed against legislation, policy and the business's influence on other entities in our value chain. The resulting matrix is shown on page 34 in this report.

The climate risks prioritised in our materiality assessment formed the basis of our risk and opportunity assessment. This is detailed in the strategy section below that considered the potential impact on our sites and supply chains from climate change and Hilton's strategy in preparing its transition to a low carbon economy. We have considered how each of these risks can be mitigated (for supply chain and consumer risks) or controlled (for risks related to our own operations). All of the climate-related risks have documented action plans to address them and likewise the opportunities have action plans to enable Hilton to maximise the benefits.

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Strategy

The impact of climate-related risks and opportunities on the business's strategy and financial planning.

Last year we introduced climate change as a new principal risk – “The Group’s business is affected by climate change risks comprising both physical and transition risks. Physical risks include long-term rises in temperature and sea levels as well as changes to the frequency and severity of extreme weather events, which pose a threat to the sourcing of our raw materials. Transition risks include policy changes, reputational impacts, and shifts in market preferences and technology.”

In 2021, we conducted an exercise to further identify the specific climate change risks and opportunities that may potentially arise in each time horizon in our operations and value chains, as shown in the tables below:

This builds on the initial assessment that we conducted during 2020, and is a more detailed analysis with input from expert consultants. This analysis considers our exposure to physical impacts from climate change and the potential impacts and opportunities from the transition to a low carbon economy.

An external review was carried out of the risks of flooding and wildfires for our sites. The locations of our sites were geocoded, and overlaid with data provided by Swiss Re’s CatNet® geo-spatial tool, including the major types of flooding (river, pluvial, and coastal storm surge) and wildfire risks. There is only one site that is in an area at risk, from a coastal storm surge, in the Netherlands. All other sites are in areas of low or very low risk of flooding. None of our sites are in high risk areas for wildfires. We will continue to monitor the potential for physical risks from climate change and its impact on severe weather events.

For the purposes of this disclosure we have categorised risk as:

- Short term (likely to manifest in the next year) addressed by immediate in year actions
- Medium term (likely to manifest in the next five years) addressed by current business strategy
- Long term (likely to manifest in the next five to 50 years) addressed by incremental actions that contribute to achieving our net zero strategy

Climate-related risks

Risk Description	Type	Area of impact	Time horizon	Likelihood	Potential positive financial impact	Response	Relevant Targets
Reduced revenue from higher emission food if consumers change their purchasing preferences to lower emission food	Transition (Market)	Downstream consumer shifts in demand	Short–Medium	Likely	Reduced revenues of higher emission foods	We are investing in acquisitions and diversification to gain market share in lower emission proteins. (Short term) Our work to decarbonise our factories and both agricultural and industrial supply chains will give consumers a choice of lower emission proteins in all product sectors. (Medium term)	We have approved Science Based Targets for scope 1, 2, and 3. Improve energy emissions and water efficiency in our facilities by at least 10% before the end of 2025, compared to a 2018 baseline
Storm and flood disruption in our supply chains leading to challenges sourcing raw materials	Physical (Severe Weather)	Upstream supply chain	Medium–Long	Likely locally in at least one supply chain	Disruptions in local supply affecting regional availability and/or pricing	Maintaining spread and flexibility in regional and global supply chains reduces the impacts of local disruptions. (Short to Long term)	
Reduced revenues from products with higher emissions, if carbon pricing is introduced to incentivise consumers to purchase lower carbon foods	Transition (Emerging Regulation)	Downstream consumer shifts in demand	Medium–Long	Likely	Price increases of higher emission products affecting the balance of consumer demand. Consumers moving away from proteins where the footprints have not been mitigated to lower emission proteins and/or supply chains	We are working towards our target of net zero by reducing emissions from our factories and, in partnership with suppliers, to incentivise innovation in lower footprint farming and fishing. (Medium to Long term)	We have committed to the UN Race to Zero through signing the Business Ambition for 1.5°C. An intensity reduction of 15% in emissions of cattle in Europe by 2025, aligned to the ERBS Sustainability objectives. 100% renewable electricity across all our own operations in Europe by end of 2025 and globally by 2027.

Climate-related opportunities

Opportunity	Type	Area of impact	Time horizon	Likelihood	Potential positive financial impact	Response	Relevant Targets
Reduced energy costs through decarbonisation of our operations and supply chains	Decarbonisation and Energy Sources	Own Operations	Short–Medium	Very likely	Reduced cost from investment in self-generation (solar/wind) and long-term contracts for renewable energy sources. Potential for revenues from participation in carbon markets within our supply chains.	Investment in self-generation of electricity. Securing long-term lowest cost contracts for renewable energy. Seeking opportunities for carbon sequestration in the supply chains to inset residual emissions and potentially to create revenue.	<p>Improve energy and water efficiency in our facilities by at least 10% before the end of 2025, compared to a 2018 baseline.</p> <p>100% renewable electricity across all our own operations in Europe by end of 2025 and globally by 2027.</p>
Growth in revenue from our ability to provide market-leading supply chain management systems and environmental data collection across multi-tier supply chains	Products & Services	Upstream	Medium	Very likely	Revenue from supply chain management services and data provision. Revenue from increased sales of existing products with lower footprints. Lower costs from more efficient and resilient supply chains. Reduced exposure to potential carbon taxes and the potential for revenue from generated carbon credits.	Utilising our IT solutions for supply chain management to lead in environmental data collection and traceability across multi-tier supply chains. Work with customers and suppliers to incentivise uptake. Utilising supply chain data to facilitate development of lower footprint versions of existing products and provide consumer messaging on the lower footprints and higher environmental standards.	<p>Enable farmers to reduce their emissions and improve biodiversity, to promote more regenerative farming, by providing planning and reporting tools.</p>
Growth in revenue from meeting consumer demand for foods with demonstrably lower footprints	Markets	Downstream	Medium	Very likely	Increased revenues from sales of profitable low climate impact products aligned to shifts in consumer demand.	<p>We are leading innovation in vegetarian, vegan, blended meat and vegetable products for the flexitarian consumer, and in seafood. These are profitable sectors where we have established expertise.</p> <p>Acquisitions and extension / adaption of existing sites to broaden our portfolio and range in low impact proteins.</p>	<p>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.</p> <p>Doubling in sales of vegan, vegetarian and flexitarian (vegetables added to products that were previously 100% meat or fish) products compared to a 2020 baseline.</p>
Reduced costs from improving the energy and water efficiency of our sites, and reducing waste of food and packaging	Material Efficiency	Own Operations	Medium	Very likely	Reduced energy and water costs by improved efficiency. Improved yields, lower packaging costs, and lower input costs.	Investment in heat and water recovery, investment in systems to measure and manage energy, water, and waste reduction. Improving packaging recyclability and reducing its weight. Accessing grants and subsidies to facilitate investment across our sites as they become increasingly available.	<p>Improve energy and water efficiency in our facilities by at least 10% before the end of 2025, compared to a 2018 baseline.</p> <p>Achieve a minimum of 50% average recycled content across all plastic packaging by 2025.</p> <p>All our retail packaging will be fully reusable, recyclable or compostable by 2025.</p>

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Our approach to climate scenario analysis

Introduction to scenario analysis

Hilton's primary revenue base is currently derived from meat proteins, and according to the OECD-FAO Agricultural Outlook 2021-2030, global meat consumption is expected to increase 14% by 2030 with population growth being the primary driver. While growth in meat consumption differs within different regions, Hilton operates on a global scale and is continually looking to enter into new markets. With agile operations that enable rapid change in response to market shifts, we are well placed to respond to changes in demand for protein. Through our forward looking risk assessment approach we are well aware of changes to the market which may drive shifts in demand for proteins. This could include a trend toward lower carbon or healthier alternatives, and may incorporate market disruptors such as lab-based proteins. With our lean operating chains and an ability to rapidly alter operations to suit a dynamic market, we are well placed to respond to market demands as and when they arise.

We have strong strategies to reduce our scope 1 and 2 emissions so we are confident of meeting our targets for the emissions related to our operations. Hilton does not directly own or operate the farms or abattoirs from which we source our protein products where the more significant impact comes from, ie our scope 3 emissions. We have therefore focused our scenario analysis on the impact that policy changes or consumer purchasing behaviours are likely to have on the Group's businesses and strategy.

Many of our supply chain partners are within the agricultural sector, which both contributes to climate change and is affected by climate change. Many of the jurisdictions in which we operate are aiming to reduce their greenhouse gas emissions from agriculture and adapt their food-production systems to cope with climate change.

To achieve the emissions reductions required, there are calls by the UK Climate Change Committee and others to change consumers eating habits to lessen meat consumption and increase other protein sources in their diet. Policy changes may therefore be implemented to drive down emissions in the agricultural sector and to shift consumer behaviours toward lower carbon options. Changes in carbon policy could be realised as a carbon tax or levy on food producers or retailers, inclusion of agricultural activities within existing cap and trade schemes, or through adjustments to existing agricultural subsidies.

Policy mechanisms will, however, need to balance emissions reductions with the needs of a growing population and ensure continued levels of food security which contribute to a balanced and healthy diet. As such, there may be an increase in incentives for carbon offsetting schemes on agricultural land, or increased R&D incentives for low carbon agricultural techniques. The situation is currently unclear and is likely to be implemented in different ways across different political landscapes.

While future policy is uncertain, as part of our initial climate-related scenario analysis, Hilton sought to deepen understanding of how changes to carbon tax could impact upon our supply chain and impact upon pricing strategies adopted for different protein products. We are aware that consumer purchasing is heavily dependent on fluctuations in the price of protein products. As such, we sought to understand how a change in carbon cost throughout the supply chain could result in a shift to consumer behaviour. Our internal scenario analysis is continually developing and improving and future disclosures will build on the work carried out so far for 2021.

The scenario analysis we have completed looks at the likely impact on relative product cost as a result of carbon pricing and the likely changes in demand that will induce.

Assumptions and uncertainties

The outputs of our scenario analysis are highly sensitive to the assumptions used for modelling and are outlined as the potential impact we could face as a business before taking any mitigating actions into account. The modelling is not intended to be a forecast of the impacts on our business, but an illustration of how changes to policy could impact upon our key product portfolios.

Scenario modelling has many limitations and the studied scenarios are not forecasts, but are useful to evaluate a range of hypothetical outcomes within a plausible range under specific assumptions. Longer timeframes entail greater uncertainty and thus it is more challenging to model these outcomes. All results should be considered in light of these limitations.

Key inputs for our scenario analysis

Regional protein consumption

To develop a baseline understanding of consumption data for different protein sources in different geographical regions, we have considered the OECD-FAO Agricultural Outlook 2021-2030 which provides a baseline projection for protein consumption based on expectations of regional demand.

We have considered our three key operating regions: the UK and Ireland, Europe and Australia. Our Dalco operations and SoHi joint venture operations are included in the modelling but Fairfax Meadow is not included in this year's modelling as it was acquired too late in the process. We consider impacts to a range of protein products, primarily pork, beef, lamb, fish and vegetarian proteins.

Additional factors such as significant and unexpected inflation, efficiencies in farming practices, changes in the cost of agricultural production and changes in policy may further impact upon regional supply and demand and this would impact upon our analysis.

Carbon emissions

At Hilton, we have an in-depth understanding of the emissions associated with the products we produce. The bulk of our emissions arise from farming activities, feed provided to livestock and enteric fermentation, with smaller amounts attributable to processing, transport, packaging and retail. We are in the process of aligning our carbon reduction trajectory with the Science Based Targets initiative's Forest, Land and Agriculture standard, which sets out ambitious reductions trajectories to prevent the worst impacts of global warming and have applied the relevant emissions reductions to our portfolio emissions. It should be noted that any deviations from this emissions reduction pathway by either Hilton or its suppliers would result in a higher level of emissions and a more significant impact to our cost base, in the event of a change in carbon policy.

Carbon policy

It is currently unclear where and how changes to carbon policy could impact upon the supply chain. We have therefore assessed the impact of changes to a carbon price across the supply chain, to assess how this could impact upon the retail value of our produce, and consequently on consumer behaviour. The carbon prices considered are derived from IEA's Stated Policies Scenario (STEPS) and the IEA's Sustainable Development Scenario and are outlined below.

Our modelling is highly sensitive to changes in carbon price.

	IEA Stated Policies	IEA Sustainable Development
Warming alignment by 2100	2.6°C	Well below 2°C
Carbon price 2030 (US\$2020 per tonne CO ₂ e)	\$65	\$100

Impact of carbon policy on sales values

Our assessment considered the impact of a change in carbon policy within the supply chain and how that could impact upon the potential for increased costs throughout that supply chain. While it is currently unclear the extent to which a change in carbon policy would result in increased costs for Hilton, it is possible that this would result in a change to the cost base of our proteins and would therefore impact upon the pricing of our products. As can be seen from the table below, beef and lamb products would receive the largest increase in pricing. Fish and plant products do not increase as significantly in price when applying either the stated policies scenario carbon price, or the sustainable development scenario carbon price.

There are a number of differences in the price differential for products within different regions and across different scenarios. Beef, for example, displays a medium impact within the STEPS scenario in the UK and Ireland, but a high impact elsewhere.

Similarly, lamb displays a medium impact in the STEPS scenarios, and a high impact in the SDS scenarios, apart from Europe, where the impact for the SDS scenario is also medium. The impact of carbon pricing on the cost of pork has a medium impact within the UK and Ireland for both scenarios, but only in the SDS scenario for Europe.

These differences are largely a result of the distribution of GHG emissions across the product portfolio when compared to the original cost of the product. Beef in the UK and Ireland, for example, has a lower carbon impact when looking at the carbon impact relative to the cost of product, whereas pork within the UK and Ireland has a higher carbon impact when looking at the impact relative to the cost of product. These differences result in regional variations when looking across different products and regions.

Indication of how a change in carbon price could impact upon pricing in 2030

	Australia		UK and Ireland		Mainland Europe	
	STEPS 2030	SDS	STEPS	SDS	STEPS	SDS
Pork	○	○	●	●	○	●
Beef	●	●	●	●	●	●
Lamb	●	●	●	●	●	●
Fish	○	○	○	○	*○	*○
Plant	○	○	○	○	○	○

* In 2020 Hilton had no operations outside of the UK and Ireland relating to fish products, this will change in 2022 and is expected to change significantly by 2030. An assumption has been made that a change in carbon policy would result in a low impact on pricing in 2030, in line with expectations for Australia, UK and Ireland.

STEPS = IEA's Stated Policies Scenario

SDS = IEA's Sustainable Development Scenario

- Low impact
- Medium impact
- High impact

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Impact of carbon policy on sales volumes

Past trends in consumer behaviour have shown us that changing the pricing of a product is likely to impact upon consumer behaviour and as such, where carbon policy changes result in an increase in our pricing strategy, this may result in a shift in sales volumes for certain products. However, it is not just the percentage change in price that matters, but the gross change. As an illustrative example, a 10% increase in the cost of a lamb joint is likely to have a more significant impact in consumer behaviour due to the significant gross cost increase in that product. A 10% increase in the cost of pork mince, however, may not have such a significant impact as the gross change in cost does not have such a significant impact on household spend.

Reducing the consumption of one protein source may also impact upon the demand for other protein sources, as consumers switch to alternative sources of protein. A shift away from high-cost lamb could result in an increase in demand for lower-cost pork, for example, and is a pattern we have witnessed within historic sales trends. There is, however uncertainty around future trends for vegetarian and plant-based options which are fast-growing areas within the protein industry.

In order to assess how carbon policy could impact upon consumer behaviour we have considered baseline trajectories for protein consumption (derived from OECD-FAO forecasts) and overlaid the impact of a change in carbon policy and pricing strategies in driving consumer behaviour, based on our historic understanding of how pricing shifts impact upon consumer behaviour. It should be noted that due to data limitations of the OECD-FAO data forecasts (which looks solely at a limited set of plant proteins), we have assessed the expected potential growth in the alternative protein market, which better represents Hilton's operations.

The table below sets out how consumer behaviour may change, based on a change in product pricing arising from potential changes to carbon policy.

From our analysis it is possible that changes to carbon policy may result in rebalancing of protein sales from beef and lamb toward lower carbon and healthier alternatives such as plant. This may benefit fish and seafood to a lesser extent, given that minor changes in price fluctuations can impact significantly on gross price changes, though a strong desire for healthier options is expected to continue to drive underlying growth. In addition, it is our expectation that changing consumer trends will result in increased demand for alternative emerging proteins.

Our approach to scenario analysis – further developments

Using the work undertaken in 2021 and 2022, Hilton is in the process of understanding how a change in carbon policy could impact upon our overall revenues and costs. This work will progress over the course of 2022.

Indication of how a change in carbon policy could impact upon consumption trends

	Australia		UK and Ireland		Mainland Europe	
	STEPS	SDS	STEPS	SDS	STEPS	SDS
Pork	●	●	●	●	●	●
Beef	●	●	●	●	●	●
Lamb	●	●	●	●	●	●
Fish	●	●	●	●	*●	*●
Plant	○	○	○	○	○	○

* In 2020 Hilton had no operations outside of the UK and Ireland relating to fish products, this will change in 2022 and is expected to change significantly by 2030. An assumption has been made that a change in carbon policy would result in a low impact on pricing in 2030, in line with expectations for Australia, UK and Ireland.

STEPS = IEA's Stated Policies Scenario

SDS = IEA's Sustainable Development Scenario

- Potential significant modelled increase
- Potential for no significant modelled change
- Potential significant modelled decrease

Hilton's Response to Mitigate Potential Impacts

Tackling Emissions	Ambitious decarbonisation plans for each of our key supply chains supported by expert external advisors	Engagement in the governance of key global and local forums to reduce the emissions of cattle and aquaculture	Investment in renewable energy and self-generation, alongside industry-leading efficiency for our own sites
Supporting Consumers to Transition their Diets	Investing in acquisitions and organic growth that diversifies our protein portfolio and aligns to the future market balance	Developing tools to integrate lifecycle assessment into product and packaging development, in a holistic approach to circular food systems	Leading in the development and marketing of plant-based and vegetarian products
Influencing Nature Positive Policies	Advocacy for industry wide commitments to end deforestation in the Cerrado	Actively supporting the introduction of regulations that ban trading in products sourced from illegally deforested farms	Engaging in Fishery Improvement Projects to establish fish stock governance based on science and ensure the sustainability of our supply chains

The resilience of our strategy against different climate-related scenarios

Protein mix and diversification

Hilton has long been aware of the trends toward healthier and more sustainable eating. Social consciousness is of growing importance to consumers when making decisions about their lives and the food they eat. We want to help customers make ethical and sustainable choices for both their health and the planet. Shifting to sustainable food consumption was a key pillar for the UN 2021 Food Summit and the EU farm-to-fork strategy.

During 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. This acquisition is in line with Hilton's strategy to further diversify and strengthen its protein offering within the fast-growing and attractive vegan and vegetarian market. The agreement will build on the success of the existing partnership and will see Hilton commit ongoing investment in order to significantly increase its capacity to customers, grow its ranges and develop new, innovative, plant-based products. In early 2022 we took a further active step to diversify into fish, a lower carbon protein, by the acquisition of Foppen.

For Tesco UK, we launched several vegan Christmas items in the Wicked Kitchen Brand with the Wicked Kitchen No Turkey Crown being the top-selling meat alternative Christmas product. We have introduced a range of products globally, incorporating vegetables into products that were originally 100% meat. This enables consumers to balance their meat and vegetable consumption without changing their favourite meals.

We recognise, however, that protein demand is expected to double by 2050 and a balance of food sources will be needed that can meet the full nutritional requirements of a growing population. We are also, therefore focusing on the resilience of our supply chain within a sustainable economy (see our decarbonisation strategy below).

Hilton's role is to enable consumers to choose from a range of sustainable and healthy proteins and to provide them with the information to make these choices. To do this we are measuring and addressing the footprints of the foods we make and diversifying our range into fast-growing low impact sectors.

Hilton will provide its partners with a balanced portfolio of meat and fish products that have significantly reduced environmental impacts, alongside growing its sales of vegetarian and vegan plant-based alternatives.

There will also be opportunities for premium retail and food service products across all proteins, especially linked to seasonal celebrations. For example, there has been double-digit percentage growth across the premium own label Christmas products over the last two years in the UK.

Agility of operating structure

Hilton operates an agile business model which enables a fast response to changing market demands, such as those that may arise in a population that moves quickly toward lower carbon food options. We do not own or operate abattoirs or farms directly, and as such are able to continually assess our relationships with suppliers to ensure that our supplier relationships are the most effective in contributing to our wider corporate strategy.

Sustainability report

Climate risk and impact report

Task Force on Climate-related Financial Disclosures

Our consumer and market insight teams map emerging consumer behaviour and follow developing regulation, supported by our membership of trade associations such as the Food and Drink Federation. Our continual stakeholder consultation enables us to identify trends in consumption, whether this be toward lower carbon alternatives, healthier alternatives, or where there is increased interest in as yet untested technologies such as lab-based proteins. This enables us to continually assess whether our product portfolio is resilient against a changing consumer market.

Our agile operating supply chain also enables us to make adaptations to product options to increase affordability and ensure access to protein in the event of significant changes to pricing. This could result in increased levels of mixed meat proteins, or mixed vegetable and meat products, to ensure that a growing population is not priced out of a healthy diet.

Decarbonisation

Our climate risk mitigation strategy for our own sites starts with securing renewable energy contracts with support from Schneider Electric. We are reducing our operational climate change impact through investment in energy and water efficiency measures such as heat pumps, solar self-generation, and lower energy use equipment. We have invested in line-by-line energy monitoring to determine and act on efficiency improvement savings.

Hilton is aware that the protein needs of a growing population mean that it is important to work with supply chains to decarbonise. At Hilton, with support from independent experts such as South Pole, we actively review and engage in the sustainable development of our agricultural supply chains. 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. This includes partnering to address the GHG footprint of animal feed and other environmental risk areas.

- We are vice chair of the European Roundtable for Beef Sustainability (ERBS). The ERBS has set a target to reduce cattle emissions by 15% by 2025 and has established national platforms, including the UK Cattle Sustainability Platform, where Hilton is coordinating the actions to deliver the emissions reduction target.
- In the Netherlands, we have collaborated with a dairy company to take ex-dairy cows and finish them to produce beef with an independently verified significantly lower climate footprint than dedicated beef cattle.
- We are evaluating the impact on methane production in the rumen of cattle from novel feeds and optimised feed formulations. The most effective mitigations will be promoted across our supply chains with support from our suppliers and the collaborative platforms that we engage in.

- We are full participants in the UNGC and the Action Platform for Sustainable Ocean Business. We contributed to their report 'Accelerating Sustainable Seafood' that explains the key enablers for seafood to transition to net zero carbon and other SDG objectives, and their forthcoming guidance on Science Based Targets for ocean businesses.
- Hilton is engaging in advocacy to end deforestation associated with soy and cattle in Brazil as one of the Signatories of Support for the Cerrado Manifesto. We took part in the successful negotiations, to set a 2020 cut-off date, with the traders supplying salmon feed companies. We are also founding members of the Soy Transparency Coalition that benchmarks soy traders on their programmes to halt deforestation.

Adaption to physical impacts of climate change

To address the risk of extreme weather events in our supply chains we maintain flexible and diverse supply partnerships to ensure we can rebalance supplies when one supplier or area is affected.

As part of our work to achieve water efficiency and risk mitigation we utilise water supply buffer tanks to ensure we have access to peak water requirements when water supply is reduced. Where required we incorporate flood mitigation including run-off water capture tanks to protect the local water systems.

Climate-related metrics and targets

The metrics we use to assess climate-related risks and opportunities

The key metrics that Hilton uses to measure its climate-related impacts are scope 1, 2 and 3 emissions combined with total consumption and usage of electricity, gas, water and refrigerants. Our GHG emissions inventory data is independently verified. We also monitor the split between renewable and non-renewable energy as we seek to move towards more renewable sources.

Our targets used to manage climate-related risks and opportunities

The sustainability strategy includes the following climate-related goals and objectives that are monitored against annual KPIs and our progress is reported to and reviewed by the Board.

Our scope 1, 2 and 3 emissions

In 2021 we have measured our own scope 1 and 2 emission sources and conducted a review of our scope 3 emissions with support from the consultancy South Pole. This confirmed that the largest impact is from our scope 3 purchased goods and services, with cattle being the single largest sector.

In our assessing and reporting of scope 1, 2 and 3 emissions we follow the GHG corporate protocol. 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. Our scope 1, 2 and 3 emissions are validated and verified by GEP Environmental to a 'limited level of assurance', which is in line with ISO 14064:3. The emissions are detailed on page 74.

Our Science Based Targets

To address our climate footprint the decision was taken to set Science Based Targets for our own operations and our supply chains. These targets were approved by the Science Based Target initiative during 2021. We also committed to the Business Ambition for 1.5°C to align our long-term targets against a track to achieve net zero before 2050.

To achieve these targets, we have built decarbonisation plans for each of our operations in line with the path required to meet interim and final targets. This has been supported by Schneider Electric and includes identifying specific opportunities for heat recovery and efficiency projects and obtaining ISO 50001 energy management certification globally. We are also seeking opportunities for investment and grant support for low carbon technology for both heat generation using renewable energy, and water capture and treatment, which we plan to introduce in due course.

We are working with our key suppliers to build decarbonisation plans for our supply chains. For our livestock supply chains our decarbonisation plans are being aligned to the Science Based Target initiative, Forestry, Land and Agriculture (SBTi FLAG) pathways. These are being determined for each type of livestock and will be agreed with the suppliers concerned.

Once these decarbonisation plans are all in place, we plan to submit new more ambitious targets to the SBTi for approval.

Our approved targets

Percentage reduction targets	Target year 2025	Target year 2030
Scope 1* (WB2C)	12.5%	25%
Scope 2* (WB2C)	12.5%	25%
Scope 3** (2C)	6.5%	12.3%

* Well below 2°C pathway.

** 2°C pathway.

Goals	Targets
Improve resource efficiency across our global operations	Improve energy and water efficiency in our facilities by at least 10% before the end of 2025, compared to a 2018 baseline. We report on total water withdrawn and total water consumed, in regions with high water stress.
Reduce waste across our full value chain	Halve our own food waste by 2030 compared to 2019 and continue to publish food waste annually, in line with the Champions 12.3 commitment to deliver UNSDG 12.3.
Achieve net negative emissions across our value chain to limit the impacts of climate change	Achieve our Science Based Targets across Scope 1, 2 and 3 and publish updated ambitions. See details below this table. An intensity reduction of 15% in emissions of cattle in Europe by 2025, aligned to the ERBS Sustainability objectives. 100% renewable electricity across all our own operations in Europe by end of 2025 and globally by 2027.
Enhance biodiversity on land	Eliminate deforestation from the conversion of natural forests to agriculture or livestock production in our supply chains by the end of 2025. Enable farmers to reduce their emissions and improve biodiversity, to promote more regenerative farming, by providing planning and reporting tools.
Transition consumer diets	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. Doubling in sales of vegan, vegetarian and flexitarian (vegetables added to products that were previously 100% meat or fish) products compared to a 2020 baseline.
Circular packaging	Achieve a minimum of 50% average recycled content across all plastic packaging by 2025. All our retail packaging will be fully reusable, recyclable or compostable by 2025.

Sustainability report

Non-financial KPIs

Carbon Footprint	2021			2020 (SBT base year)			2019		
	UK	Global (excl. UK)	Total	UK	Global (excl. UK)	Total	UK	Global (excl. UK)	Total
Scope 1 (tCO ₂ e)	5,999	9,562	15,561	4,503	6,136	10,639	6,832	4,720	11,552
Scope 2 – location based (tCO ₂ e)	8,900	48,349	57,249	8,607	49,069	57,675	7,609	44,609	52,218
Scope 2 – market based (tCO ₂ e)	1,182	40,822	42,004	0	47,103	47,103			
Scope 3 – 01. Purchased goods and services	3,250,823	11,867,233	15,136,440	3,890,451	11,395,565	15,286,016			
Scope 3 – 02. Capital goods	2,004	5,950	7,954	3,578	102,644	106,221			
Scope 3 – 03. Fuel and energy related activities	1,649	8,019	9,668	1,535	9,799	11,334			
Scope 3 – 04. Upstream transportation and distribution	2,478	75,189	77,666	3,040	75,673	78,713			
Scope 3 – 05. Waste	18,004	11,195	29,199	6,062	6,970	13,032			
Scope 3 – 06. Business travel	39	141	180	2	3	5			
Scope 3 – 07. Employee commuting	898	1,425	2,323	917	1,081	1,998			
Scope 3 – 08. Upstream leased assets	–	–	–	–	–	–			
Scope 3 – 09. Downstream transportation and distribution	4,961	114,599	119,560	4,240	118,841	123,082			
Scope 3 – 10. Processing of sold products	–	–	–	–	–	–			
Scope 3 – 11. Use of sold products	7,911	84,093	92,004	8,199	104,641	112,840			
Scope 3 – 12. End-of-life treatment of sold products	6,357	17,032	23,389	6,432	23,471	29,904			
Scope 3 – 13. Downstream leased assets	–	–	–	–	–	–			
Scope 3 – 14. Franchises	–	–	–	–	–	–			
Scope 3 – 15. Investments	–	–	–	–	–	–			
Scope 3 – Forestry, Land and Agriculture (FLAG) (tCO ₂ e)	3,241,797	11,802,691	15,044,488	3,860,330	11,340,601	15,200,931			
Scope 3 Upstream (tCO ₂ e)	3,275,894	11,969,151	15,263,431	3,905,585	11,591,734	15,497,320			
Scope 3 Downstream (tCO ₂ e)	19,229	215,724	234,953	18,872	246,954	265,825			
Scope 3 – Non-FLAG (tCO ₂ e)	53,327	382,184	453,895	64,127	498,087	562,214			
Total Scope 3 (tCO ₂ e)*	3,295,123	12,184,875	15,498,383	3,924,457	11,838,688	15,763,145			
Total Scope 1, 2 and 3 – location based (tCO ₂ e)	3,310,022	12,242,786	15,571,193	3,937,567	11,893,893	15,831,459			
Intensity ratio SC1&2 (tonnes CO ₂ per tonne of product produced)	0.03	0.19	0.12	0.03	0.12	0.15	0.04	0.13	0.17

* Scope 3 emissions reported in this year's report differ from those reported in 2020 due to significant methodological change from financial screening to detailed LCA. This is described in Reducing Emissions (page 48).

2020 scope 1 and scope 2 (location and market based) reported emissions and 2021 scope 1, 2 and 3 emissions have been externally verified with limited assurance by an independent third party (GEPEnv) in accordance with ISO 14064:3.

UK scope 2 (Market) emissions in 2021 are not zero due to the purchase of Fairfax Meadow, all other UK sites continue to use 100% renewable electricity.

All 2021 UK data includes full year data for Fairfax Meadow, in addition to Hilton Foods UK (incorporating Hilton Foods Solutions), SVC and Hilton Seafood sites. Likewise, Global data includes full year data for Dalco. We follow the GHG corporate protocol to calculate our scope 1 and 2 emissions, using IEA emissions factors for our location based emissions and supplier specific factors to calculate our market based emissions.

Energy, kWh	2021			2020			2019		
	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	5,584,948	1,044,790	6,629,737						
LPG	0	87,042	87,042	0	1,981,079	1,981,079			
Natural Gas	15,537,123	24,876,987	40,414,110	21,332,658	30,218,747	51,551,406			
Total non-renewable fuel consumption	21,122,071	26,008,819	47,130,889	21,332,658	32,199,827	53,532,485			
Solar electricity generation	223,291	2,926,408	3,149,699	243,000	2,260,000	2,503,000	0	0	0
Total renewable electricity consumption	38,510,862	35,573,856	74,084,718	243,000	25,984,033	26,227,033			
Total non-renewable electricity consumption	3,784,729	63,979,808	67,764,537	37,526,233	71,445,071	108,971,304			
Proportion of renewable electricity	91%	36%	52%						
Total renewable other energy consumption	0	0	0	0	0	0			
Non-renewable other energy consumption (district heating)	0	7,106,611	7,106,611	0	1,392,196	1,392,196			
Total renewable energy consumption	38,510,862	35,573,856	74,084,718	243,000	25,984,033	26,227,033			
Total non-renewable energy consumption	24,906,799	97,095,238	122,002,037	58,858,892	105,037,093	163,895,985			
Total energy consumption	63,417,662	132,669,094	196,086,756	59,101,892	131,021,126	190,123,018			
Energy consumption (kWh used per tonne of product produced)	293	513	806	447	397	411			

* Details of efficiency measures are included in Resource Efficiency, on page 60.

Freshwater (m³)	UK*	The Netherlands	Ireland	Sweden	Portugal^	Denmark	Poland	Australia	Total freshwater use	Total freshwater withdrawals	Intensity (m³ per tonne of product produced)
2019	297,500	169,000	49,000	59,000	35,000	45,000	74,000	47,000	775,500		
2020	329,600	164,700	45,000	58,300	31,950	46,000	96,000	249,300	1,020,850		
2021	290,064	173,478	39,231	61,830	28,953	44,945	89,366	268,447	957,084	941,743	1.91

* Fairfax Meadow not included.

^ Adjusted to JV holding.

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

Data from New Zealand is not included for this year as the site was not fully operational and data is impacted by construction use.

Very high = 0

High = 1 Truganina

Packaging

Total weight of packaging	29,036
Percentage from recycled materials	57%
Percentage that is recyclable, reusable, and/or compostable	75%

Workforce	2021			2020			2019			2018			2017		
Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Board	5	2	7	5	2	7	5	1	6	5	1	6	5	1	6
Executive Management	7	3	10	8	2	10	8	2	10	8	2	10	8	2	10
Senior management*	28	11	39	47	11	58	39	11	50	39	11	50	40	8	48
Employees	3,395	2,386	5,781	3,185	2,206	5,391	2,981	1,963	4,944	2,878	1,840	4,718	2,483	1,188	3,671
Board	71%	29%		71%	29%		83%	17%		83%	17%		83%	17%	
Executive Management	70%	30%		80%	20%		80%	20%		80%	20%		80%	20%	
Senior management	72%	28%		81%	19%		78%	22%		78%	22%		83%	17%	
Employees	59%	41%		59%	41%		60%	40%		61%	39%		68%	32%	
Soft skills training			8,444			6,554			4,523						
% of employees covered by collective bargaining agreements			41%			33%									
Total staff turnover			24.91%			17.10%			21.90%			22.50%			30.60%
Total fatality rate			0			0			0			0			0

Health and Safety	2021	2020	2019	% Change (2021 vs 2020)
Hours Worked	9,559,280	9,143,579	9,717,405	4.5%
First Aid Incidents	586	677	573	-13.4%
Lost Time** Incidents	138	87	147	58.6%
Lost Time Incident Frequency Rate	14.44	9.51	15.13	51.8%
Number of Days Lost	3514	2,198	2,012	59.9%
Lost time incident severity rate	367.63	240.33	207.05	53.0%
Non injury incidents/hazards	5,191	4,993	85*	4.0%

* 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 2 fiscal years covers 100% of directly employed Hilton employees.

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

Other information

Charitable donations in 2021	£72,629
Total site waste (tonnes)	47,405
We have received no human rights/quality violations for the past three years	
No Hilton Foods staff have been disciplined or dismissed due to non-compliance with anti-corruption policy/policies in the current and last 2 fiscal years	
Customer service level (%)	96.44%
Product produced	492,588

Sustainability report

SASB Processed Foods

Reporting Recommendations

SASB Code	Sub-category	2nd sub-category	Disclosure	Unit of measure	Direct Response
FB-FR-130a.1	Energy Management	Measurement	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)	Total energy consumption, proportion from the grid and proportion from renewable sources are detailed in the 'Resource Efficiency' disclosure on page 60 of this document.
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 meters (m³), Percentage (%)	Total water withdrawals and total water consumption are detailed in the 'Resource Efficiency' disclosure on page 60 of this document. All data is adjusted to reflect our holding in our SoHi joint venture. The difference between the two can be accounted for by rainwater harvesting operations at our SoHi JV. 12% of water is abstracted in high stress areas, as defined by WRI, all at our Truganina plant.
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	There has been one issue of non-compliance associated with water quantity and/or quality permits, standards, and regulations in 2021, with our trade waste permit at our Truganina plant. We have worked with the local regulator to resolve this and municipal system was not impaired as a result of this non-compliance.
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 60 of this document.
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	We have 17 sites which are all GFSI certified, one site which is currently not operational and one that is newly constructed and is preparing for GFSI certification in 2023. 14 sites are certified against the BRC standard, 7 sites are AA grade (<5 minors), 7 sites are A grade (6-10 minors). 3 sites are certified against the FSSC 22000 standard all of which have been graded as Pass. We have 1 joint venture which is certified against the FSSC 22000 standard, which has been graded as Pass.
FB-PF-250a.2	Food Safety	Measurement	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised food safety certification program	Percentage (%) by cost	In FY21, 93% of our ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised 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 FY21 we received no notices of food safety violations.
FB-PF-250a.4	Food Safety	Measurement	(1) Number of recalls issued and (2) total amount of food product recalled	Number, Metric tons (t)	In FY21 we had no product recalls.
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.

SASB Code	Sub-category	2nd sub-category	Disclosure	Unit of measure	Direct 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	<p>Hilton Foods is actively engaged in reformulating products to reduce the salt, sugar, calories and fat levels, where appropriate, across our global product range.</p> <p>We actively promote the adoption of Omega 3 products among our customers, and engaging the salmon industry to increase the Omega 3 content of salmon feed and therefore the levels in the finished product.</p> <p>As a predominately private label supplier, we work in partnership with our customers to deliver health benefits to their consumers, please refer to 'Balanced healthy diets' on page 56 of this document for further information.</p>
FB-PF-270a.1	Product Labeling & 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 Labeling & 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 Labeling & Marketing	Measurement	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	Number	Hilton Foods has not received any incidents of non-compliance with industry or regulatory labeling and/or marketing codes in FY21.
FB-PF-270a.4	Product Labeling & Marketing	Measurement	Total amount of monetary losses as a result of legal proceedings associated with labeling and/or marketing practices	Reporting currency	Hilton Foods has not been a party to any legal proceedings in FY21 in relation to branding/ product labelling.
FB-PF-410a.1	Packaging Lifecycle Management	Measurement	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable	Metric tons (t), Percentage (%)	Total weight of packaging, the proportion of that from recycled and renewable sources and the proportion that is recyclable, reusable or compostable are detailed in the packaging section on page 58.
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 page 58 of this document.
Activity Metrics					
FB-PF-000.A	N/A	Measurement	Weight of products sold	Metric tons (t)	492,355
FB-PF-000.B	N/A	Measurement	Number of production facilities	Number	Hilton Food Group has 18 production sites which are wholly-owned, and one joint venture.

Approval of the Strategic report

Pages 6 to 77 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
5 April 2022