Sustainability is at the heart of how we do business.

Our sustainability strategy addresses what’s important, what we should be aiming to achieve and how we report on our progress.

We are actively engaging in dialogue with internal and external stakeholders, including NGOs, in order to ensure our strategy is delivering what’s needed, and our reporting is clear and transparent.

Our overarching Quality Naturally strategy and its eight supporting pillars have remained unchanged. We have created a new format this year, that we hope is more accessible and effectively demonstrates progress through practical examples of our work.

In this report we cover all aspects of our social and environmental strategy and commitments. Alongside these we highlight the material issues, our progress, the challenges we face, and the way in which assessing related risks and opportunities are evolving.
In 2021 we have committed to setting Science Based Targets for our factories and for our supply chains.

PHILIP HEFFER
CHIEF EXECUTIVE OFFICER
During 2020 we established a Sustainability Committee, which I am pleased to Chair. This demonstrates the critical importance to the Board of our Quality Naturally strategy, which is at the core of our partnerships. I am pleased to share some of our insight into the key issues and opportunities for Hilton in 2021.

The major sustainability theme of 2021 is likely to be climate action, with the 26th Conference of the Parties to the UN Convention on Climate (“COP26”) taking place in Glasgow. This is why we are proud to be doing our part by setting Science Based Targets which we plan to have agreed with SBTI during this year.

We are preparing for the recently-announced requirements for reporting against the Task Force on Climate related Financial Disclosures (“TCFD”) framework. This year we have made our first statement, which shows how we are approaching both the risks and opportunities for a multi protein global food company.

Another key theme will be nature, often characterised as biodiversity. Several influential reports in 2020 highlighted the extent of damage to nature from human activities, including the prospect of those being accelerated by climate change – this at the same time many people were turning to their natural environments as relief from lockdown.

The next Conference of the Parties of the UN Convention on Biodiversity takes place in China in October 2021, where a ‘Paris style agreement’ deal for nature is sought.

Food has become an increasing focus for consumers, at the same time as their awareness is being raised that nature is under threat. These are big issues for agriculture with many of the countries in which we operate taking the opportunity to re-invent the way they support agriculture, such as the EU Farm to Fork strategy, and the new Environmental Land Management Scheme (“ELMS”) in the UK.

As a consequence of Covid-19, there is a strong government desire to ‘build back better’ and build a ‘green recovery’. At the same time there is demand for greater diversity and flexibility at all levels of business and in public life. Some of our changed work patterns will endure as we have seen the effectiveness of remote working and connecting via video, but we look forward to resuming the face to face interaction that brings us together in creative collaboration.

The Covid-19 crisis has enhanced the ‘valuing’ of food, and there is emerging evidence that food waste has reduced, because more people are planning their purchases, cooking from scratch and using leftovers. We continue to focus on food waste in our own operations and are particularly proud to be listed as part of the Champions 12.3 10x20x30 commitment. This groundbreaking initiative brings together 10 of the world’s largest food retailers and providers, each engaging at least 20 suppliers to halve food loss and waste by 2030.

We are seeing an increasing demand for food that is healthy for us and healthy for the planet. This report shows how we are playing our part in making that happen.
This diagram demonstrates how we have developed our strategy to deliver specific outcomes that are relevant to our business and to our stakeholders. We have worked with expert partners to map the issues that are most relevant to our stakeholders. We used these to create a prioritised list of objectives in each of the eight pillars of our strategy. The outcomes of this strategy will help us deliver tangible progress against the Sustainable Development Goals.
### INTRODUCTION TO OUR STRATEGY

Our Quality Naturally strategy uses eight strategic pillars to deliver our responsible business vision.

Our strategy leverages the influence of our scale, and builds on the many examples of leadership in Sustainability within the Group. We understand that no single company can tackle these challenges alone.

We recognise our responsibility to reduce the footprint of our products throughout their supply chains and within our factories.

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### INNOVATORS IN SUSTAINABLE PROTEIN

Innovating to produce quality food which is ethical, healthy and sustainable

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### EIGHT PILLARS OF OUR STRATEGY

- **OUR PEOPLE**
  - Our people are proud to be part of Hilton, recognising our contribution to community, environment and how they are treated in the workplace. We embrace local creativity and grow and develop our people to be the best they can.

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

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

- **RESOURCEFUL FACTORIES**
  - We are on a path to net zero carbon and constantly reducing our environmental impact by eliminating waste and driving resource efficiency.

- **TRANSPARENCY**
  - Our industry leading transparency solutions and open reporting demonstrate our responsible business progress and strengthens trust in our industry.

- **ANIMAL HEALTH AND WELFARE**
  - We are driving uptake of innovation and developing standards that advance welfare and reduce the need for antibiotics throughout our global supply chains.

- **ETHICAL SUPPLY CHAINS**
  - We are leading collaborative action to improve the lives of workers across our supply chains.

- **CONSUMER HEALTH INNOVATION**
  - By combining innovation and responsible sourcing, we ensure our consumers can make balanced choices that are healthy for them and for the planet.
**OUR MATERIALITY MATRIX**

We use this materiality matrix to decide which key initiatives to invest in and how to prioritise each of them.

These material topics are considered within our wider risk management process. It was the first step in developing our Quality Naturally strategy, as it ensures we focus on the right priorities.

<table>
<thead>
<tr>
<th>IMPACT ON COMPANY</th>
<th>IMPORTANCE TO EXTERNAL STAKEHOLDERS</th>
<th>KEY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major</td>
<td></td>
<td>OUR PEOPLE</td>
</tr>
<tr>
<td>Significant</td>
<td></td>
<td>TRANSPARENCY</td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td>PACKAGING</td>
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<tr>
<td>Significant</td>
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<td>RESOURCEFUL FACTORIES</td>
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<tr>
<td>Moderate</td>
<td></td>
<td>SUSTAINABLE PROTEINS</td>
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<tr>
<td>Significant</td>
<td></td>
<td>ANIMAL HEALTH AND WELFARE</td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td>ETHICAL SUPPLY CHAINS</td>
</tr>
<tr>
<td>Significant</td>
<td></td>
<td>CONSUMER HEALTH</td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td>INNOVATION IN HEALTHY AND SUSTAINABLE EATING WITH ALTERNATIVE PROTEIN OPTIONS</td>
</tr>
<tr>
<td>Significant</td>
<td></td>
<td>FOOD WASTE AND LOSS</td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td>ANTIMICROBIAL RESISTANCE</td>
</tr>
<tr>
<td>Significant</td>
<td></td>
<td>TRANSPORT</td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td>OUR COMMUNITIES</td>
</tr>
<tr>
<td>Significant</td>
<td></td>
<td>PRODUCT SAFETY &amp; INTEGRITY</td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td>CLIMATE CHANGE MITIGATION AND BIODIVERSITY THROUGH SUSTAINABLE AGRICULTURE/WILD CAUGHT FISH/AQUACULTURE</td>
</tr>
<tr>
<td>Significant</td>
<td></td>
<td>HUMAN RIGHTS IN SUPPLY CHAINS</td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td>FAIR PRICE TO FARMERS AND FISHERMEN</td>
</tr>
<tr>
<td>Significant</td>
<td></td>
<td>RESPONSIBLE RECRUITMENT</td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td>TRANSPARENT SUPPLY CHAINS</td>
</tr>
<tr>
<td>Significant</td>
<td></td>
<td>OUR FACTORIES ENERGY AND WATER MANAGEMENT</td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td>OUR COMMUNITIES</td>
</tr>
<tr>
<td>Significant</td>
<td></td>
<td>CAPABILITY OF OUR PEOPLE</td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td>EMPLOYER OF CHOICE</td>
</tr>
</tbody>
</table>

**GROUP LEVEL MATERIALITY MATRIX**
HOW WE WORK THROUGH THE VALUE CHAIN

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

Our focus is to deliver our customer priorities by collaborating with our supply chains. 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.
<table>
<thead>
<tr>
<th>FACTS AND FIGURES</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>30%</strong></td>
<td><strong>5,718tn</strong></td>
<td><strong>1.5%</strong></td>
<td></td>
</tr>
<tr>
<td>REDUCTION IN FOOD WASTE IN OUR UK SITES SINCE 2018</td>
<td>FOOD SAVED FROM GOING TO WASTE</td>
<td>FOOD WASTE AS A PROPORTION OF TOTAL FOOD PRODUCED</td>
<td></td>
</tr>
<tr>
<td><strong>70%</strong></td>
<td><strong>89%</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
<tr>
<td>AVERAGE RECYCLED CONTENT OF OUR PLASTIC PACKAGING</td>
<td>OF OUR MEAT TRAYS ARE MADE FROM 100% RECYCLED PET AND ARE FULLY RECYCLABLE</td>
<td>WE HAVE ACHIEVED 100% SUSTAINABLY SOURCED PAPER AND BOARD (FROM FSC OR PEFC SUSTAINABLY CERTIFIED FORESTS) ACROSS ALL OF OUR RETAIL PACKAGING GLOBALLY</td>
<td></td>
</tr>
<tr>
<td><strong>130tn</strong></td>
<td><strong>1,000tn</strong></td>
<td><strong>18m</strong></td>
<td></td>
</tr>
<tr>
<td>OF PLASTIC REMOVED BY REDUCING THE WEIGHT OF OUR RETAIL PACKAGING IN OUR SEAFOOD BUSINESS IN THE LAST 12 MONTHS</td>
<td>WE HAVE PLANS TO REDUCE OUR PLASTIC TRAY WEIGHT BY A MINIMUM OF 1,000 TONNES ACROSS THE GLOBE OVER THE NEXT 12 MONTHS</td>
<td>WE HAVE REMOVED 18 MILLION PIECES OF NON-RECYCLABLE PACKAGING FROM OUR PRODUCTS IN THE LAST 12 MONTHS</td>
<td></td>
</tr>
<tr>
<td><strong>300%</strong></td>
<td><strong>47%</strong></td>
<td><strong>2,503,000</strong></td>
<td></td>
</tr>
<tr>
<td>GROWTH IN VEGETABLE BASED PROTEIN RETAIL SALES SINCE SEPTEMBER 2019</td>
<td>OF THE ELECTRICITY THAT WE USE HAS ZERO EMISSIONS</td>
<td>SELF-GENERATED RENEWABLE ELECTRICITY (KWH) UP 33% FROM 2019</td>
<td></td>
</tr>
<tr>
<td><strong>57,675</strong></td>
<td><strong>47,103</strong></td>
<td><strong>0.15</strong></td>
<td></td>
</tr>
<tr>
<td>TONNES CO₂e SCOPE 2 EMISSIONS (LOCATION BASED)</td>
<td>TONNES CO₂e SCOPE 2 EMISSIONS (MARKET BASED)</td>
<td>AS A RATIO OF GROUP REVENUE, OUR EMissions REDUCED BY 30%</td>
<td></td>
</tr>
<tr>
<td><strong>10,639</strong></td>
<td><strong>30%</strong></td>
<td><strong>16%</strong></td>
<td></td>
</tr>
<tr>
<td>TONNES CO₂e SCOPE 1 EMISSIONS</td>
<td>AS A RATIO OF GROUP REVENUE, OUR WATER EFFICIENCY IMPROVED BY 16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>98%</strong></td>
<td><strong>100%</strong></td>
<td><strong>93%</strong></td>
<td></td>
</tr>
<tr>
<td>OF OUR DIRECT SUPPLY WILD CAUGHT FISH IS CERTIFIED TO THE MSC</td>
<td>OF OUR AQUACULTURE SUPPLY IS THIRD PARTY CERTIFIED FOR RESPONSIBLE SEAFOOD (E.G. ASC, GLOBALGAP AND BAP)</td>
<td>OF GLOBAL SUPPLIERS GFSI CERTIFIED</td>
<td></td>
</tr>
</tbody>
</table>
Why it matters
Creating an environment with a focus on safety and where people feel supported to perform at their best, leads to an organisation with higher staff retention, lower absence, reduced accident rates and ensures people want to join us. Together with implementing best ethical practices such as ETI base code and ILO principles, it gives our workers a safe and valued place of work.

Health and safety
We are dedicated to putting Health, Safety and wellbeing at the heart of what we do through good leadership, safe behaviour and continuous improvement of our Safety Framework. This consists of our Group Health and Safety policy, local vision statements, global standards and local procedures. Protecting all of our people (employees, contractors and visitors) against hazards through the application of risk management to prevent injury, harm and illness. Current targets to improve Health and Safety performance include year on year reductions in First Aid Incidents (“FAIs”), Lost Time Incidents (“LTIs”) and number of lost days. We also look for year on year improvement on Hazard and Near Miss Reporting and the appropriate actions taken to close out these reports. Our annual audit results and the feedback received from our colleagues through culture and engagement surveys ensure our continual improvement.

Inclusively attracting and developing the best people
Our strategy starts by following fair recruitment practices, builds and sustains colleague engagement and ensures that Hilton continues to be an attractive employer. Inclusively developing colleagues to their full potential, and attracting new diverse talent, is the core of our succession and capability future leadership strategy.

Our people are proud to be part of Hilton, recognising our contribution to community, environment and how they are treated in the workplace. We embrace local creativity and grow and develop our people to be the best they can.

Highlights
- Building on our strategic leadership development programmes we launched a future senior leaders programme, these development initiatives will be expanded to emerging leaders in 2021.
- We created a three year Inclusion and Diversity strategy informed by employee focus groups and in consultation with our leaders.
- This year we successfully ran a virtual leadership conference and Company-wide town halls. Ensuring that colleagues are fully engaged and understand their contribution in delivering and supporting our purpose, ambition, principles and values.
- Our focus has been on protecting our people through Covid-19. We were able to keep all of our people informed and engaged through our MyHFG app, which proved critical to keeping them aware of safety measures and to be able to listen and respond to any concerns.
- Engagement survey results improved by two points, demonstrating we are making progress to continuously improve our colleague experience.
- Became a sponsor of Meat Business Women network to help mentor and develop our people.
- Launched our new Global Health and Safety framework and KPIs.
- We continued our Stronger Together programme in the UK to ensure our managers and team leaders are trained to look for signs of modern slavery.
- Examples of our community support included our people personally donating hundreds of chocolate eggs to the NHS, a hospice and care homes in Grimsby and we transformed 2 families lives by donating much need furniture, equipment, clothes and food in Poland.
- In Poland we established a free confidential psychological counselling support programme for our people with the message that our goal is to get you back into balance.

Our people are at the heart of our success. Hilton is an inclusive organisation built on respect, with equal opportunities for skills and career development. The safety and wellbeing of our people is our first priority.

Commitments and objectives:
1. Continued development of an inclusive organisation built on respect, with equal opportunities for skills and career development
2. Track improvements in engagement survey measuring employees’ overall connectivity with Hilton and level of pride for the business
3. Implement a global safety framework – using best practice from each region

The global professional networking movement for progressive women working across the meat industry.
**LEADERSHIP PROGRAMME PARTICIPANTS**

- **2017**: New approach piloted & succession plan developed for senior leadership

- **2018**: Approach adjusted post pilot and rolled out
  - First Strategic Accelerated Development Programme (“SADP”) launched

- **2019**: Approach further rolled out to exploring leadership levels
  - Exploring Leadership Programme (“ELP”) launched

- **2020**: New Performance Development Review launched strengthening focus on development
  - Approach simplified to widen to emerging leadership level

**LEADERSHIP PROGRAMMES**

- **3**

**CAPABILITY REVIEWS**

- **240**

**OUR CAPABILITY AND SUCCESSION JOURNEY**

**UN SDG Alignment**

**OUR HEALTH & SAFETY JOURNEY**

- **1**: Vision, Policy and Global Framework
- **8**: Global Standards
- **41**: Global Key Requirements
- **5**: Shared KPIs

**UN SDG Alignment**
Why it matters

All food supply chains need to be on track towards net zero to meet national climate commitments and consumers are facing calls to eat less meat and fish on environmental grounds. There is a huge opportunity to gain trust from consumers by giving them sustainable choices and the facts about the true footprint of their food. We are excited by the opportunity for substantial sustainable growth in aquaculture and for farming livestock within planetary boundaries.

Our engagement in collaboration during 2020 has increased despite the cancellation of almost all physical meetings from mid March onwards. We took the opportunity to develop a global dialogue via the rapidly improving virtual meeting platforms. We were able to build new alliances and attend more meetings with improved participation compared with previous years. We attended and spoke at national and global conferences and were elected into additional governance roles that help us to deliver our objectives.

We are optimistic for the sustainable future of all the key proteins that we produce and have focused our efforts where we can make the greatest impact.

Highlights

– In 2020 we were elected as vice chair of the European Roundtable for Beef Sustainability and we are leading the Environmental work streams in the UK Cattle Sustainability Platform.

– We are founder members of the Soy Transparency Coalition that aims to help supply chain companies and investors overcome transparency challenges in the soy sector to deliver a sustainable production system.

– We are working with our suppliers and wider collaboration to achieve shared Science Based Targets with a focus to address the carbon footprint of livestock production and utilise renewable energy.

– We have achieved that 98% of our direct supply wild caught fish is certified to the MSC. We fund and actively participate in Project UK Fishery Improvement Programmes to bring the remainder to certification.

– We have helped convene the aquaculture value chain to promote the uptake of algal oils and novel proteins such as insect meal. We are pleased that our main salmon suppliers are now using these in their mainstream feeds or in large scale trials.

– We are actively participating in the governance of the GlobalGAP aquaculture and Marin Trust standards, ensuring the sustainability of the farmed fish we purchase and the fisheries used in their feeds.
SUSTAINABLE SOY FOR LIVESTOCK FEED

Ensuring the soy used in animal feed is not contributing to deforestation is of concern for all our livestock species. This needs to be tackled through collaboration within sectors and between them.

Hilton are part of a group of salmon farmers, feed companies, and market facing processors and retailers that had a shared vision of ensuring that the Brazilian producers we buy our soy from would be the first traders to have 100% deforestation and conversion free supply chains. The Soy Protein Concentrate used in our salmon feed has been certified as sustainable for some years but that was only part of the market for the four producers, who supply the global salmon industry.

After months of collective dialogue, that recognised the challenges they faced, we were very proud to see all of the producers agree to a 2020 cut off date and a robust monitoring and verification process.

This achievement is a first step to the objective of biome wide commitments to ending deforestation. We are working within the group of signatories to the Statement of Support ("SoS") for the Cerrado Manifesto – the SoS supports the objectives defined in the Cerrado Manifesto and signatories “commit to working with local and international stakeholders to halt deforestation and native vegetation loss in the Cerrado”.

HIGH QUALITY BEEF FROM DAIRY COWS IN THE NETHERLANDS

Dairy cows are specially bred for milk production while the premium beef market in the Netherlands is met by imported meat from Irish or South American cattle that are bred and reared on beef farms.

This project was aimed at ‘finishing’ the ex dairy cattle on a dedicated beef farm with a diet that results in great eating quality. By giving the cows this highly-nutritious diet, that is mainly locally sourced, the meat quality is significantly improved.

The cattle are supplied by a group of sustainable dairy farmers who are working to high animal welfare standards. They are also focused on reducing the carbon footprint and looking after the biodiversity around the farms. By joining in this partnership with the beef farmers they get a better price for their cattle.

It’s a win-win as there is an overall reduction in the carbon footprint of 18-43% compared to dedicated beef cattle, while appealing to a demand for locally produced sustainable food.

The project was set up by Hilton Foods Holland in partnership with Albert Heijn, A-ware and local farmers. The next phase is building platforms in the industry to allow this system to grow in an economically sustainable way for farmers.

This is one example of innovation and sustainable thinking that Hilton, together with our retail partners, are leading to reduce the life cycle impacts of our products.

REDUCTION IN CARBON FOOTPRINT

18–43%
Why it matters
We need our packaging to protect food safety and quality, which also prevents food wastage throughout the value chain. To address climate change and the impacts of plastic waste on the environment we need to transition to a circular low carbon economy. This requires globally aligned action to provide the recycling infrastructure and incentives needed to achieve this. We are having a positive impact on the journey to net zero carbon economy by using paper and board from sustainably managed forests, and increasing the recycled content in all our packaging.

Highlights
- We have made a huge step towards our recycled content and recyclability targets, 89% of our meat trays are made from 100% recycled PET and are fully recyclable, so 98% of our beef mince is now packed in recyclable plastic trays.
- We have achieved our target to only use 100% sustainably sourced paper and board (from FSC or PEFC sustainably certified forests) across all of our retail packaging globally.
- On average over 70% of our plastic packaging is made from recycled content.
- The remaining barriers to making all of our trays recyclable have been identified and are being overcome. We removed 18 million pieces of non-recyclable packaging from our products in 2020, and 93% of our black and coloured trays are detectable so can be effectively recycled.
- We are making rapid progress to reduce the weight of our packaging. We took out 130 tonnes of plastic a year by reducing the weight of our retail packaging in our Seafood business last year and plan to save another 1,000 tonnes of plastic annually across the globe in 2021.
- To achieve a fully circular economy for our packaging we are working with the Carbon Trust as the first company to evaluate our packaging against their new circularity standard and to address any remaining challenges in partnership with our suppliers.
- We are working in partnership with our meat and fish suppliers on innovative solutions to address the challenges in our supply chain packaging. This includes trials to replace polystyrene salmon boxes with circular recyclable cardboard and reusable trays. We are also evaluating chemical recycling of primal bags to achieve our 100% recyclability goal.
- We launched 'Jazz' packaging in the UK, recycling coloured bottles into 70 million recyclable meat trays.
- We proved that a fully circular economy for meat packaging is possible in a collaborative project with Færch Plast, Coop, Hilton Denmark, in Copenhagen. We sold 50,000 packs made from recycling meat trays collected in partnership with the city recycling centre.
CARBON TRUST FOOTPRINT MODELLING

We have partnered with the Carbon Trust to create a model for measuring the carbon footprint of our existing packaging and to help us make the correct decisions on new alternatives.

We use accurate measurements of the energy used in the manufacturing and packing of the products and other factors such as the transport type and distances from the manufacturers to our sites.

Finally we consider the recycled content, recyclability and actual recycling rates in the countries where we sell the products.

INNOVATING TO INCREASE RECYCLABILITY AND REDUCE PLASTIC USE

As part of our targets to increase the amount of our packaging that can be recycled, while minimising our use of hard to recycle plastics, we have worked with our strategic packaging suppliers to launch a new format of paper based trays.

Because the body of the tray is made from paperboard, these trays use 75% less plastic. The film liner can then be easily separated so that the tray can be recycled. The trays themselves are sourced from renewable PEFC/FSC managed forests.

Across our Australian, Swedish and Belgian market this equates to a reduction of 256 tonnes of plastic annually.

REDUCTION IN PLASTIC USING PAPERSEAL TRAYS

-75%

WORKING TOWARDS COMMON GOALS

We have joined the European and Australia/New Zealand Plastics Pacts to ensure our global targets are standardised and meeting common societal goals. In 2020, the Australian Packaging Covenant Organisation (“APCO”) developed the ANZPAC Plastics Pact and alongside the European Plastics Pact this will form part of the Ellen MacArthur Foundation’s Global PlasticsPact Network, of which we are already an active participants of in the UK.
**Why it matters**

As an industry we now have more tools than ever to drive our emissions down and minimise our impact. This is why our customers and their consumers are increasing their expectations of efficient supply chains. We are rapidly approaching irreversible global warming tipping points and we must act now.

HFG operate in some challenging markets in terms of carbon emissions from energy sources and we are committed to finding solutions to minimise these emissions which will be key to meeting our goals. We are also fully aware of the carbon emissions savings potential by reducing food waste, that’s why this is one of our key priorities in our business.

We have clear water reduction targets and are continuing to build our risk assessment and mitigation plans for physical water impacts at all of our sites with sustainability as a foundation of our investments, upgrades and construction of all sites.

**Highlights**

- Towards the end of 2020 we launched our ‘War on Waste’ which is an internal operations efficiency programme to ensure we meet our water, food and packaging waste reduction targets. This is driving employee engagement and ensuring consistent messaging across our sites.
- Publicly reporting our total food waste as a percentage of total food produced in line with our Champions 12.3 commitment.
- In the UK alone we reduced food going to waste by 20% last year.
- Committed to setting Science Based Targets to a well below 2-degree scenario for our own operations.
- We have restructured some of our processes and operations through colleague led initiatives in order to reduce emissions and waste while maximising efficiency.
- Waste and rain water in our Portuguese plant is treated at our water treatment station where we recover 20m³ a day to be reused within our refrigeration condensers. This negates the need to use fresh water to cool the condensers.
- In our seafood site we collect solid material from our wastewater streams to send for anaerobic digestion in order to create energy.
- Across our global sites we are actively reviewing refrigerant gas selections and moving towards natural sources which reduce our carbon emissions.
- Our live energy monitoring systems, which we have been installing across our sites are successfully delivering day-to-day savings.
- We are installing electric vehicle charging points across our sites, in the UK we will have 16 points installed by the end of the year.
- As an example of our commitment to protecting local water sources, we have installed interceptors to filter out oils and prevent these chemicals from entering the local water systems.
- HFI were the first HFG site to achieve the ISO 50001: 2018 Standard and for the full year of 2020 delivered a 13% reduction in kwh/tn of output versus 2019.

**Commitments and objectives:**

1. Achieve Science Based Targets for our Scope 1 and 2 emissions by 2030
2. Improve usage efficiency by 10% in both energy and water – by 2025 (vs 2018 baseline)
3. Through Champions 12.3 cut our own food loss and waste in half – by 2030 (vs 2019 baseline)

**Sustainability report continued**

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**Resourceful Factories**

We are proud to be world leaders in processing innovation and our factories are the most efficient in their sectors. We’re focusing on engaging everyone in our business to continually find ways to reduce our environmental impact.

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We are on a path to net zero carbon and constantly reducing our environmental impact by eliminating waste and driving resource efficiency.
HILTON FOODS IRELAND

We are constantly striving to minimise our environmental impact and make our factories more efficient. Natural gas usage is a key target area for these reductions.

One key project objective was to use cold water where possible for wash down purposes. Using hot water where necessary and cold water for other processes. This will allow for a reduction in gas usage and an increase in heat recovered from the refrigeration system.

In order to make this achievable we installed secondary water pumps and associated piping infrastructure to the water satellites in production.

This has the potential to reduce gas usage for wash down procedures by 40%.

PACKAGING WASTE REDUCTIONS IN OUR POLISH FACTORY

We have identified internal packaging waste generation as a key improvement area in our factories.

The process that we are adopting is first to target and measure the waste volume and drivers. In our Polish fresh food and meat site we identified that we had a packaging waste loss of around 6% in 2019. Split into five main categories Trays, Labels, Cartons, Film and Foil.

In 2020 we heavily targeted this and have seen massive improvements, reducing this waste volume by around 50%.

In order to achieve this we set up a specific waste action group with four key action areas for operational improvements whilst also seeking packaging changes and innovations that would reduce the probability of waste.

In 2021 we have a programme of trials and changes planned to reduce our packaging waste even further.
Why it matters
The ever growing demand to be transparent is a key driver for change from top to bottom. Our core business objective is to be a trusted partner of the retailers we supply, and we can achieve this through transparency. There is the potential for reputational damage to us and our customers should authenticity challenges be made. Consumers lose trust in the positive claims if they cannot be verified. Reputation damage and fines can also be linked to deforestation or IUU fishing so it is vital we demonstrate we do not contribute to these actions. Authenticity of action is now being scrutinised more than ever by the finance sector therefore we need to be able effectively demonstrate our progress to strengthen our industry.

Highlights
– Received a ‘B’ climate disclosure score from CDP along with our first scored forestry disclosure.
– BBFAW tier 2 status maintained demonstrating that animal welfare is integral to business strategy.
– Building the tools with Foods Connected to give immediate transparent traceability and collect and analyse the data.
– Using our data collection technology to measure and report on the status of our supply chains and positive impacts.
– Aligning to interoperable traceability protocols such as the Global Dialogue on Seafood Traceability.
– Building fast moving projects with suppliers and retailers aligned to their specific objectives.
– Incorporate learnings from our TCFD analysis to future proof our business and ensure our day-to-day decisions are guided by sustainability and ethics.

Our industry leading transparency solutions and open reporting demonstrate our responsible business progress and strengthen trust in our industry.

For more information on CDP responses see www.hiltonfoodgroupplc.com/responsibility

TRANSPARENCY
Hilton is committed to working in an ethical, open and honest manner to produce products of the highest food safety and quality. We partner with the best suppliers that share this commitment to quality, safety, animal welfare and sustainability.

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

Commitments and objectives:
1. Establish full chain visibility and data collection through innovative digital technology – by 2025 (includes fully interoperable seafood traceability systems from boat and farm through each step of the supply chains)
2. Use TCFD framework to further understand and report climate risks and opportunities
Hilton are consortia members in a collaborative research and development project to demonstrate how state-of-the-art technology can be implemented in a commercial environment to present a transparent supply chain which is accurate and accessible in real-time. We will work with our software partner Foods Connected to develop an interoperable digital platform that integrates with existing systems to capture traceability information from farm to fork. It will remove the requirement for double handling of data and manual intervention. This technology will reduce cost, waste and ensure product integrity, using cryptography to establish a tamperproof ledger of data. By embedding this connected mechanism for data capture the potential for food fraud is significantly reduced. Proof of concept for rapid testing techniques e.g. antibiotic residues will be explored with the view of future utilisation within the food industry for real-time surveillance.

The project will utilise innovation in digitisation and automation, integrating with Internet of Things (IoT) devices to capture information at a farm level to support traceability and provide data on welfare and product quality. It will also enable farmers, food manufacturers, retailers, and quick service restaurants (“QSR”), to integrate internal systems with a fully interoperable platform. Data Flow Mapping will be used to show how Key Data Elements (“KDE’s”) are captured at Critical Tracking Events (“CTE’s”) in the supply chain. We will identify who captures the data, at what points in the chain and the methods used. A new system architecture will be designed to automate and link traceability events together whilst protecting data security and ensuring a tamperproof platform.

This project allows farmers, processors, retailers and quick service restaurants to accurately map supply chains and trace products alongside key value-added metrics such as animal welfare, sustainability and antibiotic usage. This will enable faster, evidence-based decisions promoting proactive issue management. The enhanced transparency will enable us to better communicate to consumers the true value behind their food, maintaining and enhancing trust and loyalty.

UN SDG Alignment

- [13] Life on Land
- [14] Life below Water

A DIGITALLY CONNECTED FOOD SUPPLY CHAIN TO DELIVER TRANSPARENCY, SUSTAINABILITY & EFFICIENCY
Food Safety and Quality
Hilton Food Group 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.

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. This combined with our high standards of hygiene and temperature controls ensure we meet our customers’ expectations for quality throughout the 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. 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 2020.

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.

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.

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.
Supply Chain Integrity, Environmental Impact Assessment and Traceability

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 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 shell fish 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, Seafood 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 and Unregulated (“IUU”) 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 have signed to support the Environmental Justice Foundation Charter for Transparencyp.

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 are 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 disclose 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 have 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 Sustainable Supply Chain pillar.

Hilton additionally review 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.
ANIMAL HEALTH & WELFARE

We meet our animal welfare commitments by collaborating with suppliers, retailers, and NGOs to improve the lives of and ensure the health of the animals in our supply chains. Alongside our focus on the sustainability of our products we will ensure there is no compromise in animal welfare.

Commitments and objectives:
1. Continued development of HFG animal welfare standards for abattoirs to encourage innovation and the adoption of best practice. Measuring improvements through our outcome measures reporting framework
2. Lead in the development and implementation of humane slaughter for aquaculture
3. Ensure responsible antibiotic use throughout our supply chain

Why it matters
Animal welfare is important to us, our retail partners, and their consumers. We react to improving science in animal welfare and adopt new innovations that improve the lives of animals. Society is demanding more transparency and there is an increasing awareness of animal welfare across all of our species from investors and NGOs. Our customer insight shows that animal welfare is important to consumers. 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 details 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.

Highlights
– We were recognised by the Business Benchmark in Farm Animal Welfare as having achieved tier 2, which demonstrates animal welfare is integral to our business strategy.
– Reviewed our animal welfare policy and published our annual animal welfare statement, which demonstrates in detail our progress against our animal welfare objectives.
– This year we joined the Global Coalition for Animal Welfare which is a unique forum for organisations to come together to address welfare challenges.
– We improved our animal welfare oversight by developing an annual animal welfare survey to gather detailed animal welfare data for our supply chain.
– 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.
– As part of our annual audit of suppliers abattoirs we have an animal welfare section. We are developing a further standard that gives our customers the option of a more in depth animal welfare standard.

We are driving uptake of innovation and developing standards that advance welfare and reduce the need for antibiotics throughout our global supply chains.
One of our core animal welfare objectives is that all animals and farmed fish are effectively stunned prior to slaughter. We adopted a new innovation during 2020, the first global introduction of electrical stunning in a commercial prawn farm. We completed a number of trials in 2020, which were independently evaluated by animal welfare experts. Since July, 80% of the farmed prawns (P. vannamei) in our supply chain have been electrically stunned.

Prawn stunner timeline

STUDY
Hilton Seafoods UK carried out a study of stunning techniques across all aquaculture supply

EQUIPMENT IN USE
Took our Vietnamese prawn supplier to Turkey to see the equipment used during harvest

TRIALS
First trials in Vietnam

A GLOBAL FIRST
Introduced into Hilton Food Group commercial supply as a global first

DEMONSTRATION
We took our suppliers of Sea Bass and Bream to Salmon farms to demonstrate the technology

PROTOTYPE DEVELOPMENT
Coordinated development of prototype for electrical stunning of prawns

PRAWN WELFARE
Prawn stunning welfare reviewed and approved by independent expert

UN SDG Alignment
ETHICAL SUPPLY CHAINS

Hilton is rapidly expanding globally with complex multi-tier supply chains, any of which has the potential to increase the risk of ethical concerns.

Commitments and objectives:
1. Comprehensive supply chain ethical compliance agreements and assessment programme
2. Driving collaboration and standards development to assure transparency and address welfare improvements in our supply chains
3. Conduct human rights impact assessment in accordance with OXFAM guidelines in Vietnamese farmed prawns

Why it matters
Developing an expert partnership with our customers is key, along with compliance and alignment to their criteria. This makes us industry leaders and promotes a responsible and caring company culture where we can use ethical best practices to drive transformational change throughout our supply chains. By promoting ethical standards development to assure transparency and address welfare improvements we are delivering validated due diligence to our stakeholders. We are on a journey of increasing transparency of the ethical standards within our supply chains and our engagement in improving the safety and wellbeing of the people working within them and those supported or otherwise impacted by them. This journey takes us further up the pyramid of progress as shown in the diagram opposite. Whilst we have progressed into some aspects of leadership we recognise the importance of getting our policies, standards, assessments, and engagement in improvement consistent across the group. To achieve this we have built a global supply chain ethical risk assessment system that incorporates the SEDEX platform, of which we are A/B members. This includes remediation and mitigation procedures.

We have published a Modern Slavery statement that demonstrates our commitment to minimise likelihood within supply chains and own factories.

We provide anti-corruption training to all relevant employees, including management.

Highlights
- Developed global supplier ethical risk assessment system and remediation and mitigation procedures.
- Completed our first Human Rights Impact Assessment in Vietnamese farmed prawns in partnership with Tesco.
- Governance roles in Food Network for Ethical Trade and the global Responsible Fishing Vessel Scheme improving transparency and best practice in supply chains.
- Publication of Modern Slavery statement that demonstrates our commitment to minimise likelihood within supply chains and own factories.
- Continued Modern Slavery, due diligence and ethical trading training for managers and employees across our sites.
- We provide anti-corruption training to all relevant employees, including management.

We are leading collaborative action to improve the lives of workers across our supply chains.
HUMAN RIGHTS IMPACT ASSESSMENT

During 2020, in collaboration with Tesco and our local supply chain partners, we commissioned our first independent Human Rights Impact Assessment ("HRIA") in Vietnam for our farmed prawns. HRIAs are a process for identifying, understanding, assessing and addressing the positive and adverse effects of the business project or activities on the human rights of impacted workers and community members. We were able to include all the tiers of our supply chain within Vietnam in the study: factories, farms, hatcheries, feedmill, and fishmeal.

The study was carried out in accordance with Oxfam guidelines. They were able to complete the assessment safely in person using a local team.

The assessment identified good practices and some improvement opportunities. The participants worked together in the development of an action plan for engagement to address the gaps and share the best practices identified.

We are committed to using the learnings to strengthen the recruitment and worker welfare processes and conditions in Vietnam and to use the learnings elsewhere.

We found this process helped considerably in our positive engagement with our suppliers and will continue to use this approach in our supply chains.

The study contributed towards alignment with the UN SD Goal 8 – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

OUR ETHICAL JOURNEY

GOING BEYOND

ETHICAL LEADERSHIP

EMBEDDED ETHICAL RISK MANAGEMENT

ETHICAL BASELINE AWARENESS
Ensuring our consumers can make balanced choices that are healthy for them and for the planet.

Why it matters
There is a demand by consumers for food that is healthy for themselves and the planet. Social consciousness is of growing importance to consumers when making decisions about their lives and the food they eat. Covid-19 has heightened consumers’ awareness of diet and health, with research showing increased consumer interest in natural, immune boosting foods and looking for local safer food options as well as indicating an increased interest in food provenance and sustainability. The concept of sustainable diets is not new to the food industry. Shifting to sustainable food consumption has been highlighted as a key pillar for the UN 2021 summit and also in the EU farm to fork strategy.

The need for dietary shifts worldwide is made clear with the rising challenge of obesity, and the gap between recommended dietary choices and actual consumption.

We are monitoring how consumers are thinking about food and its impact on their health. For example:
- 57% of global consumers allow the impact of a product on their health and wellness influence their purchase all or most of the time (Source: Global Data).
- 63% of UK consumers try to eat healthy some or all of the time (Source: Mintel).
- 46% of Polish consumers are prioritising healthier products more than before the pandemic (Source: Mintel).

Highlights
- We conducted consumer research in the UK that shows how health and sustainability are rapidly growing in importance as drivers of diet choices.
- We developed a science based narrative on the positive role of meat in the diet, comparing the footprint of meat with its nutritional value.
- In the UK a report was prepared for the DEFRA Seafood 2040 strategy team (Hilton are members of the Leadership Group) that demonstrates the clear health benefits from increasing the consumption of seafood in diets.
- Since September 2019 we have seen a 300% growth in retail sales of vegetable protein based foods.
- Hilton Seafoods developed a range of higher fibre breaded and lightly dusted products. This doubled the fibre content of the coated fish which is equivalent to an extra 27 tonnes of fibre per year.
- For Tesco UK we launched several vegan Christmas items in the Wicked Kitchen Brand. The Wicked Kitchen No Turkey Crown was the top-selling meat alternative Christmas product. Making it easy for consumer to switch to a plant-based Christmas dinner.
- We’ve introduced a range of products globally, incorporating vegetables in products that were originally 100% meat. This enables consumers to balance their meat and vegetable consumption without changing their favourite meals. They help consumers to reduce their fat intake.

Commitments and objectives:
1. Provide consumers with the facts on the role of nutritious proteins in a diet that is healthy for us and the planet
2. Assess the environmental and nutritional science to support the health and sustainability credentials of our seafood and vegetable proteins
3. Industry leading innovation in vegetable proteins
The FAO define sustainable diets as diets with low environmental impact which contribute to food and nutrition security and to healthy life for future and present generations.

As an initial analysis in 2020 we developed a framework to communicate the role of red meat in a climate friendly food system. The outcomes show that red meat plays an important role in a balanced diet, allowing us to advise our customers when developing future category strategies. Using the latest climate science and the potential for carbon reduction innovations we can demonstrate that red meat can deliver these nutritional benefits within climate change boundaries.

Protein demand will double by 2050 and a balance of sources are needed that can meet the full nutritional requirements of a growing population. Livestock also utilises feedstock that we cannot eat directly, can be raised on marginal lands for other food crops, significantly contribute to global economies and play a key part in positive regional and global culture.

We are in the process of developing this framework for other proteins in further consultation with scientists, our suppliers and our customers.
### TCFD DISCLOSURE

#### Introduction

In 2019, Hilton Food Group stated its commitment to implementing the Task Force on Climate-related Financial Disclosures recommendations ("TCFD"). We recognise climate change as an environmental threat, and that governments, industry and wider society need to act together to mitigate the effects. This poses potential challenges to and opportunities for our global food business and value chains. This is HFG’s first TCFD disclosure and explains how our climate risk and opportunity assessments are being conducted, how they fit into our broader ESG policies and how we are driving engagement across our business.

#### Governance

Our CEO, as part of our commitment to sustainability, leads our positive response to addressing climate risk and opportunities.

Climate risks’ (physical and transition) severity, impacts and mitigation are considered within the Hilton Risk Management Committee and reported to the Hilton Audit Committee, which recommends the risk categorisation and mitigation measures for final approval by the Board.

A Non-Executive Director chairs the new Hilton Sustainability Committee, formed in the latter part of 2020, and our CEO is a member. It advises the Risk Management Committee on climate risks and opportunities, and seeks expert advice externally. 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.

These committees meet regularly throughout the year, and work in synergy with overlapping membership utilising and ensuring broad reach of skills and expertise across the business. The Board has full responsibility to ensure the effectiveness of the risk management systems in place, and undertakes an annual review of the risks and opportunities identified by these committees. The Board convenes regularly and, where relevant, climate-related issues form part of the regular Board agenda. The Board has oversight of the business strategy to mitigate the risks and pursue the opportunities for Hilton to lead in the provision of low climate impact food.

The Executive Leadership Team oversees the strategy to meet our climate targets and to build a portfolio of products that align to shifts in demand. The operations teams, led by the Chief Manufacturing and Purchasing Officer, is responsible for climate risks mitigation at site levels. The CSR team, led by the Chief Quality and CSR Officer and the CSR Director, is responsible for climate risks mitigation across our supply chains. These teams oversee carbon reduction projects in partnership with customers and suppliers, and hold governance roles within industry collaborative forums.

We have conducted an initial risk and opportunity analysis as shown in the table below. During 2021 we will perform a more detailed analysis of climate risks and opportunities, with support from expert consultants. This will consider our exposure to physical impacts from climate change on our operations and supply chains, and the impacts and opportunities from the transition to a low carbon economy.

For more details of our risk management process and principal risks see P24

#### Our Strategy

Our climate risk mitigation strategy is to reduce our operational climate change impact as well as to pursue the growth opportunities from providing lower climate impact food to an increasingly well-informed consumer.

In 2019, we formalised our eight pillar ‘Quality Naturally’ strategy, as described on page 32 using a materiality matrix that addresses the most important environmental and social topics for Hilton Food Group.

<table>
<thead>
<tr>
<th>Category</th>
<th>Risks for Hilton</th>
<th>Opportunities for Hilton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer behaviour shifts (Transition)</td>
<td>Not aligning product portfolio to consumer trends resulting in reduced profits.</td>
<td>Growth in higher value and/or more profitable sectors where we have established expertise.</td>
</tr>
<tr>
<td></td>
<td>Cost to balance capacity and capitalise on growth sectors.</td>
<td>Development of lower footprint products and supply chains, including those local to sites.</td>
</tr>
<tr>
<td></td>
<td>Reduced profitability from some parts of our portfolio.</td>
<td>Leading innovation in plant-based and blended products.</td>
</tr>
<tr>
<td>Government intervention to support decarbonisation of specific foods (Transition)</td>
<td>If product pricing is adjusted to reflect the carbon footprint there could be a reduction in demand, leading to reduced profits from foods where the footprints have not been mitigated.</td>
<td>Growth in sales from investment in low carbon factories and supply chains.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>To provide consumers the choice to buy the foods they want with demonstrably lower footprints.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increased availability of grants and subsidies to facilitate investment in innovative practices across our sites and supply chains.</td>
</tr>
<tr>
<td>Impacts if society’s efforts are insufficient to prevent climate change (Physical)</td>
<td>Acute physical impacts such as flooding, water stress, and fire already have an impact today and may increase in frequency and severity. Chronic physical risks are more likely to manifest themselves over the longer term. However we considered it reasonable to assume that warming will be reduced by societies’ measures to the point where the impacts on Hilton are not severe because:</td>
<td>To be leaders in the decarbonisation of our operations and supply chains to play our role in ensuring these impacts do not occur.</td>
</tr>
<tr>
<td></td>
<td>Our sites are not in high physical water or fire risk areas so the impacts and disruptions are deemed to be low; and</td>
<td>To ensure we are a preferred partner through the delivery of shared Science Based Targets with our retail partners.</td>
</tr>
<tr>
<td></td>
<td>There is a low risk of disruption to supply chains as we have the flexibility to adapt over time.</td>
<td>To regularly review site planning in order to mitigate risk.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Investment in improving the energy and water efficiency of our sites.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>To lead in establishing water stewardship initiatives in our supply base.</td>
</tr>
</tbody>
</table>

[For more details on the CSR governance structure, see diagram on P56]
In 2020, we conducted an initial exercise to understand the climate change risks and opportunities on our operations and value chains as shown in this table.

To respond to these risks and opportunities, the Board and the Executive Leadership Team considered Hilton’s strategy in preparing its transition to a low carbon economy. To fully exploit opportunities for low carbon food production, we firmly believe that our role is to ensure that consumers are able to choose from a range of sustainable and healthy proteins and to provide them with the right 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. HFG will provide its partners with a balanced portfolio of meat and fish products that have significantly reduced environmental impacts, alongside growing its sales of plant-based alternatives.

Our consumer and market insight teams are mapping emerging consumer behaviour and following developing regulation, supported by our membership of trade associations such as the Food and Drink Federation.

To address our climate footprint the decision was taken to set Science Based Targets for our own operations and our supply chains that will lead to a net zero goal. This commitment has been communicated to SBTI, and we are in the process of determining the targets and our track to net zero.

To achieve these targets we are building decarbonisation plans for each of our operations in line with the path required to meet interim and final targets. We are also working with our key suppliers to build decarbonisation plans for our supply chains.

For our own operations we have commissioned Schneider Electric to build a decarbonisation plan for each of our electricity supply contracts, and assist us to set our Science Based Targets. In 2020 we continued to invest in energy efficiency projects that are detailed in the Resourceful Factories section of this report, and have committed to obtaining ISO 50001 energy management certification globally. We are 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.

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.

For our supply chains HFG is actively engaged in the establishment and governance of collaborative forums that directly address reductions in the climate footprint of our key proteins and will contribute to our Scope 3 Science Based Target:

- We successfully sought election to the board of the European Roundtable for Beef Sustainability (“ERBS”) of which we are now vice chair. 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 are coordinating the actions to deliver the emissions reduction target.
- We represent ERBS in the Global Roundtable for Sustainable Beef setting Science Based Targets.
- 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 (see case study on page 39).
- We contributed to the UN Global Compact Action Platform for Sustainable Ocean Business report ‘Accelerating Sustainable Seafood’ that explains the key enablers for seafood transition to net zero carbon and other SDG objectives.
- We are 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.

Metrics and Targets
The key metrics that HFG 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. We also monitor the split between renewable and non-renewable energy as we seek to move towards more renewable sources.

In assessing carbon emissions, we consider both location and emissions, as well as sector overviews and supplier-specific emission factors. Reporting of Scope 1, 2 and 3 emissions follows the GHG corporate protocol.

To inform our consideration of climate impacts we conducted a review of our own Scope 1 and 2 emission sources and our Scope 3 impacts (using the Quantis tool). This showed that the largest impact is from our purchased goods and services, with agricultural products being the single largest sector. We are rolling out tailored reduction and improvement plans on all sites after identifying specific opportunities for heat recovery and efficiency as described on page 43.

- Our Scope 1 and 2 emissions are validated and verified by GEP Environmental to a ‘limited level of assurance’, which is in line with ISO 14064:3.

Our Provisional Science Based Targets (subject to approval)

Percentage reduction targets

<table>
<thead>
<tr>
<th>Scope</th>
<th>Target year 2025</th>
<th>Target year 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1* (WB2C)</td>
<td>12.5%</td>
<td>25%</td>
</tr>
<tr>
<td>Scope 2* (WB2C)</td>
<td>12.5%</td>
<td>25%</td>
</tr>
<tr>
<td>Scope 3** (2C)</td>
<td>6.5%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

* Well below 2 degree pathway.
** 2 degree pathway.

We are currently reviewing the baseline data for our Scope 3 targets in consultation with our key suppliers.
**GOVERNANCE**

During 2020 we established a new Sustainability Committee, Chaired by a Non-Executive Director, to govern the delivery of our Quality Naturally strategy and to provide insight to the senior leadership team on emerging risks and opportunities for the Hilton Food Group.

This committee also works alongside the Hilton Risk Committee, who evaluate the climate-related risks, and together they consider the opportunities for the Group to lead as we transition to a net zero carbon economy (as described in our TCFD statement).

Our Quality Naturally strategy and its associated targets and commitments are led from the top by our CEO who is fully supported by the Board and the Executive Leadership Team.

The CSR team (led by the Chief Quality and CSR Officer and the CSR Director) coordinate our supply chain engagement and global reporting. They work alongside the business function heads and leadership teams in our operating companies who have full ownership of delivering the targets for their areas of responsibility.

Our CEO and the Executive Leadership Team are updated on the CSR agenda and progress towards our own commitments, and our customers’ targets, on a monthly basis, with the main Board being updated every six months.

---

### WHO IS RESPONSIBLE FOR CSR AT HILTON

<table>
<thead>
<tr>
<th><strong>MAIN BOARD</strong></th>
<th><strong>Set the ambition for long term CSR programme, embedding this in the business culture</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAIRMAN</td>
<td>CEO</td>
</tr>
<tr>
<td>CHIEF FINANCIAL OFFICER</td>
<td>NON-EXECUTIVE DIRECTORS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SUSTAINABILITY COMMITTEE</strong></th>
<th><strong>Agree and oversee delivery of targets</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-EXECUTIVE DIRECTOR</td>
<td>CEO</td>
</tr>
<tr>
<td>REPRESENTATIVES FROM EXECUTIVE LEADERSHIP TEAM</td>
<td>CSR DIRECTOR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXECUTIVE LEADERSHIP TEAM</strong></th>
<th><strong>Set global strategy and oversee Group and local implementation plans</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>CHIEF TECHNOLOGY OFFICER</td>
<td>CHIEF QUALITY AND SUSTAINABILITY OFFICER</td>
</tr>
<tr>
<td>CHIEF PEOPLE AND CULTURE OFFICER</td>
<td>CHIEF MANUFACTURING AND PROCUREMENT OFFICER</td>
</tr>
<tr>
<td>REGIONAL CHIEF OPERATING OFFICERS</td>
<td>CHIEF COMMERCIAL OFFICER</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SENIOR MANAGEMENT TEAM</strong></th>
<th><strong>Integrate CSR strategy into their areas of responsibility</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>MANAGING DIRECTORS</td>
<td>GROUP HEAD OF PROCUREMENT (NON-PROTEIN)</td>
</tr>
<tr>
<td>CSR DIRECTOR</td>
<td>GROUP HEAD OF ENERGY MANAGEMENT &amp; FACILITIES</td>
</tr>
<tr>
<td>HR LEADS</td>
<td>PROCUREMENT LEADS</td>
</tr>
<tr>
<td>GROUP CENTRAL CSR TEAM</td>
<td>OPERATIONAL LEADS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SITE CSR COORDINATORS</strong></th>
<th><strong>Direct responsibility for CSR, including climate</strong></th>
<th><strong>Shared responsibility</strong></th>
</tr>
</thead>
</table>
Hilton supports the Sustainable Development Goals. Recognising that this is a critical decade of action to deliver these goals we have joined the UN Global Compact as full Participants and have committed to their 10 principles.

Our CSR strategy contributes to many of the Sustainable Development Goals although our focus is on our alignment with the four goals shown in this table.

We recognise that these goals can only be achieved through collaboration between NGOs, industry, individuals and governments.

Our engagement is with action forums that bring together the full value chain together with government and NGOs.

For more information visit www.unglobalcompact.org/what-is-gc/mission/principles

Hilton have committed to halving our food waste by 2030 as a ‘Friend of Champions 12.3’ (Champions12.3.org). We are measuring our food waste at every site and reporting globally. We have made Group-wide commitments to deliver sustainable packaging in a circular economy.

We have committed to set a science based target through the Science Based Targets initiative and signed the Business Ambition for 1.5°C pledge. We are reporting our emissions of GHGs and water use through our Annual report and CDP. We are investing in onsite electricity generation and renewable energy.

We lead in fishery and aquaculture supply chain collaboration and innovation in sustainability and welfare. Together with industry partners and NGOs we have negotiated voluntary marine protected areas and funded Fishery Improvement Projects. Our target is 100% MSC certified wild caught fish in our direct supply chains. In aquaculture we have introduced innovative solutions to address welfare and sustainability challenges including using algal oils to replace oils from wild caught fish.

We have set targets to address deforestation, greenhouse gas emissions, antibiotic use and productivity of our meat and vegetable proteins supply chains. We are currently vice chair of the European Roundtable for Beef Sustainability. We are founder members of the Soy Transparency Coalition and are engaged in successful advocacy to set zero deforestation cut off dates for our supply chains in Brazil.
Sustainability report continued

ADDITIONAL INFORMATION

Charitable donations in 2020 £79,668
Total site waste in 2020 was 5.47% (25,675mt). In 2019 this figure was 5.77% (21,436mt) 25,675mt
We have received no environmental fines or human rights/quality violations for the past three years 0
The fatality rate for the past four years 0
Our screening results show our Scope 3 emissions footprint is 7,443,723 tonnes CO\textsubscript{2}e. In the process of setting our SBTs we are working to build a hybrid method to combine this tool with supply chain specific data. This data is not currently verified * 7,443,723*
Zero incidents of non-compliance with water quality permits, standards, and regulations for the current fiscal year (and last two fiscal years) 0
2020, and the figures in this report are our proposed base year for our scope 1, 2 and 3 emissions. The rationale for this is due to the business structure changes, including the first full year of our newest factory in Australia. This covers 100% of our operations for direct and indirect emissions reporting 100%
There have been zero of notices of food safety violation received for the past three fiscal years. No monetary losses have occurred due to the result of legal proceedings due to labelling or marketing practices for the same period 0
The percentage of renewable electricity used from total is 24%. Including nuclear zero emissions electricity this rises to 47% 24%
100% of 2020 scope 1 and scope 2 (location and market based) reported emissions have been externally verified with limited assurance by an independent third party (GEPEnv) in accordance with ISO14064:3 100%

**Usage and Environmental data**

<table>
<thead>
<tr>
<th>Emissions</th>
<th>FY20 UK</th>
<th>Global (excl. UK)</th>
<th>Group Total</th>
<th>FY19 UK</th>
<th>Global (excl. UK)</th>
<th>Group Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 (tCO\textsubscript{2}e)</td>
<td>4,503</td>
<td>6,136</td>
<td>10,639</td>
<td>6,832</td>
<td>4,720</td>
<td>11,552</td>
</tr>
<tr>
<td>Scope 2 – location based (tCO\textsubscript{2}e)</td>
<td>8,607</td>
<td>49,069</td>
<td>57,675</td>
<td>7,609</td>
<td>44,609</td>
<td>52,218</td>
</tr>
<tr>
<td>Scope 2 – Market based (tCO\textsubscript{2}e)</td>
<td>0</td>
<td>47,103</td>
<td>47,103</td>
<td>0</td>
<td>47,103</td>
<td>47,103</td>
</tr>
<tr>
<td>Total Scope 3 (location) (tCO\textsubscript{2}e)</td>
<td>2,903,052</td>
<td>4,540,671</td>
<td>7,443,723</td>
<td>0</td>
<td>47,103</td>
<td>47,103</td>
</tr>
<tr>
<td>Total Scope 1, 2 &amp; 3 (location) (tCO\textsubscript{2}e)</td>
<td>2,916,161</td>
<td>4,595,876</td>
<td>7,512,037</td>
<td>0</td>
<td>47,103</td>
<td>47,103</td>
</tr>
<tr>
<td>Intensity ratio SC1&amp;2 (tonnes CO\textsubscript{2} per tonne produced)</td>
<td>0.03</td>
<td>0.12</td>
<td>0.15</td>
<td>0.04</td>
<td>0.13</td>
<td>0.17</td>
</tr>
<tr>
<td>Intensity ratio SC1&amp;2 (kg CO\textsubscript{2} per £ of Group turnover)</td>
<td>0.005</td>
<td>0.020</td>
<td>0.025</td>
<td>0.008</td>
<td>0.027</td>
<td>0.035</td>
</tr>
<tr>
<td>Energy (kWh)</td>
<td><strong>Total renewable fuels consumption</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Coal</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Oil</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>LPG</td>
<td>0</td>
<td>1,981,079</td>
<td>1,981,079</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Natural Gas</td>
<td>21,332,658</td>
<td>38,218,747</td>
<td>59,551,406</td>
<td>21,332,658</td>
<td>32,199,827</td>
</tr>
<tr>
<td></td>
<td>Solar generated electricity</td>
<td>243,000</td>
<td>2,260,000</td>
<td>2,503,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total renewable electricity consumption</td>
<td>243,000</td>
<td>25,984,033</td>
<td>26,227,033</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total non-renewable electricity consumption</td>
<td>37,526,233</td>
<td>71,445,071</td>
<td>108,971,304</td>
<td>37,526,233</td>
<td>71,445,071</td>
</tr>
<tr>
<td></td>
<td>Non-renewable other energy consumption (heating)</td>
<td>0</td>
<td>1,392,180</td>
<td>1,392,180</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total renewable energy consumption</td>
<td>243,000</td>
<td>25,984,033</td>
<td>26,227,033</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total non-renewable energy consumption</td>
<td>58,858,892</td>
<td>105,037,093</td>
<td>163,895,985</td>
<td>58,858,892</td>
<td>105,037,093</td>
</tr>
<tr>
<td></td>
<td>Total energy consumption</td>
<td>59,101,892</td>
<td>131,021,126</td>
<td>190,123,018</td>
<td>59,101,892</td>
<td>131,021,126</td>
</tr>
<tr>
<td></td>
<td>Energy consumption (kWh used per tonne of volume produced)</td>
<td>447</td>
<td>397</td>
<td>411</td>
<td>0.055</td>
<td>0.078</td>
</tr>
</tbody>
</table>

* Our Scope 3 method of calculation is based on the Quantis tool from WRI (world resources institute).

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.
APPROVAL OF THE STRATEGIC REPORT

Pages 4 to 59 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
6 April 2021