

Corporate and social responsibility report

Hilton Food Group recognises its social, ethical and environmental responsibilities arising from its operations and to the welfare of employees, customers, suppliers and the communities in which we operate. The Group is committed to working in an ethical, open and honest manner to produce products of the highest quality responsibly and sustainably. The philosophies which underpin our policies for the environment, regulatory compliance, health and safety, product quality and integrity and ethical conduct are summarised below.

Complete food assurance from farm to fork

It is essential that consumers have complete confidence in the products they purchase. It is necessary that all parties in the supply chain work together collaboratively to ensure high welfare standards for animals from breeding and rearing to transportation and slaughter. This teamwork including oversight of farm, fishing and abattoir standards ensures that the products we produce are of the highest quality. We recognise that correct product label information is key to gaining consumer trust and that the label correctly describes the provenance of the product including its species and country of origin.

Hilton strives, in partnership with our retail customers, to successfully deliver safe, consistently high quality, convenient and ready to use products that ensure the highest level of consumer satisfaction. Our products are governed by EU and international legislation and food safety standards throughout the supply chain. Additionally our retail partners, who support the Global Food Safety Initiative, demand the best animal welfare standards, food factory standards and quality systems to enhance their levels of brand integrity.

A short and transparent supply chain with full traceability

Hilton is committed to ensuring that the supply chain in which we play a significant part is as short as possible. Our quality systems provide full traceability of all the raw materials that we use.

Flexible local and global sourcing

As a specialist food business, Hilton sources its meat and fish from the most advanced suppliers to exacting specifications, ensuring quality and cost effectiveness.

Science and technology play a large part in the consistent achievement of product quality and influence Hilton's procurement from large and small suppliers. Together with our retail partners we ensure that consumers have the best choice and can select on the basis of provenance, quality and price.

Supplier standards

The standards in our supply base contribute significantly to the achievement of consistent quality and Hilton works closely with our retail partners to set best in class specifications for our products. Meat is matured and boned according to clear and enforced primal specifications that are agreed between Hilton, its retail customers and abattoir suppliers. Hilton develops long term trading partnerships with our suppliers by facilitating achievement of our retail customer requirements through auditing by third party experts and development of sustainable corrective action plans where any non-conformances are identified. We support our suppliers in applying standards covering factory structure, animal welfare standards, control of contamination through cleaning and disinfection, temperature controls, product and packing standards and traceability. Auditing as a means of challenging standards is now expected by consumers together with well established procedures throughout the food chain.

In our fish processing business we run a Quality Naturally programme which has as its framework three pillars: Sustainability – ensuring there are enough fish in the sea for future generations; Ethics – respecting people who work in our supply chains and factories and ensuring good welfare and working conditions; Authenticity – transparency and trust in our supply chain to assure to our customers that we sell what it says on the label.

Where possible wild catch species are independently certified to the Marine Stewardship Council's standard for a well-managed and sustainable fishery. We are members of the Sustainable Seafood Coalition and Sustainable Fisheries Partnership. Aquaculture species are independently certified to the Global GAP standard for good aquaculture practice or to the Aquaculture Stewardship Council's standard for responsibly farmed seafood.

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 compliance to agreed quality specifications including increasing use of DNA testing. Results are used to assess the performance of suppliers and achieve continuous improvement.

Retail packing at Hilton

The key factors in ensuring that our retail partners receive products that consistently achieve agreed shelf lives and meet customer expectations are top quality ingredients from our suppliers, temperature control and high class standards of hygiene. 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 use of robotic equipment which minimises handling.

Our well trained production operatives are responsible for the quality of Hilton's retail partners' products and they are supported by highly qualified and experienced quality assurance and technical teams at each site. Hilton maintains annual third party accreditation through FSSC (Food Safety System Certification) using ISO 22000 and ISO/TS 22002-1 or the latest BRC Global Standard for Food Safety and additionally our retail customers make frequent visits to our sites, some of which are unannounced. 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.

Temperature control throughout our storage and production departments is fundamental to the quality of our products and this is centrally controlled with alarm alerts if there is any deviation from specified temperature requirements.

Specialised highly trained hygiene teams deep clean our factories every day using the latest technology and these clearly specified procedures are verified using not only trained auditors but also the latest monitoring equipment. All staff and visitors can only enter Hilton production facilities wearing specified personal protective clothing and by passing through barrier protected hand washing and sanitising facilities. The effectiveness of these entrance procedures is routinely verified using hand swabbing checks.

We maintain strong links with academia and technological advances, working

Corporate and social responsibility report

continued

alongside Campden BRI, Danish Meat Research Institute and Teagasc Ireland and attending the annual International Conference of Meat Science and Technology. We are also members of a number of trade associations such as British Meat Processors Association, Food and Drink Federation and Seafish.

Partnerships for growth

We forge partnerships across all aspects of our supply chain to enable us to strengthen our position as one of the leading global Business to Business food companies. Our core competency has always been building strong and productive partnerships with our retail customers in each geographical zone we are active in to supply high quality products at the right price to meet their demands. However, in an ever-changing business environment, the requirements of a true partnership go beyond the supply and demand approach. Our focus is to provide a unique, unrivalled service to our customers to support their market growth aspirations. We work closely with each of our customers to identify, both global and local, market trends which will help us create the next generation of products that will meet the everyday needs of their consumers. We have established two culinary innovation centres fully equipped with state of the art culinary equipment and staffed by some of the leading industry chefs and food technologists. The ambience of our culinary innovation centres has been designed to create an open and stimulating environment in which creativity can flourish.

There is nothing like good food to bring people together so it is in our culinary innovation centres that we discuss and share concepts with our customers. Cooking, tasting and then making those all-important final tweaks to create the perfect concept. Our skilled chefs and technologists then set to work on the scale-up process taking the concepts from the kitchen pan to industrial products that can be consistently produced, on an industrial scale, maintaining organoleptic quality, product integrity and operational efficiency throughout the supply chain to meet all of our customers' expectations. With these facilities we deliver exciting, innovative and delicious product range extensions, seasonal product ranges and market leading innovative new products.

We have established partnerships with key suppliers whose core capability is the development of innovative ingredients. By working closely in partnership with our suppliers we can combine our extensive, in-depth understanding of food production on an industrial scale with their expertise to develop a delicious portfolio of innovative products designed to match consumer expectations.

In parallel to our ingredient partnerships we also realise the value of building stronger alliances with key suppliers of the processing equipment that is required to deliver the large volumes of products that leave our manufacturing sites every day. Technology is changing at an ever increasing rate across the food industry resulting in new and exciting equipment entering the market which can improve the efficiency of operations and deliver new and innovative products whilst continuing to enhance the stability and security of the products offered to the consumer. Rather than waiting for new technologies to arrive on the market we are working in close partnership with key equipment suppliers to develop equipment that specifically meets the needs of our operations. To facilitate this, we are creating a number of product focused centres of excellence which are the custodians of our internal technology know-how where we focus development programmes carried out in conjunction with our key partners. As well as being technology custodians the centres of excellence are responsible for the rapid roll out of successful innovations and developments across our businesses to ensure we consistently deliver operational excellence at each of our manufacturing sites.

Awards and innovation

Hilton takes great pride in its products and we are delighted when the quality and innovation of these products is recognised. During 2017 we received a number of national food and taste awards. New products launched included beef wellington, mini pizzas and bubbly batter cod fillets.

Environment

The Group takes all practicable steps to manage carefully its impact on the natural environment. Improvements to our environmental performance can make a difference to society and we are committed to assessing the impacts of our operations on land, water, air and biodiversity, and to managing our waste, in all its forms, by reusing or recycling it, where practicable.

In the context of the total carbon footprint of retail packed meat the proportion which can be influenced by Group's packing activity is very small indeed as the Group is not involved in the breeding, growing and slaughtering of animals and the packaging formats used for its products are selected by our customers. The Group is nevertheless committed, working closely with its customers, to minimising its environmental impact.

Regulatory compliance

The Group is in full compliance with all environmental regulations, permits and consent limits which apply to each of its packing plants in each country of operation and views such compliance as a high priority, looking to make continuing improvements with respect to the environment in all its operations whilst ensuring that we manage our environmental performance in accordance with evolving legal and regulatory requirements and international standards.

Carbon footprint and greenhouse gases

The Group has complied with all the mandatory reporting requirements under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The Group's scope 1 and scope 2 carbon footprint has been calculated using data gathered through standardised reporting channels and Defra conversion factors. An appropriate ratio to express the Group's annual emissions in relation to its activities by way of product volumes produced is given below.

	Tonnes of CO ₂ e	
	2017	2016
Scope 1	3,987	4,069
Scope 2	22,275	21,195
Total	26,262	25,264

	Tonnes of CO ₂ e per tonne of product
2017	0.11
2016	0.11
2015	0.11

Energy usage

Our processing and packing operations consume electricity, gas, water and industrial gases at all our sites and our management teams work to identify areas for further efficiency gains in terms of energy usage. The Group invests heavily in maintaining state of the art high speed packing facilities which progressively reduce energy costs per unit packed. Over time the development of packing technology means that any given volume of meat can be packed with fewer high speed lines. Performance on water usage is shown below:

	Cm ³ of water use per tonne of product
2017	1.68
2016	1.65
2015	1.55

Waste and packaging

It is estimated that 15 million tonnes of food is wasted each year in the UK of which 9 million tonnes is avoidable and we agree this is economically, socially and environmentally unacceptable. Although Hilton's products are perishable having limited shelf life we continuously strive, working with our retail partners to ensure that waste is minimised and products are available for purchase and consumption for as long as possible before the end of their shelf life.

A degree of wastage is unavoidable in our businesses, as we have to ensure that our products continually meet stringent standards for quality and presentation. We work actively to reduce our usage of materials and the reduction of product and packaging waste has a very high priority across the Group. The yield losses incurred in processing and packing meat and packaging wastage are monitored continuously throughout each day across the entire product range, at every Hilton site. Performance on yields, being the percentage by which the weight of purchased raw material compares with that incorporated in finished packed products, is minimised by using cut-offs where possible.

We are delighted to be working with Tesco to tackle global food waste. This Champions 12.3 initiative is dedicated to accelerating progress towards achieving the UN Sustainable Development Target 12.3 by 2030. This target aims to halve per capita global food waste at the retail and consumer level, and reduce food losses along production and supply chains by 2030.

Through the extensive use of state of the art packaging including skinpack technology our products benefit from an extended shelf life thereby reducing food waste. This benefit offsets the environmental impact of the packaging materials and energy used in its manufacture.

Hilton is also closely aligned with our customers in our desire to minimise the environmental impact of our operations. We are therefore developing partnerships with our key suppliers of packaging materials as part of our sustainability agenda. We are conscious of the potential impact the use of plastic has on the environment. We are therefore working with our key suppliers in three work streams. Firstly we are striving to maximise the use of recyclable trays across the Group and have started to move to the use of recyclable trays in our production. The second work stream is focusing on the use of recycled plastic in product trays that we purchase uses significantly lower energy consumption in their manufacture. Finally we are continuously setting the industry standard for lighter product trays which therefore require less plastic. These trays are jointly developed and tested with our key packaging suppliers to ensure that although lighter they are still robust enough to maintain the required functionality and stability attributes.

Corporate and social responsibility report

continued

Workplace

Health and safety

One of Hilton's top priorities is to achieve continual improvements in health and safety. The Group requires all its subsidiaries to achieve high health and safety standards within their individual operations. All subsidiaries conduct regular formal health and safety reviews. Managers and employees review policies, processes and procedures in order to ensure that risks are properly assessed, with appropriate actions taken in order to protect the safety of employees. At Board level Philip Heffer, Chief Operating Officer, has been assigned responsibility for health and safety and environmental matters across the Group's operational sites.

We monitor and review all incidents and accidents in the workplace so that we can take appropriate action to improve working conditions whilst remaining focused on reducing both the absolute number of accidents and the number of serious accidents. Formal reporting procedures are in place at every site so that the Group can monitor safety performance at a local level. There is a full time safety officer at each site who monitors the key measures for safety performance which include the number of serious and non-serious accidents and the number of working days lost through injury, together with short and long term sickness levels, key statistics in relation to which for 2017 are shown as follows:

	Average number of employees	Serious accidents	Recorded accidents per 100,000 hours worked	Sickness rate (%)
2017	3,545	40	4.5	4.8%
2016	2,948	40	5.2	3.6%
2015	2,912	36	5.2	3.5%

Our people

We recognise that driving our future growth and development will continue to depend on our ability to attract, grow, train and retain the very best managers and staff and to build progressively stronger teams at each location. We believe that a key to our future success lies in the promotion of properly trained, knowledgeable and capable management from within our organisation together with the ongoing motivation of our teams in each country.

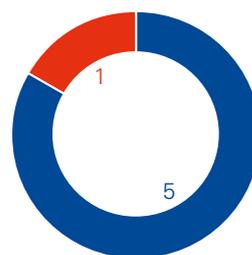
The Group provides equal opportunity for employment, training and career development and promotion regardless of age, sex, colour, race, religion, ethnic origin or other minority groupings. The Group encourages the employment of disabled people when suitable vacancies are available and wherever possible re-trains employees who become disabled to enable them to do work consistent with their aptitudes and abilities. Where practicable a flexible approach is adopted to assist employees to manage a successful work/life balance.

Hilton operates to high standards of employment practice with policies to ensure that training, career development and promotion opportunities are available to all employees. The Group's recruitment practices involve, where possible, internal promotions. Where there is not a suitable internal candidate, selection of suitable individuals for vacant positions is made using a combination of industry knowledge and contacts and the use of external recruitment agencies. All new senior employees including Directors are given tailored induction programmes. The Group's succession planning is designed to highlight any forthcoming vacancies well in advance. Employees are able to participate directly in the success of the business by contributing to the Group's Sharesave scheme.

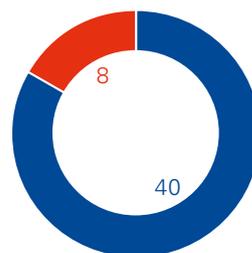
The Group has ethnically diverse workforces who at each location receive the same terms and conditions for comparable jobs. Given the geographical spread of the Group's operations it is both inappropriate and impractical to apply standard employee consultation and communication procedures across the Group. Each subsidiary is accordingly responsible for achieving and maintaining appropriate consultation and communication with its employees which include at all production sites joint management and employee committee

meetings on health and safety and meetings with employees and union representatives to discuss issues affecting them.

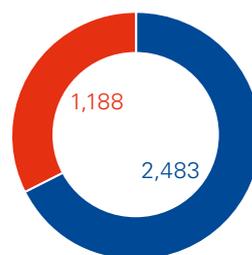
Directors



Senior managers



Employees



■ Female ■ Male

At Hilton we support our people to be the best that they can be. It is important that Hilton's continuing growth is linked with the growth of our people and we are committed to focus on equal opportunity for all and addressing the gender pay gap. We have been successful in recruiting senior women into office based professional roles as part of a recruitment process to ensure the best-fit hire.

The Group, in common with most commercial undertakings, employs external consultants, but, as their services could be contracted for with other similar parties, there are, in the opinion of the Board, no persons with contractual or other arrangements with the Group which are essential to its businesses.

Trading relationships with partners and suppliers

Strong and fair long term relationships with partners and suppliers are very important for Hilton. The Group's approach to corporate social responsibility is reflected in the way we behave with our suppliers which is open, consistent and honest. In the UK the Group follows the Better Payment Practice Code which requires a company to agree the terms of payment with its suppliers, to ensure its suppliers are aware of those terms and to abide by them. The Group policy is also to apply the requirements of the Code in each of its subsidiaries.

Ethical standards

Hilton is committed to integrity. Ethical standards are very important in relation to the way we conduct our businesses and all the Group's employees are expected to behave ethically in their work and adhere to the Group's ethical standards. As an international group of companies we are fully aware of the broad spread of our responsibilities in all the countries in which we operate from protecting the environment to safeguarding the health and safety of our employees, respecting human rights, ensuring honesty, integrity and fairness in all our business dealings and operating our businesses in a safe and responsible manner.

Anti-bribery and corruption

A whistle-blowing policy is in place in accordance with which staff can in confidence raise any concerns about any actual or potential improprieties in relation to matters of financial reporting or any other aspect of the Group's businesses. The Group has also implemented an anti-bribery and anti-corruption policy to comply with the Bribery Act 2010.

Modern slavery

We aim to ensure that the way we run our business prevents and deters any form of modern slavery and human trafficking from occurring anywhere in our business and supply chain. Hilton is dedicated to maintaining a fair and ethical workplace for all of our staff, and prohibits the use of all forms of forced labour and human trafficking. We have introduced a Modern Slavery Policy within the Group to ensure that slavery and human trafficking is not taking place in any part of our business or our supply chains.

We work to identify, assess and monitor any potential areas of risk in relation to our business and supply chains, and carry out regular quality audits of our meat suppliers. We also train relevant employees in the steps to be taken in the event of any modern slavery specific concerns.

Tax strategy

Hilton is committed to paying the right amount of tax at the right time and complying with all relevant laws and regulations. With a low risk appetite we have a simple corporate structure based around our commercial operations. We do not engage in planning schemes or arrangements that could be considered aggressive or artificial in nature. Tax forms part of Hilton's policy whereby risks are assessed and appropriately managed.

Community

Supporting our local communities

Hilton's policy is to recruit locally based employees wherever possible in order to benefit the communities within which our plants are located. Hilton aims to play a positive role in all the communities in which it operates and we encourage employees to become involved with and support the local communities around our sites. We recognise the social impacts of our business and believe in consultation with local communities about our activities and about the safety and environmental impact of our operations.

During 2017, Hilton made charitable donations amounting to £60,000 (2016: £67,000) comprising small but regular donations made to local institutions and sponsorship of personal charitable initiatives and to cultural and healthy lifestyle events. Additionally we donate surplus meat to food banks.

We established the Hilton Food Group Charitable Trust during the year to support nominated charitable causes through corporate events and also held our first charitable golf day raising funds of £67,000 for East Anglia's Children's Hospices and The Cure Parkinson's Trust.

The Group seeks to be a good neighbour in all its locations. We are committed to social responsibility and believe that the success of our businesses will reflect the quality of the relationships we build with our communities and legitimate public interest groups.