

Engaging with our stakeholders - Section 172 statement

The directors are required to act in a way which they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

The Company is a subsidiary of Associated British Foods plc and, as such, the Company has adopted and the directors have due regard to applicable group policies and procedures which impact on the Company's stakeholders, including those referred to on page 71 of the ABF 2022 annual report and accounts. Please see also ABF's Section 172 Statement on pages 64 to 68 of that document.

As part of the identification of key stakeholders, the directors have identified the following stakeholder groups with whom engagement is fundamental to the Company's ongoing success:

- Employees
- Suppliers
- Customers
- Communities and environment
- Government and regulators
- Shareholder
- ABF and other group companies

Employees

The Company employs around 1,500 people. Our people are central to the Company's success and employee engagement is crucial to embedding our culture and values, and to helping our people see how their efforts contribute to their Company's strategic objectives. The directors take their responsibility to communicate well and build engaged teams seriously. During the year, the Company has focused on embedding its engagement tools and focusing on leadership development. Everyone at British Sugar is a leader - whether they're leading themselves, leading a team or leading the business. Designed to support culture change, the Company's Leadership Model has set a course for how we want everyone at British Sugar to behave and aims to improve leadership capability at all levels and contribute to employee engagement. To embed this with managers in particular, we launched a leadership development programme last year, with bespoke training designed to develop skills.

Last year we also introduced a new Performance and Development Cycle, which enables everyone to take the wheel and steer their own development. People set clear objectives and work with their manager throughout the year to check in, share wins and reach their goals.

To reinforce great behaviour in line with the Leadership Model and values our recognition programme, including an online platform and associated app, makes it easy for colleagues to highlight the great work of other team members.

Ensuring our employees' working environment is safe is a non-negotiable for our directors - nothing we do is worth getting hurt for. The Safety Steering Group continues to drive stronger leadership behaviours and encourages our people to share learnings with each other.

Section 172 statement (continued)

Suppliers

Our Supplier Code of Conduct, which applies to all companies in the ABF group and which can be found on the ABF website (www.abf.co.uk), sets out our values and standards on how we work and engage with our suppliers on ethical, environmental and other relevant matters including on key issues such as payment practices, responsible sourcing, supply chain sustainability, human rights and modern slavery. The Company is a signatory to the Prompt Payment Code and also makes public disclosure twice a year of its payment practices.

A critical supplier group is our 3,000 growers, hauliers and harvester contractors. Through deep and well-established relationships with individual growers and businesses we drive better decision-making and collaborative working. This year, we have developed our *Field to Factory* programme to further strengthen working relationships within our supply chain. This has resulted in more regular, open and transparent communications. Through the British Beet Research Organisation, a non-profit making company funded jointly by British Sugar and UK sugar beet growers, we collaborate on research to increase the competitiveness and profitability of our industry in a sustainable and environmentally acceptable manner.

Our commercial relationship with the National Farmers Union (“NFU”), through NFU Sugar, the representative body for our growers, supports effective advocacy and a well-understood contractual dialogue. As an industry we continue to focus on science-led decisions to support sustainable growth. This year, the industry was successful in its application for an emergency authorisation for a neonicotinoid seed treatment to help deal with the pernicious virus yellows disease which has a huge impact on crop. The treatment is tightly controlled and regulated through a joint stewardship agreement between British Sugar and the NFU.

As part of our work on the future of UK agriculture, we are keen to harness improvements in modern breeding techniques and to reduce use of pesticides, while also improving yields. We want to see a long-term sustainable set of policies for the beet sugar industry that enhance the use of modern plant breeding techniques, uphold the highest environmental and food safety standards for the future, and ensure that the regulation of plant protection products remains risk-based and science-led.

Customers

Customer needs are at the heart of business decision-making, whether from new products and services, order fulfilment or sustainability and quality policies. The Board and senior management teams are regularly updated on key customer needs from direct engagement with customers, anonymous customer surveys and market insights. We uphold the highest standards for quality and service flexibility and aim to stay one step ahead of our customers’ needs, scanning the consumer and supply markets for changes that can impact our customers. We regularly track customer feedback, adopt a continuous improvement approach and strive to be our customers’ supplier of choice.

Communities and environment

Supporting the communities in which our sites are based is important to us and where we tend to contribute the majority of our charitable donations. Through our *Neighbourhood Support* programme, all five of our sites have a budget of £5,000 which is allocated on behalf of employees and put towards local charities, community groups and causes of their choice (up to £350 a time), within a 30 mile radius of their respective site.

Section 172 statement (continued)

Communities and environment (continued)

Another element of our Charities Support Scheme is our *Money Match* programme, which as the name suggests is where we match fund the money raised (up to £250 per individual) by employees when they are fundraising for regional or national charities.

The final element is our volunteering programme; we are proud to support our employees, whether as individuals or teams, when they wish to give up their time to get involved in local community projects.

We are committed to fulfilling our compliance obligations for all applicable environmental legislation and protecting the environment through the prevention of pollution from our sites. We have continued to meet all of these requirements and worked on enhancing our environmental performance through the continual improvement of our environment management system and process of monitoring, measuring and reviewing our potential environmental impacts. We are certified by both the ISO 14001 environment and ISO 50001 energy management systems.

We put sustainability at the heart of everything we do and are focused on reducing our environmental impact not just in our factories, but across every aspect of our business. Our track record includes investing in combined heat and power (“CHP”) plants at Wisington and anaerobic digestion at Bury St Edmunds. Our ambitious decarbonisation plan to 2030 comprises over twenty projects focused on process optimisation, energy efficiency and fuel switching.

We continue to work closely with our growers to improve on-farm environmental performance and to maintain and improve soil health. We manage waste and water usage carefully across our sites which means that we generate only 200 grammes of waste per tonne of sugar produced. Our target is to reduce the carbon emissions across our beet sugar supply chain by 30% by 2030 and we have plans to reduce our energy usage to support this and we are working in partnership with our inbound and outbound logistics partners to drive fuel efficiency. Our sites are good places to continue to encourage biodiversity development; we continue to support nesting birds and wildflowers, and continue to plant trees and work with the Norfolk Rivers Trust on water stewardship programmes on farm.

Government and regulators

The Company can be impacted by changes in laws and public policy. To mitigate the Company’s exposure to such risks and to contribute to, and anticipate, important changes in public policies impacting our operations and sites, the directors have a regular dialogue, either directly or through being part of the broader ABF group, with government ministers, officials and constituency MPs. The directors recognise the importance of an open dialogue with our regulatory bodies which include the Environment Agency and the Health and Safety Executive.

Shareholder

The Company reports up to its immediate shareholder, ABF Investments plc, and ultimately to the board of ABF, through reports up to the senior management of the Sugar and Grocery divisions of which the Company forms a significant part. The Company takes appropriate steps to ensure that its shareholder is kept up to date on key business activities and decisions.

Section 172 statement (continued)

ABF and other group companies

The Company forms part of the group of companies headed by ABF and the Company's accounts are consolidated into the ABF annual report and accounts. Group companies can provide financial and other support to the Company and the sharing of best practice and know-how between the businesses within the broader group is actively encouraged.

Principal decisions

Below are some examples of the principal decisions taken during the year, how the directors considered stakeholder views and interests and how such consideration impacted on decision-making.

Investment in our growers: In the contract package agreed with NFU Sugar for our growers this year and in response to challenges on farm we have increased the one-year deal for 2023/24 to £40 per tonne and given an option for multi-year contracted growers to extend for a year in return for £40 per tonne fixed. For those multi-year growers who choose not to extend, we have uplifted the price to £32 per tonne to reflect the increased input costs with all other terms remaining the same. The virus yellows assurance fund introduced from 2021, which compensates growers for a proportion of yield losses suffered where a grower has virus yellows present in their crop, continues to run for those not extending their multi-year contracts. This is a three-year, £12 million fund underwritten by the Company covering existing multi-year contracts. The directors also agreed with the NFU to extend the pilot for futures-linked variable priced contracts to all growers with a maximum allowance of 20% of their entitlement, giving growers the ability to make their own pricing decisions for a portion of their contract. Growers will have access to the sugar futures market in the UK in order to decide when to fix the price of beet on their contracts. Together with continued investment in our *My British Sugar* digital platform for growers we have put grower feedback at the centre of our decision-making.