

## British Sugar plc - Section 172 Statement

The Company is a subsidiary of Associated British Foods plc and, as such, the Company has adopted and directors have due regard to applicable group policies and procedures which impact on the Company's stakeholders, including those referred to on page 74 of the Associated British Foods plc Annual Report and Accounts 2021. Please also see the Associated British Foods plc Section 172 Statement on pages 65 to 71 of that document.

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.

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

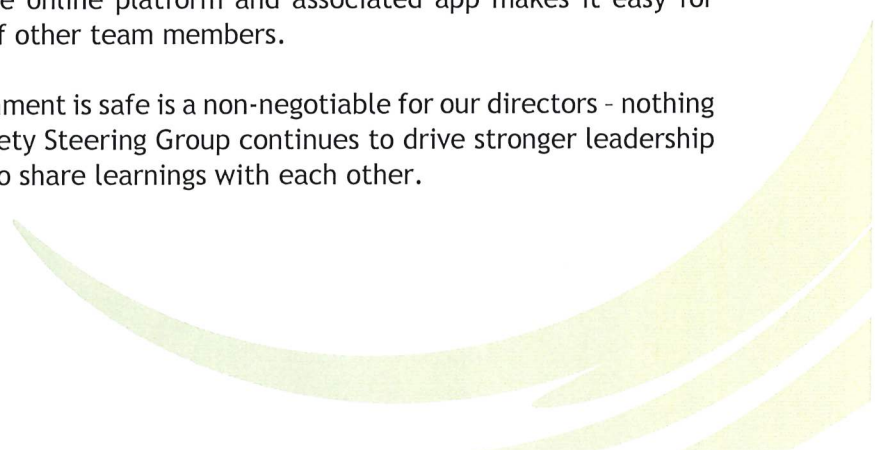
### *Employees*

The Company employs around 1,600 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 this year, with bespoke training designed to develop skills.

We have 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 new recognition programme was launched last year. The 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.



## ***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](http://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. Our Grower and Haulier Handbooks set out our expectations and commitments and we deliver regular and clear communications to all growers, hauliers and harvesters in our supply chain. Through the British Beet Research Organisation (“BBRO”), 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. In March this year we were pleased to confirm that, following a very cold January and February, the well-established Rothamsted model was predicting very low levels of virus yellows in the crop for 2021. Predicting around 10% of the virus levels of last year this meant we did not treat the sugar beet seed with a neonicotinoid seed treatment. Our application for emergency use of the seed treatment was just that - we committed to only treat the seed if the risk to the crop was significant. We followed the science, using a proven model that has been in place for over 55 years, and minimised impact where possible. We will continue to work to progress our plans to tackle virus yellows without the need for neonicotinoids in future years.

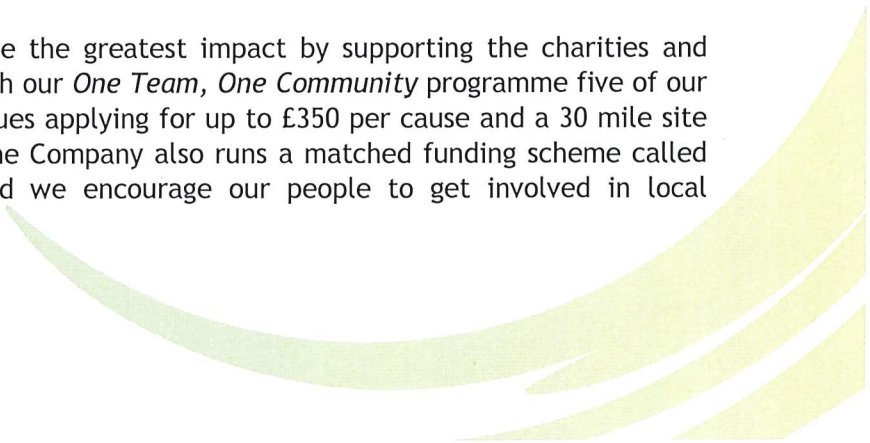
## ***Customers***

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 society and respecting the environment are two of the key ways through which we live our values and make a difference. The Company is committed to seeking sustainable solutions to environmental challenges and adapting our operations to respond to changes in the natural environment.

As a Company, we believe we can have the greatest impact by supporting the charities and communities closest to our sites. Through our *One Team, One Community* programme five of our sites have £5,000 available with colleagues applying for up to £350 per cause and a 30 mile site radius set to maintain the local link. The Company also runs a matched funding scheme called *Supporting You To Support Others* and we encourage our people to get involved in local volunteering opportunities.





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. 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 200g of waste per tonne of sugar. We have reduced our water usage across the business by 26% over the past six years. 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 including issues such as COVID-19 and the implications arising from the UK's withdrawal from the EU. 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 in relation to policies. 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.

### ***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 tools for our people:** Responding to the needs of our people this year the directors approved a new workplace digital tool: *PeopleHub* to enable everyone to manage their personal information more effectively and online. It also establishes a central source of people data which will improve the insight we have on our business and our most important asset - our people.

**COVID-19 investment:** Since the start of the COVID-19 pandemic the focus of the directors has been on keeping our people safe and our customers supplied. We have invested £0.9m across our processing sites on employee personal protective equipment, workplace screens, secondary control room constructions, cabin hire for increased employee segregation and cleaning equipment and supplies.

**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 22/23 to £27/tonne fixed and given an option for multi-year contracted growers to extend for a year in return for a £25/tonne fixed contract. The virus yellows assurance fund which was introduced from 2021 and will compensate growers for a proportion of yield losses suffered where a grower has virus yellows present in their crop continues to run. This is a three-year, £12 million fund underwritten by the Company covering all new and existing contracts. The directors also agreed with the NFU to extend the pilot for futures-linked variable priced contract to all growers with a maximum allowance of 10% 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.

By Order of the Board



**Paul Kenward**  
Managing Director, British Sugar

20 December 2021

