

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 in the ABF Section 172 Statement on pages 40 to 45 of the ABF 2023 annual report and accounts.

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 1,400 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.

During the year the Company has focused on building leadership development through its Leadership Model and has recently launched a 'Future Senior Leaders' programme, which is open to everyone.

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 and reward the great work of other team members.

During the reporting period the Company undertook six-monthly internal engagement surveys and engaged with people through a wide range of communication tools, including monthly meetings hosted by the Board, monthly business update packs for cascade through teams, weekly news roundups and an intranet with an internal social media platform - Workplace.

Safety and Health programmes are embedded within our culture and communicated on regularly. Most recently we have introduced and are rolling out 'Personal Choices', a behavioural-based approach to safety and health, across all our sites.

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. This covers ethical and environmental matters as well as 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 makes public disclosure twice a year of its payment practices.

A critical supplier group is our 2,300 growers. Through deep and well-established relationships with individual growers and businesses we drive better decision-making and collaborative working. Our Field to Factory programme continues to work 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 (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 collaborative working. As an industry we continue to focus on science-led decisions to support sustainable growth. This year, the industry was again 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, supported by the BBRO.

As part of our work on building a resilient future for 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. We continue to invest in research programmes in relation to gene editing, so that we are at the forefront of work to develop these techniques for use in the beet sugar industry.

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 team 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.

Section 172 statement (continued)

This year we have continued to track customer performance, setting targets to improve our customer proposition and service. As a result, both complaints and damages have fallen compared to prior year. While these results are welcome, we continue to drive improvements to ensure we are the supplier of choice, including developing a Customer Awareness Programme. This provides our employees with a toolkit of resources to ensure our customers are at the heart of everything we do, raising awareness of who our customers are, what they make and what they use our sugar for.

Communities and environment

Supporting society and respecting the environment are two of the key ways we live our values and make a difference. The Company is committed to seeking sustainable solutions to environmental challenges as outlined in the Mandatory Climate Disclosures (“MCD”) on page 7-12.

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

Another element of our Charities & Communities Programme is our Money Match programme, which is where we match fund the money raised 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 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 sites are excellent locations 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. We also continue to submit our views to relevant government public consultations, in particular in the energy and decarbonisation space.

Section 172 statement (continued)

This year, our Agriculture Director has been appointed to the Department for Environment, Food and Rural Affairs Precision Breeding Working Group, helping to develop the regulatory framework which will govern gene edited crops.

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.