

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 ABF 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. Please see the ABF section 172 statement on pages 48 to 53 of the ABF Annual Report 2025.

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;
- it's shareholder and
- ABF and other group companies.

Employees

The Company employs more than 1,500 colleagues. Engaging our people continues to be part of our core business strategy and our latest employee engagement survey (December 2024) informed us that 70.8% of participants believe British Sugar is a great place to work.

We remain committed to maintaining the highest standards of health and safety for all employees and our strategy 'to be a safe & healthy place to work for everybody, everywhere, all of the time' is at the forefront of our operations. During the year, a new learning management system was successfully implemented to strengthen the management and delivery of safety training across the organisation. In addition, a comprehensive review of all standard operating procedures has commenced, providing an opportunity for enhanced workforce engagement through the application of modern behavioural safety methodologies and proactive communication practices.

We have a track record of growing our own talent and in 2025 made a substantial investment to continue to develop technical and leadership capability. We have launched the First Line Leaders Programme and Agriculture Academy, expanded Apprenticeship Career Pathways in areas such as IT, Agriculture, Control Engineering to support the long-term success of our business and bolster our senior talent pipeline. Last year's Future Leaders Programme resulted in over 50% of people being promoted or taking on broader roles.

Our leadership model and core values - Stay Safe, Respect Each Other, Work Together, Drive to Action and be Open and Flexible - are integral to our continued success. We encourage colleagues to embody these values and serve as role models throughout our business. To celebrate and reinforce this commitment, we have established recognition programmes such as quarterly Spotlight Awards, and ongoing points-based awards. These initiatives allow employees to be acknowledged for their contributions and redeem their rewards through digital gift cards of their choice.

We remain firmly committed to creating a diverse and inclusive workplace culture. We continue to engage our teams on the importance and benefits of inclusion and run spotlight events in our factories and offices, highlighting relevant topics, which have proved very successful; such as mental health, menopause and prostate cancer, and disabilities.

Section 172 statement (continued)

Suppliers

Our Procurement Responsible Sourcing Policy aligns with ABF Supplier Code of Conduct, the policy supports our commitment to respect Environmental and Human Rights our operations, supply chains and communities. This policy alongside our Human Rights Policy and Environment Policy outlines how we engage supply chain due diligence and manage environmental, social and governance (ESG) risks.

A critical supplier group is our 2,300 growers. We continue to work to improve our well-established relationships with the wider industry to drive better in-field yields and to continually improve the efficiency of our raw material supply chain. Our Field to Factory programme was developed to support our strategy of strengthening of grower partnerships. The vision of this programme is to improve the sugar campaign for everyone. This year, we launched two new mobile apps to aid inbound operations, namely our harvesters and hauliers, enhancing the user experience and encompassing additional safety features. The apps provide greater visibility on the status of the fields being harvested, better understanding of roadside stock and are therefore supporting harvesting and haulage processes across the industry.

The British Beet Research Organisation (BBRO), a non-profit making organisation, is funded jointly by British Sugar and UK sugar beet growers. We collaborate on research to increase the competitiveness and profitability of our industry and support our growers to apply more sustainable and environmentally friendly practices in the field.

Together with the National Farmers Union (NFU), through NFU Sugar, the representative body for sugar beet growers, we work collaboratively on policy, research, and advocacy. This year, the industry was unsuccessful in its application for an emergency authorisation for a neonicotinoid seed treatment to help deal with the pernicious virus yellows disease which can have a huge impact on crop. Had the application been successful, it would not have met the requirements outlined in the application for use with a lower than trigger level Rothamsted model output owing to the colder weather in January and February. The impact of virus yellow in the 25/26 crop is expected to be very low owing to the later Aphid arrival and earlier drilling in the spring.

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. No further emergency authorisations for Neonics containing Cruiser seed treatment will be applied by the industry. We continue this work and develop alternative options to mitigate virus yellow risk.

The Company has invested in a collaboration project with agriculture biotechnology company Tropic Biosciences (Tropic), to explore how gene editing (GE) can be used to specifically target the three yellowing viruses. This collaboration makes use of Tropic's Gene Editing induced Gene Silencing (GEiGS®) technology platform, to make minimal and precise gene edits in sugar beet enabling the crop to resist infection by yellowing viruses. Armed with these gene-edited varieties, sugar beet breeders could develop elite commercial sugar beet with natural and durable genetic resistance to Virus Yellows, which would enable more sustainable cropping. This project was further bolstered in 2024 by grant funding from Innovate UK's Farming Futures R&D fund. This funding was jointly awarded to British Sugar, Tropic and the world-leading plant science institute The John Innes Centre. The BBRO is also supporting the project.

Section 172 statement (continued)

Customers

Our goal is to deliver safe, high-quality, and affordable products to all our customers. The Commercial Director, supported by the commercial team, is responsible for leading the development and execution of our commercial strategy and managing customer engagement. The Company connects with its customers through multiple channels, including the commercial team, customer surveys, social media, and dedicated customer information lines.

Customer needs are at the heart of business decision-making, whether from new products and services, order fulfilment or sustainability and quality policies. The “Executive Board”, consisting of both British Sugar’s directors and individuals holding Directorship titles within the company, 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.

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 years. 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. This and the continued Voice of The Customer roadshows delivered to each site and central office functions have helped our journey to continue being the Supplier of Choice.

British Sugar has continued to engage with the Ecovadis evaluation annually, which provides a sustainability rating based on our environmental, social and governance (ESG) performance. Our 2025 assessment resulted in an approved rating where we were awarded Gold status (2024: Silver), placing us among the top 5% of companies globally in our sector for ESG practices.

Communities and environment

Supporting the communities and respecting the environment in which we operate are at the heart of our operating model. The Company is committed to seeking sustainable solutions to environmental challenges and adapting our operations to respond to changes in the natural environment, as outlined in the UK Climate related Financial Disclosures (TCFD) on page 9 to 16.

To achieve these goals the Company is acting on climate change and is working hard to reduce energy use, reduce greenhouse emissions, manage waste, improve water management, use environment-friendly packaging and reduce or eliminate the use of single-use plastic where possible.

Supporting the communities in which our sites are based is important to us and we contribute the majority of our charitable donations in those communities. Through our Charities and Communities Scheme, all five of our sites have a budget for ‘neighbourhood support’ which is allocated on behalf of employees and put towards local charities, community groups and causes of their choice, based within a 30-mile radius of their respective site.

Section 172 statement (continued)

Communities and environment (continued)

Another element of our Charities & Communities Scheme is the Money Match programme, through which we match employee fundraising for regional or national charities up to £250. In addition, a central fund is available to support raffle prizes or donations.

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 better understand the environmental impact of growing sugar beet so that we can make improvements in the field. We work closely with industry partners to ensure that we're utilising the latest tools, techniques and research to ensure sustainable agriculture is at the forefront of our business. 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 recent investments in on-site water treatment plants means the quality and quantity of water we return to local waterways has improved and continues to meet discharge water quality requirements. Our sites offer unique settings for a wide range of biodiversity and many of our factories play host to nesting birds such as Peregrine Falcons every year. In addition, we are working with growers and industry partners to establish and monitor pollinator areas and wildflower strips around headlands or within fields. We are undertaking a 24-month trial of in-field pollinator sensors to track the number and frequency of pollinators in real-time. Helping growers make informed decisions about crop health and identify areas where additional habitat or interventions could enhance pollinator activity.

Government and regulators

The Company can be impacted by changes in laws and public policy.

The directors have a regular dialogue, either directly or through being part of the broader ABF group, with government ministers, officials, and constituency MPs to contribute to, and anticipate important changes in public policy which might impact sites and operations.

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 the energy and decarbonisation space.

Shareholder

The Company reports up to its immediate shareholder, ABF Investments plc, and ultimately to the board of ABF, through reports up by the senior management of the Sugar, Grocery and Agri divisions for the related divisional products.

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.

Section 172 statement (continued)

Principal decisions

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

Science-based targets validated

ABF Sugar's decarbonisation targets were validated by the Science Based Targets initiative (SBTi) in January 2024, with approved science-based reduction commitments for both near-term (2030) and long-term (2050). This validation supports ABF Sugar's long-term commitment to addressing climate change. As a business which is part of the ABF Sugar division, we are committed to SBTi. British Sugar has developed a detailed transition decarbonisation roadmap to reduce emissions from our products, which is regularly reviewed.

In 2025, British Sugar implemented 10 projects and programmes (2024: 7) focused on reducing greenhouse gas emissions through fuel switching and energy efficiency investments, resulting in the complete elimination of coal use across all out sites

Energy efficiency and reduction

As part of its decarbonisation plan, it has invested over £39.2m (2024: £36.9m) capital and reduced CO₂e by 51,489 (2024: 40,152). The three most significant projects are:

Bury energy reduction project - the installation of additional evaporators, heat exchangers and associated processing equipment will significantly reduce the steam required in the sugar-manufacturing process. The project will deliver a step-change reduction in onsite energy usage, with site emissions lowered by 19,500 tonnes of carbon equivalent a year and demand for process steam reduced by 25%. This project was fully commissioned in September 2025.

Cantley CHP - a new modular gas-fired combined heat and power plant has been commissioned and was operational from October 2025, this will reduce site carbon emissions by around 16,000 tonnes a year. This CHP plant will operate on natural gas fuel input, which has enabled the previous coal boiler to be decommissioned. The new plant is also hydrogen-ready, setting us up for fuel flexibility in the future.

The completion of this project will result in the elimination of coal usage in all of British Sugar sites' Combined Heat & Power (CHP) plants and animal feed drying operations.

Wissington Steam Drying - a substantial 50,000 tonnes of Scope 1 carbon emissions are set to be removed from the site's footprint thanks to a £42m investment into a new steam drying project. The investment will enable the existing animal feed gas dryers to be replaced by a steam drying plant, taking steam directly from the CHP plant on site and using it to dry the pulp. Construction has started in order for the project to be ready for commissioning in Autumn 2026.

Safety and health

This year, we continued with our Personal Choices initiative across all sites, where it has been embraced by the operational teams. Early results show an improvement in both language and behaviour across all employees, a reduction in all types of injuries, and an increase in near-miss reporting.

Section 172 statement (continued)

Safety and health (continued)

This initiative encourages individuals to reflect on how they assess and respond to risk, exploring the subconscious factors that influence decision-making such as habits, time pressures and the disconnect between mind and body. It provides practical strategies to support safer choices and promotes an interdependent culture, using curiosity and coaching-led approaches to develop a safer environment. These behaviours help to strengthen our safety culture but also enhance business performance in all areas. We have built internal coaching capability across all levels of the business to support the initiative and ensure it embeds into the future.

Supplier engagement

Aligned to our Field to Factory Partnership vision and following the roll out of two new applications 'Lifted' and 'Delivered' in the 2025 campaign we achieved a first for the UK sugar industry, establishing visibility of inbound beet to drive supply-chain efficiency for sugar beet growers, contractors, harvesters, hauliers and our factories. We have taken learnings from year one and have updated the Lifted app with user feedback and for the 2025/26 campaign we are rolling out an 'in-cab' hardware solution that supports the upgraded Lifted App. We hope to drive participation levels forward resulting in better visibility for the industry.

For 2025/26 we are piloting new tools that will allow us to link delivered loads to clamps further automating visibility of the inbound beet supply chain. This will give a more granular view of yield by field, supporting growers with information and insight for on farm decision making. We will operate this at small scale in 2025/26 and hope to grow its use in following campaigns when we have established solid foundational processes.