

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. Please see the ABF section 172 statement on pages 48 to 51 of the ABF Annual Report 2024.

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;
- its shareholder and
- ABF and other group companies.

Employees

The Company employs more than 1,400 colleagues. Engaging our people continues to be part of our core business strategy and our latest employee engagement survey (July 2024) informed us that more than 75% of participants believe British Sugar is a great place to work.

We have a strong track record of growing our own talent and in 2023/24 made a substantial investment to develop technical and leadership capability. Our inaugural 'Future Leaders Programme' was well received and has bolstered our senior talent pipeline. We recruited 24 apprentices across our business in line with our workforce plans, our largest intake to date, all of whom started in September 2024. As part of this investment in our talent development we have created new career pathways and apprenticeship schemes in engineering and supply chain operations to support the long-term success of our business.

Our leadership model and values are integral to our continued success, and we encourage colleagues to celebrate living our values and being role models throughout our business. One of the ways we continue to do this is through our embedded recognition programme which now includes peer-to-peer recognition.

We remain firmly committed to creating a diverse and inclusive workplace culture. This year we have rolled out a training programme engaging our teams on the importance and benefits of inclusion. In our factories our colleagues have conducted spotlight events ranging from neurodivergence to menopause and wellbeing. These events have proved very successful, and we plan on doing more in the future. We are also encouraging our colleagues to share more information with us so we can provide more meaningful support and also track overall progress more effectively in this space.

Section 172 statement (continued)

Employees (continued)

Keeping our colleagues and people safe is our top priority and we are pleased to have completed our 'Personal Choices' training programme across all sites. This programme adopts a behavioural-based approach to safety and health, reminding colleagues of the choices they can make and encouraging all of us to challenge each other to take decisions that put safety first every time.

Suppliers

In 2024 we launched our Responsible Sourcing Policy which aligns with the principles outlined in the ABF Supplier Code of Conduct, contextualised for British Sugar, and enables us to align with our suppliers on our strategy. This policy also aligns with our own policies on Environment, Safety and Healthy, Payment and Energy.

The Responsible Sourcing Policy strengthens and supports our commitment, as an ABF business, to enact the United Nations (UN) Guiding Principles on Business and Human Rights, and in doing so, we are guided in particular by the OECD Guidelines for Multinational Enterprises, the Universal Declaration of Human Rights, and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Building upon our ongoing work on Modern Slavery and Grievance Remediation Mechanisms, this policy further outlines how we engage supply chain due diligence and manage environmental, social and governance (ESG) risks in our British Sugar operations and amongst our suppliers. The goals of this policy are to support the Company's priorities and sustainability pillars, particularly on; decarbonisation, sustainable agriculture and respect for human rights.

The Company is a signatory to the Prompt Payment Code and, additionally, makes public disclosure twice a year of its payment practices.

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. 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.

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 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.

Section 172 statement (continued)

Suppliers (continued)

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.

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.

Customers

Our ambition is to provide safe, high quality and affordable products to all our customers. The Company engages with its customers through customer surveys, social media and 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 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

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. This and the roll out of our Voice of The Customer roadshow to each site and central office functions will help our journey to continue being the Supplier of Choice.

Section 172 statement (continued)

Communities and environment (continued)

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 Mandatory Climate Disclosures (MCD) on page 9 to 17.

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 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 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, based within a 30-mile radius of their respective site.

Another element of our Charities & Communities Programme is our Money Match programme, where we match fund the money raised by employees when they fundraise 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 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.

Section 172 statement (continued)

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 and Grocery divisions. 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/interests and how such consideration impacted on decision-making.

Science-based targets validated

In January 2024, the Science Based Targets initiative (SBTi) validated near-term and net zero emissions targets for the ABF Sugar group. Businesses within ABF Sugar such as British Sugar were instrumental in delivering these new targets to support the expectations of their customers. British Sugar has developed a detailed transition decarbonisation plan.

Energy efficiency and reduction

In 2024, British Sugar undertook 7 (2023: 11) projects and programmes dedicated to climate resilience, energy efficiency, technology investments and improving yield.

As part of its decarbonisation plan, the Company invested £36.9m (2023: £10.2m) capital and reduced CO₂e by 40,152t (2023: 15,422t). Two significant projects are:

Wissington energy reduction project - the installation of additional evaporators, heat exchangers and associated processing equipment has significantly reduced the steam required in the sugar-manufacturing process. The project has also delivered a step-change reduction in onsite energy usage, with site emissions lowered by 30,000 tonnes of carbon a year and demand for process steam reduced by 25%.

Section 172 statement (continued)

Energy efficiency and reduction (continued)

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

Safety and health

We have continued to roll out our Personal Choices programme across all sites this year, and it has been embraced by the operational teams.

The programme builds an understanding of the ways that the human brain processes risk and how that influences the choices that people make. It gives strategies to approach decisions and encourages interdependency, using curiosity and coaching styles to develop a safer culture. The behaviours this approach encourages help to drive business performance in all areas. Sites that have deployed the programme have recorded a change in the language and approach taken and a decrease in all injury types, along with a rise in reporting of near misses.

We have built internal coaching capability across all levels of the business to support the programme and ensure that it does not rely on a third party to sustain and embeds for the longer term.

Supplier engagement

With the aim of making the sugar beet campaign work better for everyone in the process, we introduced the Adaptable Campaign Plan for operation during the 2023/24 campaign, as part of the Field to Factory Partnership. The project aims to increase supply-chain efficiency and visibility for sugar beet growers, contractors, harvesters, hauliers, and factory processors. It involves creating a delivery plan based on the needs of the grower and allows everyone to track the progress of the plan in real time. The plan can work around the individual needs of growers, while ensuring sugar beet supplies to our factories remain consistent.

The Field to Factory Partnership vision is to improve campaign for everyone involved in the sugar beet supply chain. The Adaptable Campaign Plan was piloted in 2023/24 and has continued into 2024/25, now complemented with two apps, 'Lifted' and 'Delivered' which enables the sharing of valuable insight across all parties in the sugar beet supply chain, maintaining a near-live status of field harvesting and sugar beet stocks. Currently 99% of growers are participating and >80% of harvesting and haulage contractors. Our aim remains to build this throughout the 2024/25 Campaign following very positive feedback from users.