

AB World Foods Limited Section 172 Statement – Extract from 2021 Strategic Report

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 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.

The following section serves as AB World Food's section 172 statement and describes how the directors take into account such stakeholder and other matters in carrying out their duties and the impact on decision-making. Regardless of the legal duties, the directors consider regular engagement with stakeholders to be part and parcel of our value of progressing through collaboration and to be fundamental to the success of the Company.

Board structure and engagement with stakeholders

The statutory board comprises the Managing Director, the Supply Chain Director and the UK Grocery Finance Director. The board regularly reviews the business' principal stakeholders and how we engage with them. The sections below set out a more detailed summary of the Company's relationships with its key stakeholders and how the business engages with them.

In addition to the statutory board, there is a management board comprised of the senior management team, which includes the Sales Director, the Finance Director, the HR Director, the Marketing Director and the General Managers of sales regions. The management board meets at least monthly. Feedback from various business areas, with focus on specific stakeholder groups, is fed back to both the management and the statutory board.

The outcome of stakeholder engagement is fed back to the management board via various channels and influences the formulation and on-going review of the Company's long-term strategy and financial planning. This ensures the Company's approach continues to deliver sustainable returns and promotes reputational reward.

The directors aim to take the needs and priorities of each stakeholder group into account as part of their decision-making processes, recognising that the appropriateness of a stakeholder group may vary depending upon the matter under discussion.

Key stakeholders

The Board has identified the following stakeholder groups with whom engagement is fundamental to the Company's ongoing success:

Consumers/customers

We provide safe, nutritious, affordable food that is great value for money. We are proud of the heritage, quality and relevancy of our brands and we apply insight, knowledge, experience and care to meet and exceed consumer needs both now and in the future. We strive to improve our products, recipes and ranges as we try to better understand our customers and the different markets in which we operate. We seek to offer our products at competitive prices so more consumers can experience a wide variety of world foods flavours.

Suppliers

Our Supplier Code of Conduct, which applies to all companies in the Associated British Foods group and which can be found on the Associated British Foods website, 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 and human rights and modern slavery.

The Board understands the importance of our suppliers and invests in collaborative and long-term relationships. Payment terms are fair and we have significantly improved payment practices in line with our commitment under the Prompt Payment Code.

Employees

During COVID-19 it has been even more important to keep conversations and connections alive within the business. To this extent we have had regular COVID-19 updates and Q&A sessions, leadership catch-ups and monthly company briefings and workshops.

Local community and environment

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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 and adapting our operations to respond to changes in the natural environment.

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

The Company continues to invest in the local community through providing employment opportunities for local people. The Company engages with its consumers through surveys, social media and information lines, ensuring their feedback is properly taken into account.

Governments

The Company can be impacted by changes in laws and public policy including issues such as COVID-19. To mitigate the Company's exposure to such risks the directors engage with government authorities either directly, or through being part of the broader Associated British Foods group, to contribute to, and anticipate, important changes in public policy.

Shareholders

The board engages regularly with the Grocery reporting division and thereby to its parent company, Associated British Foods plc, throughout the financial year, including the provision of monthly reporting, regular budgeting and forecasting and reporting on results and risks and opportunities.

Other ABF group entities

The Company forms part of the group of companies headed by Associated British Foods plc and the Company's accounts are consolidated into the Associated British Foods plc 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

Protecting our Workforce

At our Food production sites working practices have been adapted to protect our workforce, and production was increased even with higher absenteeism due to shielding or isolating. It was of vital importance that our business continued to produce food safely, and in sufficient quantities to meet the exceptional demand in retail.

COVID-19 and impact on supply chain

As the COVID-19 pandemic continues to be a worldwide crisis and the situation is still uncertain, our Supply Chain have engaged with suppliers and Industry Professionals in the fields of Customs and Supply Chain to continue to target an uninterrupted supply of goods to our customers.