

AB World Foods Limited Section 172 Statement – Extract from 2024 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. Please see the Associated British Foods plc Section 172 Statement on pages 48 to 53 of the ABF Annual Report and Accounts 2024.

The following section serves as the Company'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 Board comprises the Managing Director of the Company, the Finance Director of the Company, and the UK Grocery Finance Director. 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 Board, there is a management board comprised of the senior management team, which, as well as the Managing Director and Finance Director of the Company, includes the Sales Director, the Supply Chain 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 ongoing 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 relevance 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. The Company engages with its consumers through surveys, social media and information lines, ensuring their feedback is properly taken into account.

Suppliers

Our Supplier Code of Conduct, which applies to all companies in the ABF group and which can be found on the ABF 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

Due to the current economic environment, we are consciously providing additional support to our employees. Examples of this include providing an employee assistance programme, offering further subsidy in our on-site employee café and shops. We also continue to provide regular Q&A sessions, leadership catch-ups and monthly company briefings and workshops.

Local community 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 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, use environment-friendly packaging and reduce or eliminate use of single-use plastic where possible.

The Company continues to invest in the local community through providing employment opportunities for local people.

Governments

The Company can be impacted by changes in laws and public policy. To mitigate the Company's exposure to such risks the directors engage with government authorities either directly, or through being part of the broader ABF 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, ABF, 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 ABF and the Company's accounts are consolidated into the ABF 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

Challenging macroeconomic environment

The current macroeconomic environment caused by rising inflation and an increase in energy prices, has resulted in increased input costs being experienced by the Company. The Board has made key decisions to manage the risk of increasing input costs and, where appropriate, has reflected this in the pricing of products.

Business combinations

On 29 September 2023 the company acquired Capsicana Limited for a consideration of £9,352,000, which includes a deferred amount of £6,183,000. The trade and assets of Capsicana Limited were subsequently hived-up into the Company on 20 January 2024.