



Section 172 reporting - directors' statement of compliance with duty to promote the success of the company

The directors of the group, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006, summarised as follows:

"A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

- The likely consequences of any decision in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the company."

Decision making

As part of their induction, a director is briefed on the duties and responsibilities and they can access professional advice where deemed necessary. It is important to recognise that the directors fulfil their duties underpinned by a robust governance framework that provides for effective delegation of day-to-day decision making to management of the group. This is via the Yeo Valley Production Executive team. The Board of Yeo Valley Production Limited also has a separate remuneration committee.

The following paragraphs summarise how the directors fulfil their duties.

Our People

We are very aware that, without the skill and commitment of our people Yeo Valley would not be successful. There is no better way to recognise this than to share ownership of the organisation with our employees. As such, three years ago, Yeo Valley Production employees became co-owners when we established an employee benefit trust which holds 20% of the shares of Yeo Valley Production on behalf of our employees.

This change from employees to co-owners allows everyone to benefit from the success of our business. It also embeds our commitment to working in partnership – with our colleagues, our customers, farmers and our suppliers. We are committed to long-term independence and this informs how we behave and what we do.

During the year we have continued to invest in our co-owners, to deliver tangible actions to further develop ways of working to enable our people to feel like genuine stakeholders and to ensure they have meaningful influence in the future of our business.

These include:

- Embedding of our Co-Ownership Forums, to ensure our co-owners have a voice in business decision making and the opportunity to challenge
- Establishment of Health & Safety Forums and mental health first aid network
- A programme of local events for all co-owners where we shared details of our purpose, vision and new 5-year plan, and to seek their input and feedback
- An exceptional Winter Support payment to all co-owners
- Non-contributory pension scheme and free pension advice
- Life cover for all
- Enhanced support for our people at the times they need it most, including in times of ill-health and



- when on family leave
- Financial wellbeing tools and support
- Learning Development support from our dedicated Learning & Development Centre
- Subsidised on site food across our sites – breakfast, lunch and dinner – supporting our key workers
- Health cash plan for our people and their families
- Continuing our diversity, inclusion and wellbeing programme of activities for our people

Community and Environment

At Yeo Valley, we are very much part of the communities we work in. We undertake a number of activities to support the causes that matter most to our co-owners, our business, our partners and our customers alike. We have worked with Fareshare since 2015, providing “good to eat” surplus product to create meals for those in need. This has been particularly important this year as the cost of living continues to increase. During the year we provided 36.8 tonnes of surplus food to Fareshare which is enough for an estimated 87,620 meals for people in need.

In addition to supporting our communities, we also care deeply about our environment, and we strive to put nature first, in line with our purpose to Nurture and Nourish People and Planet. We believe that there is a global climate crisis and we are committed to doing our bit to ensure the long term health of the planet. Sustainability is central to our business strategy which has been developed to maximise our impact on the world around us by targeting the following areas of impact:

1. More servings of natural healthy food
2. Improving the ethics & sustainability of our raw materials
3. More regenerative organics raw materials
4. Removing our carbon footprint from farm to fork
5. Better packaging sustainability
6. Nature Positive Farming
7. Reduced waste of which more is recycled

All Yeo Valley branded products are organic and, as such, provide an environment where atmospheric carbon, soil carbon, wildlife, buglife and animal welfare are all balanced in harmony.

Our Consumers

We aim to be the brand of choice for our customers and consumers by making great quality organic healthy food that is affordable and available everywhere they shop. We design our products, our packaging and our communication with our customers and their needs in mind and we involve them in the development process through multiple research projects.

The acquisition of Tideford Organic Foods Ltd in the period means we have now added a complementary organic, veg-championing brand to our portfolio, helping consumers to eat more fruit, vegetables and pulses to create a short cut to a 5-a-day that’s full of adventurous flavour.

Across our portfolio, we’re helping our consumers stay healthy by focusing our communication on our growing range of natural products (from Kefir drinks to soups) assuring they can bring our food into their diet in every occasion and environment through convenient pack formats (like bottled drinking yogurt and pouches) and striving to innovate by creating great consumer experiences (including innovative formats like pillow packs). These priorities mean more investment in marketing, new products and a continued emphasis on quality. We are proud to be recognised as the third biggest yogurt brand in the UK.

Business Relationships

We aim to be the supplier of choice for UK retailers. We operate in a fiercely competitive marketplace where our trade customers need strong, nimble and flexible suppliers who can help them compete. Building long-term mutually beneficial partnerships is central to this and we are proud to have a proven track record in having long-term supply arrangements with customers and suppliers alike.

We are proud to have announced the launch of our own milk pool with First Milk, the Naturally Better Dairy Group. This pool enables us to work in partnership with our farmers, to reward best practice and to ensure that our dairy locks up carbon, increases biodiversity, supports the best animal welfare and builds strong local communities.

Shareholders

The Board is committed to openly engaging with our shareholders. The majority shareholder has a position on the Board as a non-executive director, and we meet with the wider individual shareholders on a biannual basis to share information about group performance and plans. We regularly update our people in their roles as co-owners of the business.

Approved by the board on 5th October 2023