



Yeo Valley Production Section 172 reporting - directors' statement of compliance with duty to promote the success of the Group

The directors of the company, 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 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."

As part of their induction, a director is briefed on their 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 company. This is via the Yeo Valley Production Executive Team. The Board also has a separate audit and risk committee and 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, during the year, 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 and our suppliers. We are committed to long-term independence and this informs how we behave and what we do.

Alongside the creation of the employee benefit trust, we've been working hard to deliver tangible things to make our people feel like genuine stakeholders. These include:

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Yeo Valley HQ, Rhodyate, Blagdon, North Somerset, BS40 7YE.
Registered in England and Wales Company No.11953575



- A share of our profits distributed equally between our people
- Non-contributory pension scheme and pension advice
- Improved pay for our lowest earners
- Our new south-west hub including a Learning & Development Centre dedicated to creating better opportunities for all
- Subsidised on site food across our sites – breakfast, lunch and dinner – supporting our key workers
- Health cash plan for our people and their families
- Cross-organisational Responsible Business steering group, ensuring we are as sustainable as we can be
- Launching a new 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 colleagues, our business, our partners and our customers alike. Some of the highlights of the activities we've been involved in during 2019/20 include:

- Fareshare: we have worked with Fareshare since 2015, providing “good to eat” surplus product to create meals for those in need. Our Supply Chain colleagues also teamed up with Fareshare last Christmas to support their annual Tesco food collection campaign. During the year we provided almost 111 tonnes of surplus products to Fareshare, which is enough for an estimated 264,053 meals for people in need.
- Crisis: we also donated almost 1,000 cases of product to this Bristol based homeless charity.
- NHS: during the UK lockdown in April/May 2020 we also donated 102,000 pots of yogurt from 70 deliveries, to our frontline NHS and those who need it most in our communities. This included many community groups, NHS trusts and care homes across Devon and Somerset.

In addition to supporting our communities, we also care deeply about our environment, and we strive to put nature first. 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. During the year we established a cross-functional Responsible Business steering group, to ensure that we are as sustainable as we can possibly be. This steering group is comprised of subject matter experts and business champions across all areas of our business and focuses on the following key areas:

- Sustainability across our supply chain
- Sustainability within our operations
- People in Communities
- Advocacy and Outreach

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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 British dairy affordable and available everywhere they shop. We design our products, our packaging and our communication with our consumers and their needs in mind and we involve them in the development process through multiple research projects. We're helping our consumers stay healthy by focusing our communication on our growing range of natural products (from Kefir to the Super Thick Kernald yogurt), assuring they can bring yogurts into their diet in every occasion and environment through convenient pack formats (like children's 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.

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 agreements with our customers and suppliers alike. An example of this is how, with the support of our suppliers and retail customers, we were able to maintain the supply of yogurt, desserts and ice-cream during a period of record demand during the first UK lockdown in response to the Coronavirus pandemic, in March and April 2020.

We are proud to have been voted the best in class supplier for dairy, in the 2020 Advantage Group Survey.

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 company performance and plans. We are also reviewing how we engage our people in their new roles as co-owners of the business.

This report was approved by the board and signed on its behalf.

R E Sexton
Managing Director