



## Nordzucker Post 4/2022

### Lars Gorissen: Campaign well started – secure supply



**Dear readers,**

Uncertain harvest expectations, lack of availability of raw materials and energy as well as unstable political conditions worldwide are currently leading to major price fluctuations on all markets.

We are all experiencing this in the prices of energy, agricultural raw materials, but also many materials and inputs, whether for the campaign or for farming operations. Food producers are stocking up, retailers are making sure that the shelves are not empty, and consumers have started stocking up again long ago. This is reflected in the prices for food and also for sugar, which have already been rising in the EU since the beginning of the Corona pandemic. The yields for almost all agricultural products after this dry summer are feeding this trend.

We have done everything possible to mitigate the risks of energy supply during this campaign. Reliability for our customers, with whom we generally have long-standing and stable relationships, is our top priority.

So is the partnership with our beet growers, who are doing everything they can in this difficult year to harvest the sugar beet to produce the sugar and transport it to our factories. The rainfall since the beginning of the campaign makes us confident about the quantity, even if the forecast remains for a below-average harvest. As promised, we will review beet prices after the campaign. Our contract offer for 2023 was very well received in Germany, so we have offered additional subscription opportunities. In other countries, the contracting phase is still underway.

Our half-year result as of 31 August reflects not only higher costs and revenues, but also the structural savings successes we have achieved in recent years. Moreover, our participation in Australia contributes a particularly gratifying share to the increased revenues.

As if the signals on the markets were not unrest enough, we also have our hands full in the political arena. Securing beet pulp as a raw material for our own energy production and the framework conditions for agricultural production are important focus topics that we are communicating to politicians and the public.

We are also continuing to drive forward the implementation of our sustainability strategy. We take our commitment to reduce CO<sub>2</sub> emissions by 50 percent by 2030 very seriously. We have committed to the Science Based Target Initiative, which will allow us to verify measurable metrics to achieve this target in line with the 1.5 degree target of the Paris Climate Agreement.

Together with our beet growers and our customers, we want to make our contribution to reducing climate change and thus further establish Nordzucker as a top partner in the sugar business.

I hope you enjoy reading the Nordzucker Post.

Yours, Lars Gorissen

## First half of 2022/23 - additional expenses balanced out



The Nordzucker Group achieved sales of 1,009 million euro in the first half of the 2022/23 financial year. In the same period last year, revenue was 899 million euro. Price and sales volume increases in sugar as well as a positive trend in animal feed, molasses and bioethanol boosted this development. Overall, an operating profit of 91 million euro was achieved in the first half of the year. In the same period last year, EBIT was 64 million euro. The Nordzucker subsidiary Mackay Sugar Ltd. in Australia was able to

contribute significantly to this result due to currently high world market prices and by feeding self-generated electricity into the public grid at very good prices.

"In these crisis-ridden times, we were able to compensate for increased costs - especially for energy and beet. Forward-looking and optimised purchasing in the energy sector contributed to this good situation. By covering the required resources at an early stage, we were able to mitigate the cost pressure on the market. Our efficiency programme of the past years and the very positive development on the sales markets have contributed to this success," emphasises Alexander Bott, CFO.

Nordzucker expects a clearly positive operating result for the 2022/23 financial year, given sufficient energy supplies.

## Campaign 2022/23: energy supply for the factories secured

Many Nordzucker factories have currently processed about a third of their planned beet volume. In most factories, the campaign has run without any major disruptions so far. The sugar contents in many regions are at a higher level than in previous years. This is due to the weather (another dry year). However, at the same time this has driven yield expectations below the average of the last five years.

Unlike in previous years, the focus of campaign preparations this year was on securing energy. Some factories were switched from gas to heating oil. An impending shortage of gas made this step necessary.

As in previous years, the Schladen, Kėdainiai and Nykøbing factories first processed the organic beet before starting to process the conventional beet.

The start-up phase did not always go smoothly this year following the conversions at the factories. After a short time, however, all the factories were at their performance level. Alexander Godow, COO, says: "The start of the campaign this year was particularly challenging after the conversions to other energy sources. I am happy and proud of our employees, who have worked particularly hard this year to get the campaign up and running at the factories."

Grubbing the sugar beet to supply the factories also caused problems at the beginning because of the dry and hard soils. After the rainfall in September, however, the beet is better to grub and an increase in mass is expected. The sugar content has dropped by about one percent from well over 18 percent after the rainfall.

The railway project in northern Germany has entered its third year. Once again, sugar beet is transported by rail from



Schleswig-Holstein to Uelzen and further experience is being gained. The beet is loaded at the railway stations in Jübeck and Brunsbüttel. A total of 70,000 tons are to be transported. The transport has started well.

If processing can take place as planned at all factories, the campaign will be finished by the end of January 2023. In Finland, we expect the campaign to be done at the end of November this year.

Unfortunately, the yield expectations for sugar beet are below average for Nordzucker this year. The summer drought is leading to lower beet yields in many countries and the expected slightly higher sugar content cannot compensate for this shortfall. Even if the rainfall that began in September could still bring increases, the sugar contents dropped very quickly.

# Nordzucker is ready for validation of the Science Based Targets



**In 2021, Nordzucker signed the Science Based Targets initiative commitment. Under this commitment, we focus on setting and implementing credible and science-based climate targets. Now, Nordzucker has submitted the SBTs for validation.**

The Science Based Targets initiative (SBTi) defines and promotes measures to reduce emissions, based on findings from climate research. The initiative represents best practice

in corporate climate strategy: It calculates how much companies need to reduce their CO<sub>2</sub> emissions in order to prevent serious climate changes. Aligning with Science Based Targets helps Nordzucker become more sustainable and increase customer trust and employee loyalty.

Nordzucker joined the initiative in 2021 and calculated greenhouse gas emissions for the entire value chain for the first time in the same year. Based on this, we have developed short-term targets for the next five to ten years, which can now be validated. The commitment to SBTi and the validation process demonstrates that we are meeting our obligations and open to refine our plans based on best scientific guidance and common market practice. Through our GoGreen program, we have already defined and in some cases started to implement concrete measures to achieve the targets.

## Crush in Australia

In Australia, the campaign, the so-called "crush", has been running since mid-June. The amount processed so far (more than 50 percent of the expected amount) is behind schedule due to delays in the start of the "crush". Heavy rainfall in July meant that the cane could not be harvested at that time and the mills interrupted processing. These interruptions lead to an extension of the processing phase.

Daily processing is at a pleasingly high level, which is promising. In one week, the highest amount of cane since 2017 was even processed. Overall, however, the target for stable processing has not yet been reached. Meanwhile, planning for the next maintenance season has begun.

The yield expectation for the sugar cane has been revised upwards once again. The rainfall in July has had a positive effect on the cane's growth.



Compared to expectations, a good half million tons more of sugar cane will be harvested.

## Nordzucker – Strong on vocational training



Young talents are our future. At Nordzucker, apprenticeship and the promotion of young people has always been a high priority.

We train for seven different professions at our five German plants and at the company headquarters in Braunschweig: IT specialist for a) system integration and b) application development, Electronics technician for industrial engineering, Industrial mechanic, Warehouse logistics

specialist, Warehouse specialist, Machine and system operator (all for m/f/d). In addition to training in the training workshops, we involve the apprentices in everyday work at an early stage – practical experience is the key. Our trainers are professionals with many years of experience, who are passionate about their work and continuously develop their skills. On 1 September 2022, 27 apprentices started their training at Nordzucker. In total, around 120 apprentices are employed at the German plants across all apprenticeship years and locations.

New technologies, trends and changing expectations of the younger generations shape the training framework and demand up-to-date and practice-oriented knowledge transfer. We not only attach importance to adhering to the training framework plans of the Chamber of Industry and Commerce, but also supplement our offer with qualified content that is relevant for working in our company.

## Visit from Uganda and Kenya at the Schladen factory



On 7 September 2022, just in time for the start of the campaign, 22 young farmers from Uganda and Kenya visited the Schladen factory. Within an exchange programme with the Schorlemer Foundation of the German Farmers' Association e.V., these young people spend a few months in Germany.

Frithjof Pape from the Agricenter in Schladen welcomed the group to a beet field near Schladen. Since sugar cane is

grown in Africa instead of beets, the visitors listened to the explanations with great interest. Farmer Moritz Reimer from Hornburg explained the special features of organic sugar beet cultivation.

Clemens Löbbecke from the Harvesting and loading community explained the function of the harvester. Afterwards, the participants were able to visit a loading machine on his farm. The African farmers followed the explanations about the functioning of the machines and the technical explanations with utmost attention.

After this excursion to the sugar beet and the technology in the field, they went to the factory in Schladen. At the beet yard, Frithjof Pape provided information about Nordzucker as a company and the process on a beet yard. The differences to a sugar cane factory quickly became clear.

Over a shared pumpkin soup, hosts and visitors had a lively discussion on questions about cultivation, farmers' pay and the handling of sugar beet. After about three and a half hours, the visitors from Uganda and Kenya left the Schladen factory in a good mood and full of new impressions.

## Political dialogue with focus on energy policy



In the exchange with politicians, energy supply continues to be the top topic. Both the current energy supply at Nordzucker sites during the campaign and the plans for the future use of beet pulp for energy purposes are attracting increased interest.

In September, the Social Democrats Jakob Blankenburg MdB and Jan Henner Putzier (state parliament candidate for Uelzen) and subsequently the deputy chairwoman of the Green Party parliamentary group, Dr. Julia Verlinden, met with Miriam Staudte, member of the state parliament, and Pascal Leddin, state parliament candidate, to find out more about both topics.

Referring to the current consultations at EU level on the so-called Renewable Energy Directive (RED), we highlighted in particular the opportunities offered by the energetic use of beet pulp for a climate-neutral and self-sufficient energy supply in sugar production. The use of beet pulp, which is produced in the sugar factories anyway, for the energy supply of the sites corresponds exactly to the politically expressed will to become independent of natural gas as quickly as possible and to advance the transformation to a climate-neutral energy supply. Both Blankenburg and Verlinden were open to our request and promised to take it into internal circles.

During her visit to Klein Wanzleben on 15 September, the Social Democratic member of the Federal Parliament, Dr. Franziska Kersten, also offered to take the issue to Berlin and to ask the reasons for the negative attitude, especially in the European Parliament. Especially for the ongoing consultations in the upcoming trilogue at the European level and also for the positioning of the EU member states, it is important to make clear to political representatives at all levels the benefits of such a nearly self-sufficient energy supply.

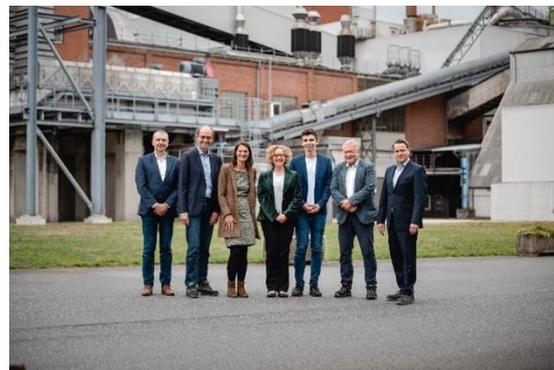
This message was also supported by the Social Democratic member of the state parliament in Lower Saxony Marcus Bosse on 19 September in Schladen. In addition to expressing his appreciation for the efforts to ensure a secure

and smooth campaign and the efforts to find a viable decarbonization path in the sugar industry, the parliamentarian emphasized the importance of the sugar factory for the community and the entire region.



(picture: F. Semmler)

f.l.t.r.: Dr. Albrecht Schaper (Head of Environment, Permits & Licenses), Christian Kionka (Head of Communications & Public Affairs), Miriam Staudte (member of state parliament), Dr. Julia Verlinden (member of federal parliament), Pascal Leddin (state parliament candidate), Dr. Mathias Böker (Head of Factory Uelzen), Alexander Sick (Public Affairs)



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(picture: Office Dr. Kersten)

f.l.t.r.: Eckhard Hinrichs (Chairman of the Association of North German Sugar Beet Growers, DNZ), Christian Kionka (Head of Communications & Public Affairs), Hilmar Baumgarten (Office Dr. Franziska Kersten), Dr. Franziska Kersten (member of federal parliament), Udo Harten (Head of Factory Klein Wanzleben), Alexander Sick (Public Affairs), Silke Schindler (former member of state parliament and mayor of Wanzleben)



(picture: M. Hausmann)

f.l.t.r.: Christian Kionka (Head of Communications & Public Affairs), Dr. Jörg Vietmeier, Marcus Bosse (member of state parliament), Heinz-Jürgen Wichens (mayor), Michael Hausmann (deputy mayor), Jan Model (works council Schladen)

## Golden yellow baking delights for autumn: caramelized cakes, home-baked with seasonal fruits and regional organic sugar

With autumn they are back again and invite you to bake: local apples and pears. Whether directly from your own garden or from the fruit farmer around the corner, they are harvested regionally and not far from the tree to the bakery. The same applies to the sugar beet used in SweetFamily organic sugar. They are also grown 100% regionally by long-term contract organic farmers in northern Germany.

In the form of homemade cakes or tartes, these regional ingredients sweeten the grey days. With new seasonal recipes, SweetFamily by Nordzucker shows how fruit and nut cakes are deliciously caramelized and refined with SweetFamily organic sugar. They all have one thing in common: they glow golden yellow like a sunny day in autumn.

### Recipe 1: Quark cake with caramelized apples



### Recipe 2: Nut and caramel tart



### Recipe 3: Pear tarte tatin with salted caramel



Click on the respective recipe photo to get to the recipe.