



Nordzucker Post 4/2023

Lars Gorissen: Focus on sustainability



Dear readers,

Here and there you can see them on the edges of fields: the beet clamps. Elsewhere, the sugar beet has already been transported to the factories. Sugar production from domestic beet is running at full speed in all of our 13 European factories. "Business as usual", you might think. But every campaign is different and brings with it different challenges, which our growers and service providers as well as our employees are mastering with a wealth of ideas and full commitment.

We expect a Group-wide beet harvest above the level of the last five years. As a result of the weather conditions, we have exceptionally high beet yields and very low sugar content at the same time. For sugar cane at our Australian locations, we are also harvesting a higher quantity of cane than expected.

The sugar price on the volatile global market continues to be very pleasing. This is having a positive effect on prices in Europe and, together with the results of our efficiency measures and good business management, is reflected in our exceptionally good half-year results. We are using the good financial situation to press ahead with important sustainability projects. Over the next five years, we will be investing around 300 million euros in projects under our GoGreen programme. In addition to phasing out coal for energy production, examples include the new extraction tower in Uelzen, which will ensure better sugar extraction and greater energy efficiency from autumn 2024, and the "vapour recompression" in Nordstemmen, which will allow steam to be used several times in the sugar house and evaporation station, thus saving around 11,000 tons of CO₂. We have also started building a new sugar silo in Nordstemmen. Optimized logistics, more flexible customer deliveries and, last but not least, reduced CO₂ emissions thanks to optimized transport routes are the reasons for the new silo construction.

We have reached an important milestone in our sustainability strategy with the recognition of our emissions reduction targets for 2030 by the Science Based Targets initiative. Nordzucker is committed to reducing absolute greenhouse gas emissions from its own production (Scope 1) and from purchased energy (Scope 2) by 50.4 percent by 2030 compared to the base year 2018. The targets are in line with the 1.5°C warming target.

An important next step will be to co-construct with our beet growers to find practicable solutions for reducing CO₂ in beet cultivation. Let's work on this together.

Nordzucker.Together.Sustainable.

Best regards to you,

Your Lars Gorissen

First half of 2023/24: Significant increase compared to the previous year



At the end of August 2023, the Nordzucker Group closed the first half of the fiscal year with a very good result. At 1,352 million Euro, Group revenue was once again significantly higher compared to the high level of the same period last year (1,009 million Euro). The operating result (EBIT) increased to 220 million Euro in the first half of the year. In the same period last year, EBIT totalled 91 million Euro.

Nordzucker was able to benefit from a positive price trend in the sugar market in both Europe and Australia.

"The current fiscal year continues to go very well. We are benefiting from a favourable market environment. We expect an exceptionally good result for 2023/24," says Alexander Bott, Chief Financial Officer at Nordzucker. "In view of further volatile markets and extensive requirements regarding the sustainability of our products, we will have to invest significantly in our factories over the next few years in order to reduce energy consumption and CO₂ emissions. We have drawn up very specific roadmaps for this as part of our GoGreen programme."

Stable campaign underway

With the final start of processing on 11 October at the Nakskov plant (Denmark), all Nordzucker plants have started processing beet. As has been standard practice for several years, Nordzucker processed the organically produced sugar beet first. The Schladen factory started processing organic beet on 8 September, followed a day later by the Clauen factory processing conventional sugar beet and then the other eleven European factories followed. Ethanol production at the Wanzleben plant has been running since 9 October.

Particularly at the start of processing, it is important that employees work with concentration and commitment to quickly reach a high and stable level.

A particular challenge this year is the expected length of the campaign. After the early start, processing across the Group is expected to end at the end of January or beginning of February.



High beet volumes with low sugar content will extend the processing time. The main task will be to organise production as efficiently as possible and not to lose sight of occupational safety given the length of the campaign. Alexander Godow, Chief Operations Officer at Nordzucker, says: "Occupational safety is a top priority for us!"

Campaign 2023 - Why does the sugar beet have such a low sugar content?



The campaign is stable in the Nordzucker factories, but with sugar beet that has a relatively low sugar content. High beet volumes with low sugar content are characteristic of the 2023 campaign in all Nordzucker countries. Why is this the case this year? If we disregard the factors that the farmer can influence (variety, fertilisation, crop management,

etc.), one key factor is the weather. During vegetation, sugar beet goes through various stages that are important for sugar storage in the roots.

This year, sowing took place much later than the average in recent years due to the weather. In addition, the juvenile phase of the sugar beet tended to take place under cool conditions, which led to delayed development. Although abundant rainfall in August and early September led to a growth spurt, the sugar could not be formed and stored due to the absorption of a lot of water and lack of sunshine. In this respect, the low sugar content in the beet at the beginning of the campaign was not unexpected. Unfortunately, the weather in September and October did not lead to a significant increase in the amount of sugar stored, but it did lead to an increase in yield. The result is high beet yields with a relatively low sugar content of less than 17 per cent.

New sugar silo in Nordstemmen increases storage capacity and flexibility

Nordzucker has started construction of a new sugar silo in Nordstemmen. The silo will considerably increase storage capacity at the Nordstemmen site, reduce truck traffic and significantly increase flexibility.

Work on the silo's foundations began in September. It will have a capacity of around 80,000 tonnes of sugar and will be 54 metres high with an internal diameter of 57 metres. The height will be similar to the four existing silos in Nordstemmen. The completion date is planned for the end of 2024.

The construction of the silo and the associated increased storage capacity for granulated sugar will not only make Nordzucker much more flexible, but will also optimise logistics and reduce transport routes and thus CO₂ emissions. This is another project

that is in line with the Nordzucker Group's excellence and sustainability strategy.



Sustainability at the Nordstemmen sugar factory: New climate-friendly energy distribution system



As part of the GoGreen programme, Nordzucker commissioned a new climate-friendly, fluorine gas-free medium-voltage switchgear in Nordstemmen on 7 September 2023.

In future, the medium-voltage switchgear will act as the centrepiece of energy distribution at the Nordstemmen site. It is one of the first switchgear

systems from the manufacturer Siemens in the food production industry in Germany to dispense with the previously used fluorine gas sulphur hexafluoride (SF6) and instead operate with climate-neutral insulating gas "Clean Air", which consists of natural components from the surrounding air.

"With the new climate-friendly electrical switchgear for medium voltage, we are not only making the energy supply to our sugar factory in Nordstemmen safer and more efficient, but we are also reducing our carbon footprint and protecting the environment. The high investments in our other factories are also building blocks on our path to climate-neutral sugar production," explained Executive Board member Alexander Godow.

Crush in Australia



Sugar cane has been processed in the three sugar mills in Australia since the beginning of June. Heavy rainfall in July led to unusually long interruptions in processing.

After a largely good start to the crush, except for the second line at the Marian site, the combination of unusually frequent and long processing stops due to heavy rain and ongoing technical interruptions significantly delayed processing progress in the

meantime. However, the rain not only made the fields impassable, making harvesting impossible, it also temporarily led to higher cane volumes combined with a lower sugar content, as expected.

Mackay Sugar currently expects a slight recovery in sugar content, which is close to average. The harvest estimates for sugar cane volumes, on the other hand, had to be lowered again. Overall, a longer crush is still expected than in the first estimate. In recent weeks, the good performance of the three factories has enabled the company to partially reduce the time lag to this plan.

Mackay Sugar has implemented a new planning tool for sugar cane logistics. The line scheduling system improves the availability of containers for rail transport (bins) and thus the supply to the mills. If processing conditions remain dry and there are still few technical interruptions, the crush in the three sugar mills can be expected to be completed before Christmas this year.

Mackay Sugar nominated as a finalist for "Champion Culture" at the RIN Awards

It was announced at the end of August that Mackay Sugar is a finalist in the Champion Culture category of the prestigious Resource Industry Network (RIN) Awards. The RIN Awards, for which Mackay businesses can be nominated, recognise the significant contributions businesses make to the local economy and community.

In a region where mining is often at the forefront of industry, it was an outstanding achievement for Mackay Sugar to be nominated as a finalist in the Champion Culture category, a category that looks at exemplary culture in the workplace. And even more so, as the work to create an even better workplace for employees is recognised not only within the company but also outside it.

While ties and ball gowns may not be the usual attire for Mackay Sugar employees, the 20 employees who attended the awards ceremony - primarily values ambassadors and culture officers - were proud to have played an important role in realising our values and promoting a positive workplace culture.

"Culture is a reflection of the entire organisation," said Carissa Mansfield, General Manager People & Culture. "That's why it was important that we share this award with the people in our organisation. They are the ones

who make a difference every day by exemplifying positive behaviours and bringing our values to life," she said.



RIN Representative with Carissa Mansfield and Lenna Hanley (f. l. t. r.)

While the Champion Culture Award was won by a local industrial equipment and management company, Mackay Sugar's nomination as a finalist was recognised with a certificate. "It was really great to see that we are taking steps in the right direction and to know that what we are doing is making a difference," said Lenna Hanley, Procurement Coordinator and Values Ambassador at the presentation of the certificate.

Politicians show great interest in our factories



v.l.t.r.: Eckhard Hinrichs (Chairman of the Northern German Beet Growers Associations), Sebastian Lechner (Chairman of the state parliamentary group and party chairman of the Christian Democratic Union), Lars Gorissen

On 4 October, Sebastian Lechner, Chairman of the CDU parliamentary group in the Lower Saxony state parliament and CDU party chairman in Lower Saxony, was able to experience first-hand how beet gets from the field to the factory. He started his visit to Nordzucker with a ride on the beet harvester near Nordstemmen. At the beginning of the tour in Nordstemmen, Lars Gorissen explained the future topics of Nordzucker. In particular, the CDU politician supported the plans for climate-neutral sugar production as part of GoGreen and the broad-based Smart Beet Initiative for competitive beet cultivation. During his first visit to a sugar factory, Lechner showed great interest in the individual production steps and the site capacities. In the end, a well-informed politician left with an awareness of and commitment to an efficient and future-orientated sugar industry in Lower Saxony.

On 5 October, Bernd Westphal from Hildesheim, who was recently confirmed as economic policy spokesman for the SPD parliamentary group in the Bundestag, also visited the Nordstemmen site. After mutual assessments of the situation on the labour market, the reduction of bureaucracy and the implementation of EU regulations, Westphal praised the investments, for example in the new climate-friendly electrical switchgear or the new sugar silo being built, as Nordzucker's commitment to the Nordstemmen site. With this in mind, the visitors inspected the construction works for the new sugar silo before touring the factory and the apprentices' workplace. The politician was very pleased with the company's efforts to meet the many challenges with constructive approaches and was convinced of Nordzucker's relevance in the local communities and beyond.



v.l.t.r.: Albrecht Schaper, Alexander Sick, Bernd Westphal (Member of the Federal Parliament), Elmar Kuhnt, Sigrun Krussmann, Ulf Gabriel