



SUSTAINABILITY REPORT

2013

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SUSTAINABILITY REPORT



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THE SUSTAINABILITY OF AZUCARERA, IN FIGURES

Economic highlights	698 m€ Economic value generated 77 m€ Taxes	696 m€ Turnover 14 m€ Taxes collected for the government	1,5 m€ Other revenue 63 m€ Taxes paid to the government
Our people	911 Direct employees 0,3 % Turnover	4.800 Growers 2.500 Suppliers	179 External employees in factories
Our product	900.000 t Sugar (approx.)	203.892 t Pulp	89.639 t Molasses
In the field	108 t beet/day Northern Spain: best yield in Europe	2.412.300 t Beet	76 t beet/ha Southern Spain
Facilities	2 Head offices	1 R+D+I Centre	6 Production and supply centres
Logistics operations	65.000 Product transport	109.732 Beet transport	13.467 Shipping
Environment	1,25 kgCO₂eq/kg sugar Carbon Footprint	100 % Self-generation of energy in factories	
Commitment to the community	66.000 kg sugar Donated by Azucarera	3.000 kg sugar Donated by employees	

Chapter

1

MANAGING DIRECTOR'S STATEMENT

SUSTAINABILITY REPORT

AZUCARERA 2013

CHIEF EXECUTIVE'S STATEMENT

Dear readers,

The activities of organisations worldwide are increasingly affected by global trends (adverse situations, demographic and geopolitical changes, growing demands by customers and society and the technological revolution). In recent decades the concept of responsible management has been singled out as the best way to understand and respond to the expectations of stakeholders, who are not only concerned about the development of business, but also and above all they are interested in the policies, strategies and actions that explain how we go about achieving our goals.

The model of creating value for shareholders is no longer valid. The demands of many other stakeholders also count now and we must necessarily focus our management on them to ensure the sustainability of our organisations.

In Azucarera, this responsible management goes beyond mere compliance with legal obligations. It is based on principles, which we actively promote and on which our long-term development is built.

In our first Sustainability Report we reflect and report on our conduct in respect of a number of pillars underlying our commitment in each of our areas of action and relations with stakeholders.

The references to agricultural productivity and efficiency put growers at the heart of sugar production and we cooperate with them with a view to progressively increasing their yields. This, together with our constant battle to cut costs, will enable us to develop a more efficient crop in both economic and environmental terms (water and energy consumption and reduction of other agricultural inputs).

Another of the basic pillars of our responsible management is respect for the environment. Measures in this respect include investments in environmental sustainability projects, our commitment to biodiversity, efficient use of natural resources (including water), the prevention, reduction, reuse and recycling of waste and efforts to reduce greenhouse gas emissions through efficient energy consumption.

Azucarera's operations have a positive impact on its workplaces and processing plants and are firmly established in the local communities and regions, generating economic benefits (purchases from suppliers, generation of direct and indirect jobs) while contributing towards the conservation of the rural environment and the consolidation

of rural settlements. Within the community, Azucarera promotes social and economic development, but also helps the underprivileged sectors of society, which have been especially hard hit by complicated situations such as those endured in recent years. All this is very important for our suppliers and service providers, local, provincial and regional governments and our neighbours, especially those who benefit from the backing provided by our organisation through NGOs or local institutions.

Our products are intended for our customers and consumers. We are aware of the importance of providing them with full, correct, transparent information to enable them to make decisions. In this context, in Azucarera we follow the evolution of sugar-related scientific research and laws and promote initiatives to encourage a balanced diet combined with physical activity as a way of helping to prevent obesity and other non-communicable diseases.

The report includes a chapter on our people, Azucarera's most valuable asset. Each and every one of our employees contributes value to the company and they are the intangible asset with which, from day to day, we build a distinguishing project, appreciated by our shareholders, customers and the rest of society. We endeavour to promote, prevent and improve the health and safety of this vital asset, guaranteeing equal opportunities, diversity and reconciliation policies to enhance their work-life balance. We are alert to and have control mechanisms to prevent any kind of harassment or irregular conduct, protect employees' rights and promote trust and information transparency to ensure their optimum professional and personal development.

In Azucarera, we are conscious of the challenges of operating in a global, changing environment and the specific issues that our sector faces in the near future, particularly the elimination of production quotas as from October 2017, which will make the market complicated from an industrial point of view and enormously competitive. But we also know our strengths and our potential to continue creating value and contributing to society with a sustainable, profitable business. This is the target we have set ourselves and towards which we will continue to work every day, effectively funding crop enhancement and improving its yield for growers, while at the same time investing in our own competitiveness and supporting the needs and demands of our other stakeholders.

Juan Luis Rivero
Managing Director

Chapter

2

The social and economic impact of Azucarera



THE SOCIAL AND ECONOMIC IMPACT OF AZUCARERA

Azucarera, leading sugar producer in Spain, is committed to creating a sustainable, stable business. The company produces around 380,000 tonnes a year in Spain, which it supplements with the refining of raw sugar. It works with around 4,800 growers and has five production, packaging, supply and R+D+I centres.

Sugar extraction and the related industrial activity performed by the organisation is a driving force for economic and social development in many villages and regions in the north and south of Spain. During the crop year 2012/2013, the company's operations generated EUR 698 million, on which tax was paid in a sum of EUR 77 million.



Since 1903 Azucarera has put on the market a broad range of sugars, natural sweeteners and co-products of sugar beet and sugar cane for its industrial customers and the retail market. Azucarera's production consists of the extraction of sugar from local beet and the refining of raw cane sugar imported from other countries.

Some 1,400,000 tonnes of sugar are put on the Spanish market each year, of which 900,000 tonnes are produced by Azucarera. The company sources beet from around 4,800 growers, individually and associated in production units, in the regions of Castile-Leon, Andalusia, the Basque Country, La Rioja and Navarre.

The company has five production, packaging, supply and R+D+I centres in Castile-Leon, situated in the provinces of Zamora (Benavente and Toro plants), Leon (La Bañeza), Valladolid (Peñafliel) and Burgos (Miranda de Ebro). In Andalusia it has a plant in Jerez de la Frontera, engaged in the extraction of sugar from beet and refining of raw sugar, as well as producing energy through cogeneration processes.

In 2009 Azucarera joined the AB Sugar group, leaders in sugar production in Spain, the United Kingdom and six other countries in Africa and China, in turn part of ABF, the international food, ingredients and textiles group.

Azucarera and the sector

Spain currently has a beet sugar production quota of 498,480 tonnes, which only covers part of the domestic demand. Of the total Spanish production quota, 380,000 tonnes correspond to Azucarera, which supplements this with the refining of raw sugar.

Azucarera is the leading sugar operator in Spain:

- ▷ In the north, with three sugar beet factories, a liquid sugar plant and a packaging plant.
- ▷ In the south, with a raw cane sugar refinery and sugar beet plant, a logistics and packaging plant and a cogeneration power plant.

It also owns the research and development (R+D+I) centre in Toro, the only facility in Spain accredited for sugar analysis.



R+D Centre



Delegations



Production and supply centres



Head offices

Broad range of products

Azucarera offers different types of sugar in a variety of formats adapted to the diversity of its customers:

- ▷ **For household consumption:** A product for each occasion. The company offers Spanish homes white, brown, icing and candy sugar in a broad array of formats. The sugar is sold in paper or plastic bags, cartons, sugar lumps and sachets.

- ▷ **Consumption outside the home: different ways of sweetening customers.** The company meets the needs of the catering sector with two lines of products: large formats of icing sugar and white sugar and individual sachets and lumps of white and brown sugar.

- ▷ **Food industry:** These customers require large-volume formats, so the company supplies special formats tailored to their needs: 25, 50, 1000 and 1200 kg, as well as bulk tankers.

Azucarera is also present in the segment of natural calorie-free sweeteners with Truvia®, prepared from the Stevia plant, which is sold in sachet, tablet and dispenser formats.

Much more than sugar

Azucarera uses 100% of the raw material, beet, in the production of sugar and other natural co-products. Through constant innovation processes, the company currently sells these co-products for animal feed, mineral soil amendments, landscaping, etc.

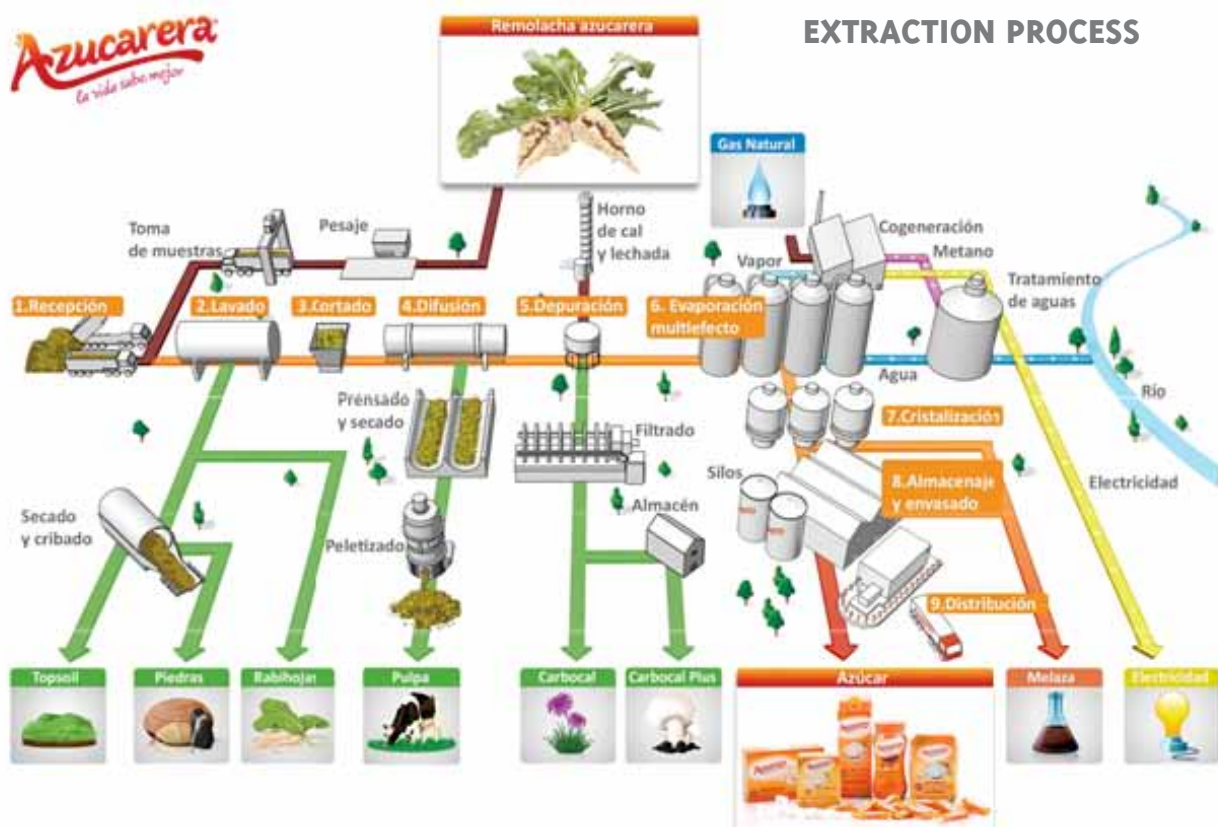
By way of example, Azucarera offers livestock farmers **pressed beet pulp** as a natural feedstuff rich in fibre and vitamins, which favours milk production and can be fed fresh product or ensiled for months, which helps to seasonally adjust the availability of the product and enhance its organoleptic properties.

Azucarera has developed one of the most innovative processes in agriculture, sun-drying part of the pulp, which reduces emissions and gives the product specific functionalities that improve the benefits for livestock. When it is dry, the pulp is pelletised in different sizes, supplying formats tailored to the needs of farmers.

Other co-products with different uses in agriculture are obtained during the sugar production process, such as **Carbocal**, an ecological fertiliser which improves the quality of the soil and plant nutrition, obtained by separating the "non-sugar" substances from the sugary juice extracted from the beet. The innovative product **Carbocal Plus** is an excellent aid for growing mushrooms and, together with vegetable mould and stones, complete the range of agricultural by-products.

Topsoil is a natural substrate obtained by recycling the vegetable mould collected with the beet. Owing to its high content of organic matter and

nutrients, it is used as the base for sports ground turf, gardens, landscaping and soil regenerations.



Principal co-products of Azucarera

Carbocal	Ecological fertiliser which improves soil quality and plant nutrition
Carbocal Plus	Aid for mushroom growing, increasing the quality and production of mushrooms
Pulp and crushed stalks & leaves	Cattle feed
Topsoil	Fertile crop substrate containing organic matter and nutrients for turf, gardens and plantations and used for soil regeneration
Molasses	Raw material for making alcohol and yeast
Stones and vegetable mould	The soil pulled out with the beet is a fertile crop substrate. The stones are used for landscaping and construction
Electricity	The Azucarera factories generate 100% of their electricity requirements. They also have a surplus, which is sold to the grid, equivalent to the annual consumption of 436,000 households



The pillars of Azucarera

The company bases its operations on three pillars: **safety**, **quality** and **production**:

- ✓ **Safety**
Safety is one of the company's top priorities and it dedicates investments, policies and actions to preserving the integrity of its employees and suppliers. In 2013, for example, Azucarera invested EUR 2.7 million in improving the safety of its facilities, improving the accident rate and accident severity rate through training, awareness campaigns and control.
- ✓ **Quality**
Azucarera strives to guarantee the food safety of its products and see that they reach consumers in perfect conditions, establishing strict quality controls throughout the value chain.

✓ Production

Azucarera endeavours to ensure the sustainable development of its production activity by supporting growers and improvements in its processes and production plants. At the beginning of 2014, for example, it presented its 2020 Plan, establishing the goals of enhancing beet yields, fostering sustainable environmental conditions for the crop and generating a more professional labour environment, adapted to contemporary agricultural life.

Quality, Food Safety and Environment Certification

The company's commitment to food safety and quality has led to the implementation and certification at all its processing plants of the Quality and Food Safety Management System, based on the standards UNE-EN ISO 9001 and FSSC 22000. In addition, IFS Higher Level and BRC A Grade certification has been obtained at the Benavente and Guadalete packaging centres and the laboratory of the R+D+I Centre has been accredited by ENAC (UNE-EN ISO 17025) for chemical and microbiological sugar analyses.

Since the implementation of an Environmental Management System in 1997 pursuant to ISO 14001, considerable progress has been made in the management, identification, assessment and control of each of the environmental aspects of its operations and production and packaging centres.

Research and Development

According to its policy on sustainability and enhancement of industrial competitiveness, Azucarera seeks to optimise and make the best use of all its resources.

The main areas of research and assessment of the company's projects are concerned with:

- ▷ improvements in sugar extraction
- ▷ energy efficiency
- ▷ agricultural practices and tailoring sugar to consumers' requirements
- ▷ informing on agronomical and agricultural issues



The company has a research and development (R+D+I) centre in Toro (Zamora), the only centre in Spain accredited for sugar analysis, certified under ISO 17025. The centre develops pilot initiatives to optimise the production processes of cane and beet sugar and has more than 30 ongoing projects in collaboration with other Spanish and European companies, universities, technological centres and the AB Sugar Group.

Azucarera is a member of the **Association for Research and Improvement of Sugar Beet (AIMCRA)**, the only beet research institute. The mission of this non-profit association is to support the improvement and modernisation of beet-growing, passing scientific progress on to growers through training, technical services and individual counselling.

AIMCRA plays a decisive role in the profitability and competitiveness of the crop, actively helping to improve yields, cut costs and comply with environmental sustainability and food safety commitments. Through the work done by AIMCRA and the determination of Spanish farmers to make their activities more professional, the north of Spain has the best average yield (tonnes of beet per hectare) in Europe.

AIMCRA carries out research and trials and makes recommendations to growers on the improvements developed in the principal agricultural inputs used for growing beet, such as seeds, germination activators, fertilisers, herbicides and fungicides. It also informs growers on the crop water consumption in a weekly text message, so that they know how much water the plot needs.

Sustainability, at the heart of Azucarera operations

Azucarera is firmly committed to sustainability as an essential part of its activity and future continuity.

Decision-making is geared to benefit all the company's stakeholders (employees, consumers, suppliers, shareholders, etc.).

Its policies and commitments rest on 6 pillars:



CO₂ and energy management

Azucarera strives to reduce its environmental impact and improve energy efficiency and CO₂ management

Agricultural productivity

Azucarera works constantly with growers to improve crop management, resources and optimisation of fertilisers, pesticides and irrigation

Standards of the supply chain

The company is committed to responsible, safe operation. The health and safety of its employees at work are top priority

Local development

Azucarera is aware of its major economic value in the areas in which it operates. It not only generates direct employment, but also furthers the development of local business. People are its best asset and its employees enjoy welfare benefits and professional development schemes

Health and nutrition

Sugar is a natural carbohydrate, which plays an important role in health and nutrition and can be included in a balanced, varied, healthy diet. Azucarera works on education and publishing scientific evidence proving that sugar benefits people's health and well-being

Efficient use of water

The company monitors and controls water consumption in its processes to ensure correct management of this natural resource. It also achieves a more efficient use through reduction, recycling, redistribution and awareness measures in all its operations

In 2013, the Azucarera plants generated 255,000 days' work in Castile-Leon and a further 60,000 in Andalusia



Local social and economic development

Azucarera's business produces economic benefits in the communities in which it operates. The extraction of sugar and associated industrial activity is a driving force for the economy and social development of numerous villages and regions in both the north and south of Spain.

The Azucarera plants are in locations which, while not provincial capitals, are nevertheless relatively large towns:

- ▷ Toro (Zamora): 9.500 inhabitants
- ▷ La Bañeza (León): 11.000 inhabitants
- ▷ Benavente (Zamora): 19.000 inhabitants
- ▷ Peñafiel (Valladolid): 5.600 inhabitants
- ▷ Miranda de Ebro (Burgos): 38.000 inhabitants
- ▷ Jerez (Cádiz): 200.000 inhabitants

Their locations and the productive and economic development they represent, in terms of the generation of wealth, purchases from suppliers and direct and indirect jobs, contribute decisively to consolidating the rural population, avoiding depopulation especially in sparsely populated regions like Castile-Leon.

Local social and economic development is, therefore, an essential part of Azucarera's sustainability strategy, which has numerous commitments and actions designed to generate value for the company and its shareholders, and for society at large.

Azucarera's contribution to the social and economic sustainability of its surrounding areas include:

- ▷ creation of local employment (direct and indirect)
- ▷ transfer of knowledge to growers, hauliers and other suppliers
- ▷ sourcing of raw materials and services from local suppliers and service providers
- ▷ investment and support for social and cultural activities in the target regions
- ▷ promotion and sponsorship of local sports events
- ▷ organisation of events and technical workshops to promote the development business and indirect employment (hotels, transport, restaurants, etc.)
- ▷ support for the employment and training of local youth through scholarships, graduate schemes and apprentice programmes Azucarera plants and factories.

Azucarera's contribution in figures

During the crop year 2012/2013 Azucarera generated an economic value of EUR 698 million.

The principal items were the purchase of raw material (beet and raw sugar) from growers for over EUR 363 million; and wages, salaries and other welfare benefits of over EUR 60 million during the period. The wealth distributed among employees included both welfare benefits such as medical services and aids, summer camps for children and payments in kind.

Economic value generated	697.786.021
Turnover	696.281.996
Other revenues	1.504.025
Economic value distributed	656.428.904
Wages, salaries and other welfare benefits	60.541.560
Raw material (beet & raw sugar) (*)	363.494.565
Processing costs	92.213.514
Other costs	59.662.640
Finance expense	5.751.221
Dividends	35.000.000
Taxes	39.765.404
Economic value reinvested	41.357.115
Retained earnings	25.498.175
Depreciation	15.858.940

(*) includes customs duties

Azucarera also contributes towards the development of the country through the payment of taxes, which totalled EUR 77 million in 2012/2013.

TAX ANALYSIS	2012 / 2013
Taxes paid to central and local governments	62.863.312
Corporate income tax	24.573.893
Local taxes	1.205.390
Customs duty and other taxes	37.084.028
Taxes collected for the government	14.065.556
Personal income tax	12.053.424
Net VAT charged	2.012.131
Tax on dividends	0
Total tax paid	76.928.869

Impact of agricultural activity

The suppliers of agricultural products are vital for the company's development. For this reason, Azucarera is permanently engaged in enhancing the quality and efficiency of their work.

In 2013 the Azucarera plants generated 255,000 days' pay in Castile-Leon and a further 60,000 in Andalusia.

Apart from these direct jobs, the agricultural activity behind Azucarera's production involves a total of 4,800 growers distributed throughout Castile-Leon, the Basque Country, La Rioja, Navarre and Andalusia.

Azucarera also generates indirect employment, providing work for 2,500 suppliers, who provide its factories with all sorts of assets, including tools, equipment, laboratory materials, parts, seeds, electricity, etc.

Factory	Number of suppliers (12-13)
Benavente	287
Guadalete	655
Toro	534
Miranda	499
La Bañeza	519

Azucarera's principal suppliers are, apart from Barcelona and Madrid, in Valladolid, Zamora, Leon and Burgos in the north and in Cadiz and Seville in the south.

The company's business also has a significant impact on the transport sector, generating thousands of days' pay a year in connection with the beet crop.

In fact, in 2012/2013, more than 100,000 trips were made on Spanish roads to transport beet to the factories:

N° logistics operations for delivery of beet	
La Bañeza	29.421
Toro	43.012
Miranda	23.254
Guadalete	14.045
TOTAL	109.732

22 million euros invested in factories

Indirect Value is also generated by the agricultural business, through the purchasing of raw materials, fertilisers, seeds, etc. and the provision of machinery, maintenance and warehousing providers, among others.

Impact of investments

Other factors with repercussions in the local community are the investments made in factories and maintenance operations, with a cost of EUR 22 million in 2012/2013 (including environmental investments), distributed as follows:

- ▶ Castile-Leon:
 - ▷ investments: EUR 8.8 million
 - ▷ maintenance: EUR 6.5 million
- ▶ Andalusia:
 - ▷ investments: EUR 4.5 million
 - ▷ maintenance: EUR 2 million

The investments and maintenance at the factories also generated local employment.

Azucarera has invested EUR 65 million in building a refinery at the Guadalete factory. With this new activity the factory can remain in operation all year round. Apart from the company's own workforce, there are also around 100 employees of external firms working on maintenance, construction and services at this plant.

N° external workers at the factory	
La Bañeza	11
Toro	7
Benavente	17
Miranda	44
Guadalete	100

Azucarera received the “Banderas de Andalucía Award for business action in 2014” from the regional government for the company’s commitment to the region’s social and economic development and sustainability of the beet crop in Andalusia.



Antonio Bas, Manager of the Guadalete plant, receiving the “Banderas de Andalucía Award for business action 2014”

A significant volume of business is also generated for transporting finished products from the factories. A total of 65,000 logistics operations started from the northern factories and Guadalete in the south in 2012/2013: almost 35,000 in Castile-Leon and around 30,000 in Andalusia.

With regard to port activity, some 345,000 tonnes of sugar are transported from the ports in Cadiz and Santander to the Guadalete refinery and the factories in the north. The port operators are the main beneficiaries of these operations, which generate over EUR 3 million a year.

Road transport from the ports also generates a considerable economic value. In 2012-2013 more than EUR 2.5 million was paid for these services.

	Total nº. of journeys from ports
Cadiz Port	10.040
Santander Port	3.427

Impact on services sector

The operations of Azucarera also produce a positive impact on other services and activities. For example, in 2013 they led to 2,600 bookings at local hotels, with a value of EUR 236,000. The use of restaurant and catering services generated some EUR 45,000 during the same period.

Azucarera also holds seminars, conferences and other types of group meetings in local areas over the year, which are also a source of income for several sectors, such as transport, hotels, catering, among others.

	Nº meetings
2012	9
2013	11

Suppliers. Shared responsibility

Azucarera ensures that all the activities in its supply chain are performed ethically, honestly and with respect for its rights and interests.

Azucarera has established an efficient, responsible procurement model that promotes relations with local suppliers and service providers.

Azucarera conveys values related with sustainability, which enables a transfer of value in respect of the rational management of the environment.

It also actively promotes knowledge of sustainability and safety at work in all suppliers and service providers who enter its plants, ensuring that they are given theoretical training applied to these aspects.

All Azucarera’s suppliers sign an undertaking to comply with the principles established in the company’s Code of Conduct. In doing so, they declare that they are in keeping with the standards and values established and approved by Azucarera.

Suppliers and representatives must comply with the principles established in the Azucarera Code of Conduct, which is based on the Code of Commercial Conduct but further extended to include confidentiality, bribery and corruption, environmental management, quality and audits.

Raw sugar providers are also submitted to due diligence to check that they have similar codes of conduct to those of Azucarera.

Azucarera is currently working to improve its suppliers' transparency and control.





Chapter

3

**Agricultural
productivity**

■ AGRICULTURAL PRODUCTIVITY

Thanks to the close collaboration among all the agents involved in the sugar beet sector, resulting in a thorough knowledge of the crop, constant research and the implementation of improvements, Spanish growers now lead European beet-growing countries in average yield. Azucarera is currently working on improving the sector's competitiveness and viability with schemes to achieve further growth in yield and sowing areas.

The Spanish sugar beet sector produces a positive social and economic impact on the geographical areas and communities in which it operates, creating value in all links of the chain and contributing especially to the sustainability of rural areas.

At present, over 4,800 growers contract their production with Azucarera every year. This generates 315,000 days' pay and is one of the main sources of local revenue, as well as a fundamental pillar in the company's operations.

Azucarera has maintained a permanent commitment to growers which has contributed firmly towards optimising agricultural practices and, by extension, obtaining enhanced yield and profitability. This support is now projected into the future with the aim of increasing the sowing area in order to make the sector more competitive and more sustainable. The vocation of growing as a sector through the implementation of new techniques and technologies is commensurate with respect for the environment in the activity, maintaining the genetic diversity of the ecosystems and protecting the key resources, such as the soil and water.

Through the Association for Research and Improvement of Sugar Beet (AIMCRA), Azucarera aims to make beet-growing more competitive through research, development and innovation initiatives, establishing a number of action lines to support growers' work based on the conclusions of those initiatives.

The actions taken at crop level in recent years are defined in the 2014 Plan, begun in 2009 and recently concluded. The overriding aim of that plan was to increase production and lower costs by modernising growing techniques and offering customised technical advice to each grower, without overlooking the commitments to the environment and food safety.



"The future of the beet sugar sector lies in collaboration between the industry and the growers. The sector faces times of significant change, with numerous challenges and opportunities which can only be met successfully if we all work together as one team to make it more profitable and sustainable. That is the only way to guarantee the future of all concerned".

Pablo Dominguez
 Agriculture Director at Azucarera



During the 2014/2015 campaign, Azucarera will activate its 2020 Plan which aims, through collaboration between industry and growers, to achieve a production of 130 t/ha in the north and 110 t/ha in the south in 50% of farms.



The plan, which will be developed over the next 6 years, will hinge on three focal points: the achievement of

new record yields to be able to compete in a quota-free scenario; the development of a more professional working environment, better suited to growers' current agricultural lifestyle; and the fostering of measures to guarantee environmental sustainability.

The actions to be taken will include increasing production, renovating the production process, cost savings and economic support for investments in agriculture. The ambitious targets set illustrate Azucarera's determination to build, in collaboration with growers, a more profitable and sustainable beet sector and guarantee the future of all those concerned.

Commitment to crop efficiency

During the effective period of the 2014 Plan, more than 30 area managers made regular visits to all beet growers with a view to implementing the best agricultural practices on their farms through the transfer of knowledge and individual advising. Just in the 2013/2014 campaign, over 15,000 visits were made to growers to give them tailored advice on sowing, fertilisation, plant-health treatments, irrigation and agricultural machinery.

Some of the most notable activities for improving yield are:

- ▷ calculation of fertilisation requirements based on the results of soil analysis
- ▷ recommendation of seed varieties from the AIMCRA list
- ▷ study of sowing quality, pinpointing seed drill deficiencies and correcting defects
- ▷ review and regulation of fertiliser/manure spreaders and sprayers
- ▷ optimisation of irrigation water based on the water requirements of the crop, depending on its growth stage
- ▷ exhaustive pest and disease control, including training and awareness campaigns
- ▷ assessment of the harvesters to minimise harvesting losses



Rodrigo Morillo-Velarde
Director of AIMCRA

"Constant improvement of crop yields in the environmental context has led to improved irrigation efficiency. Moreover, the use of nitrogen

fertilisers, phosphate and potassium and the consumption of plant protection products per tonne of beet produced have been reduced."

Knowledge transfer, key factor for improvement

AIMCRA (Association for Research and Improvement of Sugar Beet) is a non-profit research institute with the mission of supporting the improvement and modernisation of beet-growing, passing scientific progress on to growers through training, technical services and individual advising. Jointly financed by Azucarera and beet growers, it is the only sugar beet research institute in Spain.

Within its technical advice area, AIMCRA has developed a data management programme fed with information obtained from the growers' field notebooks in order to make personal recommendations.



Along the same lines, AIMCRA organises awareness and informative activities on the beet crop, such as field workshops, attended by growers, technicians and companies in the sector, at which research is presented and awards are granted to the growers with the highest yields campaign after campaign.

Participants in workshops Northern region	2011	2012
Growers	1500	1000
Technicians	300	200
Companies	22	40

Awards	2011 (t/ha)	2012 (t/ha)
Highest yield Castile-Leon	152	164,08
Highest yield Páramo region (Leon)	152	147
Highest yield Vegas region (Leon)	133,83	150,55

Efficient, sustainable use of water

In Spain there are quotas of water resources for agricultural purposes to ensure that the water supply for people's consumption is never affected by irrigation. However, an efficient management of water is one of the fundamental variables when assessing the profitability and sustainability of modern agriculture, especially beet-growing, in which the number of new irrigation farms is gradually rising.

Aware of this, Azucarera has been supporting growers in the implementation and optimisation of irrigation installations to reduce water consumption. Water losses are minimised by modernising the infrastructures and adopting innovative irrigation procedures, thereby saving both water and energy.

Projects carried out by Azucarera:

► Inspection of irrigation installations

To regulate and correct any deficiencies in the systems used. The company has inspected the irrigation installations of any growers who have so requested: a total of 440 inspections in 2012; 97 using pivots and 343 surface or sub-surface systems.



► **Irrigation recommendations**

Drawing up water balances in each region. This application has been made available to beet-growers, who have been trained and counselled in its use.

[d]cyl RECOMENDACIONES DE RIEGO

Campaña: 2007
Pluviometría del aspeque: 13.54 (mm o l/m² y hora)
Dosis de riego: 30.00 (l/m²) ó 2.22 (hectas/postura)

Cultivo: REMOLACHA
Desarrollo: Normal

Listado de riegos y lluvias

Riegos					Lluvias				
Nº	Fecha	Cantidad (ml)	Intensidad (lit)	Hum. (L/m ²)	Nº	Fecha	Tiempo	Intensidad	Hum. (L/m ²)
1	04/11/2007	500.000	4.00	11.70	1	04/11/2007	0.00		
2	08/11/2007	500.000	4.00	16.50	2	07/11/2007	4.00		
3	08/11/2007	500.000	4.00	13.10	3	07/11/2007	4.00		
4	08/11/2007	500.000	4.00	16.50					
5									

Example of water balance



Sensor for measuring the soil moisture content

In addition, text messages are sent to growers on their mobile phones every week indicating the crop irrigation requirements. Since this initiative was started up in June 2012, 51,414 text messages have been sent.

► **Publications and workshops**

Publications and workshops inform growers on the importance of reducing their water consumption in order to raise productivity, in turn lowering costs. Examples include:

- ▷ “Awareness of the importance of correct distribution of irrigation”
- ▷ “The importance of irrigation in shoot emergence and early sowing”

IMPORTANCIA DEL RIEGO DE NASCENCIA Y DE LA SIEMBRA TEMPRANA

LA FECHA DE SIEMBRA ES EL FACTOR MÁS INFLUYENTE EN EL RENDIMIENTO FINAL DEL CULTIVO

El momento de sembrar la remolacha en un cultivo que dependa de un suelo con condiciones óptimas de humedad para la germinación de las semillas y alcanzar la emergencia temprana es de vital importancia. Son muchos los factores que influyen en el momento de siembra, pero el más importante es el momento de siembra, ya que de él depende el momento de siembra y el momento de siembra.

El momento de siembra de la remolacha en un cultivo que dependa de un suelo con condiciones óptimas de humedad para la germinación de las semillas y alcanzar la emergencia temprana es de vital importancia. Son muchos los factores que influyen en el momento de siembra, pero el más importante es el momento de siembra, ya que de él depende el momento de siembra y el momento de siembra.

AIMCRA

Plan 2014

JORNADA DE CAMPO 2013 Y SEMINARIO INTERNACIONAL DE RIEGO DE REMOLACHA AZUCARERA

VALLADOLID, 4 Y 5 DE JUNIO

Improvement of energy efficiency in agriculture

Reducing energy consumption is another key factor in agricultural production. Azucarera collaborates with growers in reducing the energy consumption of agricultural machinery, irrigation systems and beet transportation, providing specialised technical support to help growers increase their efficiency and

cut associated costs. Among other measures, the following projects are under way:

► **Organisation of harvesting using cleaner loaders and transport modules**

Growers are organised into groups for continuous loading and transport of their beet, thereby achieving energy savings and a better management of supply to the factories. Azucarera started up this initiative 15 years ago. At present 50% of the growers in the north and practically all the growers in the south participate in this project.

Azucarera also offers growers financing to avoid the use of shovels and encourage the use of cleaners, which harvest the beet with less soil while preserving the quality of the root.

► **Lowering irrigation costs**

In recent years, central and regional governments have done some major work to modernise irrigation infrastructures. At the same time, Azucarera has been encouraging the sowing of beet in the modernised regions, where the energy cost is lower and higher yields and profitabilities can be expected.

Results 2010 - 2013

Yields have risen considerably in the north in recent years, making this the number one beet-growing region in Europe and one of the largest in the world.



“We have been growing beet for decades. The intention of farmers in beet-growing regions is to develop it and increase profitability while preserving an

agricultural tradition that forms part of our lifestyle”.

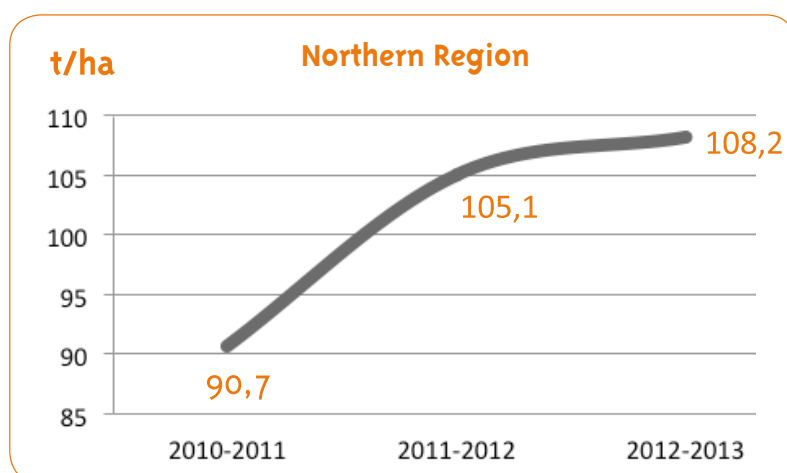
Tomás Gallego Garrido
Grower

Achievements over the past four years include:

► **Enhancement of agricultural efficiency**

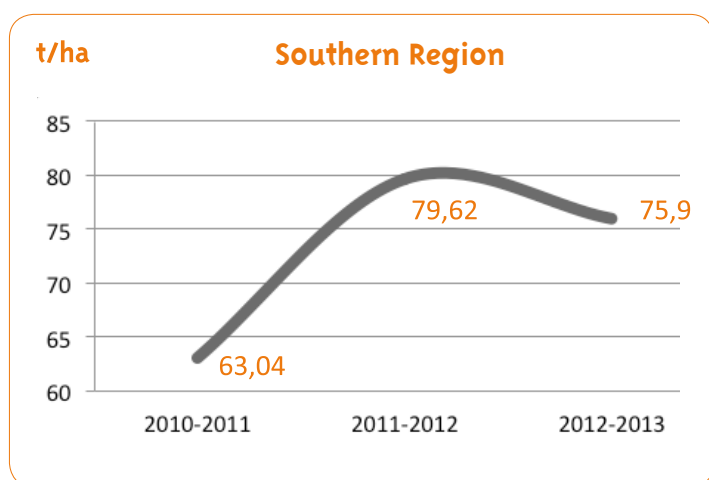
In the north of Spain, Azucarera has contributed towards the continuous evolution of yield. In the 2012/13 campaign yields of 108 t/ha were obtained (average yield and European record) and 28% of the growers were above-target (120 t/ha). The following graph shows the evolution in the Northern Region:

Beet is a safe crop which combines stability as the basis of crop rotation, economic profitability and strength to withstand adverse weather conditions and has proved in recent years to have a strong growth potential in productivity



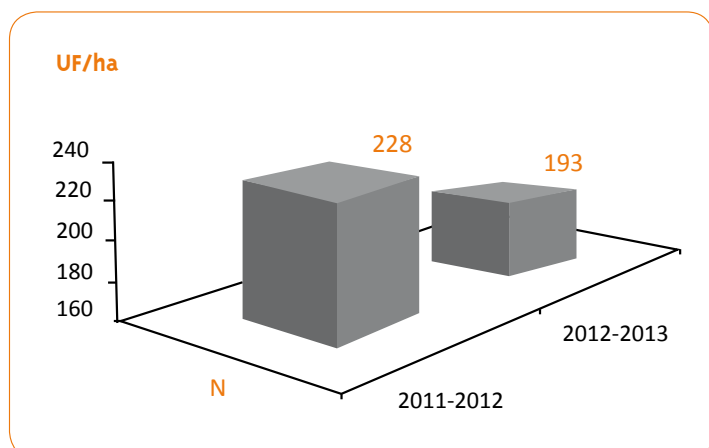
The average production in the south, with irrigation beet farming, was around 80 tonnes per hectare and after adopting new practices and growing techniques promoted by Azucarera, a growing number of farmers now obtain yields of over 100 t/ha.

Average yields in the south during recent crop years are shown in the following graph:



► **Reduction of inputs:**
“Produce more with less”

Optimisation of the use of fertilisers together with actions taken in the maintenance of equipment and using it in better conditions are reflected in aspects such as a 15% reduction in the use of nitrogen, as illustrated in the following graph, which compares the units of fertiliser (UF) used per hectare in the last two campaigns.



► **Soil protection**

Use of varieties recommended on the AIMCRA list has been increased from 82% to 96%.

► **More efficient use of water**

The percentage of water used has improved in recent campaigns, adjusting it to the needs of the crop. This percentage rose from 41% in 2010-2011 to 52% in the 2012-2013 campaign.

Chapter

4

Environmental sustainability and energy



ENVIRONMENTAL SUSTAINABILITY AND ENERGY

Azucarera works actively to minimise the environmental impact produced by its operations, not only by complying strictly with environmental laws, but also by developing its own policies on the efficient utilisation of natural resources and actively facing the challenge of curbing climate change by improving energy efficiency and reducing greenhouse gas emissions.

Projects to improve environmental sustainability

The initiatives proposed by Azucarera to minimise the environmental impact of its operations are designed to reduce waste production, water consumption and CO₂ emissions.

Over EUR 25 million has been invested in the last three years in several environmental improvement and protection projects. Some of these projects are:

- ✓ improvements in the process waters storage ponds to guarantee the absence of any impact on groundwater
- ✓ change of cooling liquids in refrigeration equipment with a lower global warming potential (ahead of the legal deadline)
- ✓ optimisation of the operation of all aerobic and anaerobic effluent treatment plants
- ✓ improvements in installations for reprocessing and recovery of non-hazardous waste
- ✓ improvements in the internal factory circuits to reduce the consumption and abstraction of clean water from public watercourses
- ✓ energy saving and efficiency projects and measures to reduce greenhouse gas emissions in each processing plant

These projects have been achieved thanks to the collaboration of the people in Azucarera and the promotion of environmental awareness among employees, through informational initiatives such as “Think-Eat-Save” launched throughout the workforce on World Environment Day.



“Azucarera has always been firmly committed to preserving the environment. Our Environmental Management System was first certified under ISO 14001 more than 15 years ago and since then the environmental efficiency of our plants has improved constantly. This has a lot to do with the low percentage of claims, complaints and/or disciplinary inquiries and the confidence instilled in the different environmental authorities, and improves our reputation in society”.

Julian Vaca
Internal Environment and Quality Auditor



Biodiversity

Azucarera believes that its operations should be sustainable over time and respect the natural environment. One example of its commitment to maintaining biodiversity can be found at La Laguna de Las uinientas, near the Guadalete factory in Jerez de la Frontera (Cadiz). Azucarera signed an agreement with the Environment Department of the regional government of Andalusia for management of this lagoon as an industrial pond and wetland. The lagoon, which receives water from the production process of the Azucarera factory, currently serves as the habitat for several protected species of birds with a high ecological value. In 2013, Azucarera regenerated the bottom of the lake in collaboration with the Cadiz Office of the Environment Department.

Optimum utilisation of resources

The utilisation of natural resources (raw materials, water and energy) is inherent in production processes, but by improving their manufacturing technologies, our sugar factories have maximised that utilisation. The following practices have contributed towards this optimised utilisation:

- ▷ Recirculation and recycling of water, encouraging responsible consumption and avoiding excessive abstraction from public watercourses.
- ▷ Production of high efficiency electric power at the cogeneration plants, clean energy. Azucarera generates 100% of its electricity requirements in the sugar extraction process.



“Azucarera invests in sustainable development, studying and analysing the management and treatment of industrial water at all its plants. As a result, its effluent is well within the strict limits set by the government. Our factories are integrated in the localities to which they belong, developing the latest technology in ecological plant and sharing the same concerns and obligations as the local community to improve our operations and favour the natural environment”.

Jorge Tejero
Production manager at the La Bañeza factory



Azucarera generates 100% of its electricity requirements in the sugar extraction process

- ▷ Use of the cleanest energy source as fuel, 100% natural gas.
- ▷ The management of non-hazardous waste is based on principles of prevention, reduction, re-use and recycling of waste, minimising its generation and recovering it where possible.
- ▷ Waste water is treated at on-site treatment plants, improving the quality of water required at the discharge point and reusing the biogas generated.

Responsible use of water

Azucarera, aware of the challenges worldwide arising from the scarcity and quality of water, promotes a responsible use of this natural resource in all its processes through actions in the following areas:

► Protection of surface water and groundwater

Continuous improvements to guarantee adequate separation and treatment of waste water. In this regard, Azucarera has made improvements to its process water storage ponds to prevent the absence of any leakage into the groundwater, and to the chemical product storage areas.

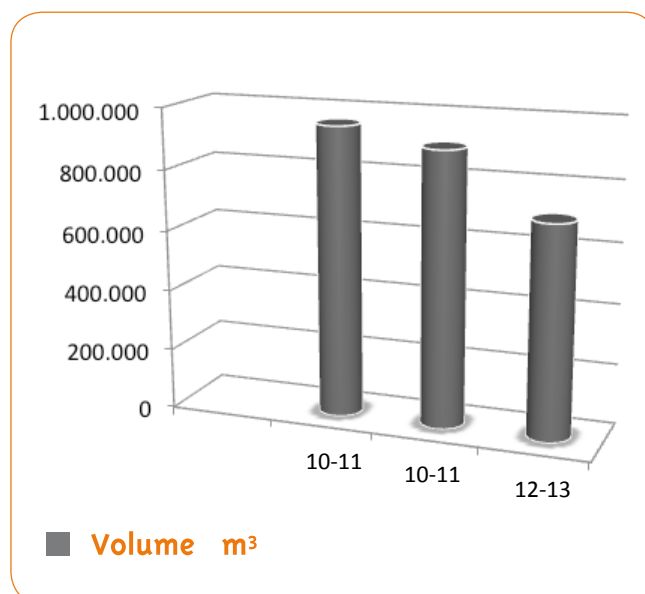
One example of this was the sealing of the base of the pond at Toro during the 2010-2011 campaign, costing EUR 600,000. All Azucarera factories also have anaerobic and aerobic water treatment plants and denitrification processes.

► Re-use and recycling of water

Beet is 75% water. The water in the beet is recirculated and recycled in the factory circuit and subsequently used in the washing process, thereby avoiding the abstraction of more water for this process. All Azucarera factories use re-used and/or recycled water in their processes, using the water from the beet. Condensate is also re-used in the processing plants.

► Reduction of water consumption

The efforts to modernise plants, improve circuits and step up control at the water abstraction points have enabled Azucarera to reduce its water consumption by 30% over the past three campaigns.

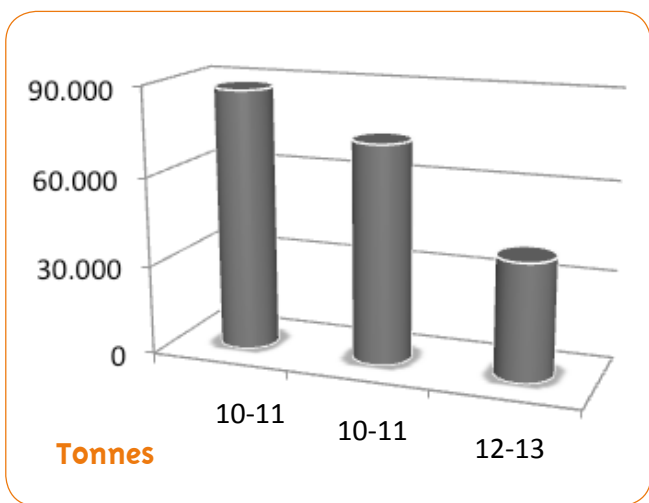


Optimised waste management

Azucarera bases its waste management on the principles of prevention, reduction, re-use and recycling, attempting to minimise waste generation and find a way of recovering its properties. Continuous research in this field and the plant origin of the product have made it possible to use practically 100% of the beet and minimise the waste generation.

► **Non-hazardous waste**

Over the past three campaigns a clear downward trend has been observed in the generation of non-hazardous waste. In the 2013-2014 campaign, the quantity of waste generated was 45% less than in the previous campaign.



The company is also attempting to reduce packages for supplying sugar to customers and consumers. The consumption and weight of packaging material is being cut down, thereby reducing its impact.

The quantity of packaging materials has been reduced significantly in the past three years, by 15% in paper and 11% in plastic put on the market, by improving the technologies used in the packaging centres.

► **Hazardous waste**

Small quantities of hazardous waste are generated and subject to waste reduction plans. Specific measures have been taken, such as the recycling of cloths soiled during maintenance work or the elimination of non-halogenous solvents, which have been replaced in the factory's workshops with biowashers.

Climate change, CO2 and Energy

As part of its commitments to the environment, Azucarera takes measures to reduce its greenhouse gas emissions through efficient use of energy and other measures including:

- Co-refining: energy efficiency has been increased by including raw sugar in the process, achieving optimum maximum production at the plants. Through this measure a 15% energy saving has been achieved
- Combined-cycle cogeneration plant in Guadalete: the new cogeneration plant has an installed capacity of 18.2 MW and is able to supply energy for processing, selling the surplus to the grid. Some 15 MWh are exported, with a saving of 17,000 tonnes of CO2/year
- A combined heat and power (CHP) plant was installed at the Toro factory in 2010, increasing the energy production to 9.3 MW with a reduction of 12,000 tonnes of CO2/year



Azucarera takes measures to reduce its greenhouse gas emissions

► The carbon footprint indicates all the company's greenhouse gas emissions and where they are produced. Azucarera has calculated this indicator to improve its emissions management

Carbon Footprint

kgCO ₂ eq/kg azúcar	
Ejercicio 2010-2011	1,40
Ejercicio 2011-2012	1,25

Improved energy efficiency

Azucarera invests in efficient utilisation of energy, cogeneration and renewable energy sources, not only to reduce costs but also to reduce greenhouse gas emissions and other environmental impacts associated with energy use.

There are three principal lines of work in respect of energy:

► **In-plant consumption**

The company is increasingly autonomous in energy, since it produces steam and electricity in the sucrose extraction process. It can thus be more independent from external energy and by selling the surplus energy generated, the process is more profitable and sustainable.

The Jerez plant generates 136,000 MWh of electricity a year, representing an emissions saving of around 17,000 tonnes CO₂/year.

► **Change of fuels**

Azucarera has made natural gas its main energy source, reducing the emissions of particles and sulphur dioxide by more than 35% in comparison with the use of fuel-oil.

Azucarera also recovers the biogas produced in its waste water treatment plants, using it as a fuel for generating energy.

The company has ended the second period of the Kyoto Protocol (2008-2012) with surpluses

A project is currently under way to improve the quality of the biogas before it enters the boiler.

► **Transport efficiency**

Another major point of energy consumption in the process is the transporting of beet, sugar, co-products and other raw materials. Azucarera moves more than 900,000 tonnes of finished product and over 2 million tonnes of beet a year.

With a view to making these processes more energy efficient, 99% of these deliveries and dispatches are made in fully-loaded lorries, thereby reducing energy consumption, costs and emissions.

► **Projects to improve energy efficiency in other processes**

Azucarera is working on research projects to improve and increase energy efficiency in its agricultural and industrial processes.

The Jerez plant generates 136,000 MWh of electricity a year, representing an emissions saving of around 17,000 tCO₂/year



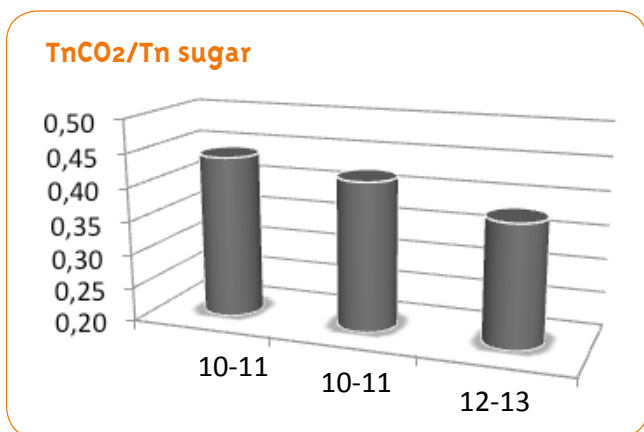
Presentation of Focus Awards. ABSugar

Among others, the project “Energy saving and optimisation at the Guadalete plant and the new pressed pulp sun-drying process” is highlighted. With this process the energy consumed by drying the pulp in dryers is reduced, with a saving of 25% of the CO₂ emissions in the past campaign. Both initiatives were recognised as best energy efficiency and innovation projects in the AB Sugar Focus Awards 2013.

Energy indicators

To illustrate Azucarera’s commitment to energy efficiency and the reduction of emissions, two indicators have been measured:

- ▷ Tonnes of CO₂/tonne of sugar for fuel consumption in factory: downward trend of 13% in the past three years.



- ▷ Reduction of tonnes of CO₂/tonne of sugar by 22.6% over ten years (target set in 2009-2010). This target was met by using high-efficiency cogeneration and optimising resources through co-refining.

Competitiveness through innovation

Innovation and constant improvement are the essence of Azucarera’s future project. The company’s R+D+I centre at the Toro plant in Zamora is the best example of the importance of this strategy for the organisation. It is one of the largest research centres in the Spanish food industry in terms of human and economic resources and the size of the projects it works on.

The Centre has a team of over 20 professionals, organised around three principal lines of work: the development of R+D+I projects; the improvement of practices and processes; and the product analysis service. Authorised under ISO 17025, it coordinates its work with the production area, innovation engineers and factory laboratories, performing technological surveillance, developing new products (sugars, co-products and new uses for sugar) and processes such as:

- ▷ Recovery and drying of pulp
- ▷ Improvement of the current processes to reduce energy consumption
- ▷ Alternatives for reducing energy consumption
- ▷ Reduction of colour in beet processing and refining
- ▷ Biogas and biodiesel
- ▷ Maximising asset utilisation

It also operates as a benchmark laboratory, analysing product quality, conducting market surveys and offering other services for private customers and governments.

The engagement in this task of management and employees across the board is a priority issue for Azucarera. For this reason, the company has created

in each of its processing plants the position of "Innovation Officer", whose main responsibility is to see that the centres meet the targets set in energy efficiency.

Consolidation of the sustainability strategy

All the electricity consumed by Azucarera in 2014 will be produced from renewable sources and will, therefore, be "green". The challenge is to maintain and improve the levels of reduction of CO₂ emissions, responsible use of water and reduction of waste, achieved through awareness campaigns among the professionals working in the company, who have demonstrated their engagement in this area.

In order to calculate its *Life Cycle Analysis* and make a detailed quantification of the greenhouse gas emissions and other impacts produced throughout its value chain, Azucarera is currently working with CEFS (European Committee of Sugar Manufacturers) on drawing up PCR (Product Category Rules) for Sugar.



"Energy consumption is one of the issues to which most attention is paid in Azucarera, from both the economic and environmental points of view. We strive constantly to reduce our energy footprint by cutting down on consumption and improving the production of clean electricity as cogenerators. To achieve this, we apply leading-edge technologies in energy optimisation of the world sugar industry".

Eliseo Serrano
Production manager Miranda de Ebro factory



Chapter

5

Our people



OUR PEOPLE

Azucarera's human capital management model is based on respect and compliance with the internationally recognised universal rights, both general (human rights) and labour, the essential principles of which are reflected in its Code of Conduct and sustainability principles. Azucarera gives priority to maintaining working conditions that foster employee satisfaction and recognition, equal opportunities, work-life balance, relationships based on trust and transparent communication, training and development of talent and prevention in the area of health and safety.

At year-end 2013, Azucarera had a workforce of 911 employees. The company has continued generating wealth and employment in the past year, incorporating 103 new employees: 32 permanent staff and 71 temporary employees.

Azucarera's personnel policies define working conditions which contribute to maintaining employee satisfaction. It is worth highlighting that 100% of the company's employees are covered by collective bargaining agreements and that although production is seasonal, permanent contracts are predominant. In 2013, 84% of the Azucarera workforce was permanent staff.

The Azucarera factory workforce swells during campaigns with seasonal employees. In 2013 there were 207 seasonal employees in the northern campaign (27% of whom were women) and 72 in the southern campaign (17% women).

Employee turnover in Azucarera is low, 0.3% in 2013, which demonstrates an optimum combination of the employees' well being and their commitment to the company.



"Innovation is essential for improving a company's sustainability. The usual methods may work in the short term, but the highest standards

can only be reached through innovation. If a company aspires to being great and achieving excellence, this is the path it must take, which will set it apart from its rivals. Azucarera is investing heavily in innovative processes with a view to being the leader, benchmark in its sector, at all levels: safety, quality and production".

Celia Rodrigo
Innovation Engineer at Miranda de Ebro

Azucarera workforce 2013

Permanent employees	764	83,9%
Temporary employees	144	15,8 %
Seasonal employees	3	0,3%
TOTAL	911	100%

Commitment to our people

Azucarera’s personnel policy is based on sound principles geared towards optimising the general conditions in the following areas:

- ✓ Equal opportunities
- ✓ Health and safety
- ✓ Anti-harassment
- ✓ Workers’ rights and rewards
- ✓ Work-life balance policies
- ✓ Communication and transparency
- ✓ Training
- ✓ Talent management

The company is developing several plans, programmes and actions to achieve this.

Azucarera is firmly committed to equal opportunities in the training, development and professional careers of its workers, taking into account at all times

“... in the sugar business, especially at this stage, considerable talent is required to ensure swift adaptation to change. It is vital for us to all work in the same direction as a united team...”

Domingo Gestoso
25 years in Azucarera

their individual skills and abilities. The company has created the position of “Equal Opportunities Officer” and developed an Equality Plan to ensure that this goal is achieved.

The following measures are contemplated in this plan, among others:

- ▷ Collaboration agreements with special training centres for professional practices.

Azucarera currently has agreements with over 20 educational establishments.

Business Schools	7 establishments	University College of Financial Studies, European Centre of Professional Studies, Escuela de Empresa, Formación y Docencia, S.L., School of Industrial Organisation, European Business School, European School of Business Management and Institute of Stock Market Studies
Foundations	2 establishments	San Pablo CEU University Foundation and SEPI Foundation
Universities	7 establishments	University of Leon, Autonomous University of Madrid, Polytechnic University of Madrid, University of Seville, University of Valladolid, Complutense University of Madrid and Universidad Nacional de Educación a Distancia (Open University-UNED)
Technological institutes, secondary schools and technical colleges	7 establishments	I.E.S. Doñana, I.E.S. Central Salesiano Manuel Lora Tamayo, I.E.S. Fco. Tomás y Valiente, Instituto Mendizabala, CIFP no. 1 Leon, I.E.S. Universidad Laboral de Zamora and the Technological Institute of Miranda

- ▷ It also considers alumni from these centres who have done internships or work experience in the company in its selection processes to fill vacancies.
- ▷ The average age of the Azucarera workforce is 47.2 years, which has been coming down recently as young people join the company. Azucarera considers it vital to continue combining the traditional experience of the sector with the active incorporation of young people, who are eligible for promotion within the organisation according to their abilities and ambitions.

In recent years, Azucarera has made progress in another of its key policies, diversity in its workforce and positions of responsibility, in a traditionally male sector.

Evolution of diversity in Azucarera over the past three years:

	2010	2013
% women in the workforce	10,8	16
% women in executive positions	0 (July 2012)	25,7

Code of conduct and other employee benefits

All new employees receive a copy of the Azucarera Code of Conduct, which sets down the principles and fundamental values governing the company and the conduct of its employees, both internally and with each of its stakeholders.

The Code contemplates respect for each of the fundamental rights, including the free choice of employment, safety and hygiene working conditions, the right to collective bargaining and freedom of association, a decent salary, non-excessive working hours, relationships based on non-discrimination, regular work, confidentiality, etc.

"...I have been able to apply and develop the knowledge acquired during my education and learn about other areas of industrial maintenance. All this is much easier thanks to the personnel in Azucarera, not only my colleagues in electrocontrol, but also the other employees".

Estibaliz Quintana

Apprentice in electric control workshop,
Miranda de Ebro

Azucarera has strict policies and control measures regarding other rights of its employees, such as non-tolerance of any type of sexual, mental or physical harassment. It has drawn up a harassment at work protocol, available to its employees, to prevent and avoid this type of conduct.

Anti-fraud, anti-corruption and anti-bribery policies have also been developed and a whistle-blowing channel is at the employees' disposal to inform on, share and report this type of information or conduct.

Azucarera's actions in this area are not limited to mere compliance with the applicable laws, but go much further, providing its employees with benefits in many other aspects, such as quality employment; accessibility to workplaces, laying on transport; flexible working times; support for families with the organisation of summer camps and other welfare benefits.

Development and management of talent

Azucarera guarantees development of the talent and skills of its employees through the "My Career" system, created not only to attract the best but also to encourage them to subsequently develop their maximum potential and remain in the company.

At present, 50% of the employees are monitored through performance assessments and the company estimates that 100% of the workforce will be included in this tool next year.

The “My Career” system consists of 4 programmes:

- ▷ The Graduate Scheme and Talent Programme, for the recruitment and development of high potential candidates. Profiles are chosen with outstanding academic records to work in different areas of the organisation, with a view to acquiring a broad expertise and competence in a variety of disciplines.
- ▷ The Apprentice and ILU Programmes, for recruitment, training and the development of technical skills in order to perform factory operator and maintenance technician duties.

At present, 50% of the employees are monitored through performance assessments and the company estimates that 100% of the workforce will be included in this tool next year

Azucarera also prepares Career Plans for its employees to ensure that talent remains and is further developed within the company. Each Career Plan schedules the acquisition and development of expertise by the employee and his or her professional growth within the company, according to his or her performance and potential. Adequate abilities can thus be assigned to each employee, setting feasible goals and proposing training programmes to suit each person.

Training schemes

The training schemes include in-person and distance (e-learning or correspondence) courses.

New employees are assigned a mentor to support them and monitor their progress.

The budget and number of hours invested in training in Azucarera have increased significantly in recent years:



Period	Investment in training	Participants
2010-2011	362.088 €	1.835
2011-2012	428.400 €	3.573
2012-2013	453.105 €	4.317

Professional Experience Programme (IEP)

Azucarera also has a “Professional Experience Programme” (IEP), developed, structured and backed to offer participants the opportunity to acquire international experience.

The initiative is designed to increase and strengthen their working and international management expertise, through the AB Sugar Group, and help them to further their personal development and career opportunities.

The same programme offers employees the opportunity to participate in geographical mobility programmes. The group offers the vacancies best suited to each applicant, based on their profile.

During 2013, 4 Azucarera employees were transferred to the United Kingdom, South Africa and China through the IEP. Last year, the programme transferred 15 individuals in different conditions and on different bases. Moreover, this year 3 employees from AB Sugar have been working at the Azucarera facilities in Spain, more specifically at the Miranda and Toro plants and at the head offices in Madrid.

Recognition and motivation

Each year Azucarera offers its employees another kind of initiative, with a view to motivating the organisation, valuing the work done and thanking them for their effort.

This mechanism of recognition consists of two types of reward:

- ▷ Reward for Innovation, Creativity and Continuous Improvement
- ▷ Reward for Long Service in the Company

Communication and transparency

Azucarera undertakes to maintain its relationships with employees based on trust and transparent communication, through a policy of dialogue and active listening, as well as confidentiality.



“Having the opportunity to experience and learn from different situations, such as China, grow personally and professionally and exchange knowledge. An indescribable experience, without doubt”.

Ana Tovar
Procurements Staff, Madrid

The company has had an Internal Communication and Commitment Management Department since April 2013, focusing on two principal lines of work:

- ▷ improvement in transparency
- ▷ increase in employees’ commitment to the Mission, Vision and Values of the company



The actions taken to achieve these goals include, among others:

- ▶ **Encouragement of two-way communication**, through the creation of an internal newssheet, "Azucarera News!", which is distributed in digital version and on paper. The publication includes sections such as "Azucarera People", where employees can read about other teams in the company; "You are the star", in which employees are interviewed; and other sections informing on and promoting the values of Azucarera.

Each division of the company has a representative on the editorial committee of the newssheet.

Quiénes somos Azucarera - Equipo de Calidad

¿Cuál es vuestra aportación en las relaciones con clientes y proveedores?

A los clientes: darles la confianza que el producto que nos compran cumple con unas especificaciones claramente definidas y conocidas por ellos, y que garantizamos la inocuidad de lo que vendemos. Con los proveedores, la labor es más de control. Lo que compramos debe cumplir con las características definidas en nuestro Sistema de la Calidad. Si compramos equipos, útiles y productos que tendrán contacto con nuestro azúcar, pulpa o melaza, han de demostrarnos que no contaminarán nuestro producto.



Benjamín Lorente
(CE del Sur)

- ▶ **Working atmosphere and measures to improve it.** Azucarera conducts surveys among its employees to identify strengths and weaknesses in the company's working atmosphere.

Thank-Recognise-Ask boxes are also installed to encourage the reporting and expressing of internal opinions. Employees can use these boxes to share ideas, suggestions and indications on any need for improvement, which are answered by the corresponding managers or even by the CEO.

Juan Luis Rivero, Managing Director of Azucarera, makes regular visits to the processing plants, where informal meetings are organised with employees to discuss any matters the employees consider important.

- ▶ The Internal Communication and Engagement Department is responsible for **informing on the values of Azucarera** in different media: internal newssheet, intranet, videos on internal television circuits, etc. This is intended to make employees more involved, making them more satisfied with their work and proud to belong to Azucarera.

Health and safety - life is better without accidents

The health and safety of its employees are top priority for Azucarera, both for its operation as an organising and for meeting its business objectives.

Its aim is to ensure that they go home in the same condition as they came to work.

Azucarera has an Occupational Hazard Prevention Policy to anticipate any risks to which its employees may be exposed during the performance of their work. Prevention measures are planned and taken so as to avoid accidents at work or, as far as possible, reduce their severity.

The company has made considerable progress in occupational hazard prevention and management since 2011. The principal measures implemented since then include:

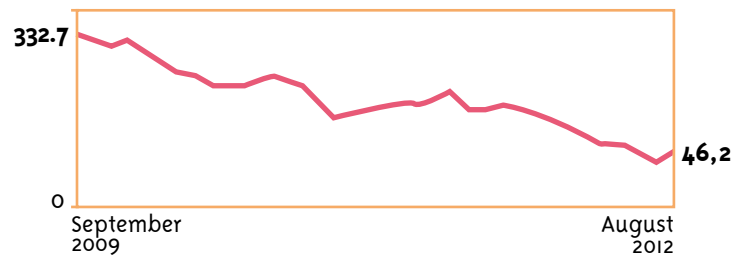
- ▷ Setting up an Inter-centre Health and Safety Committee to facilitate and encourage the participation of workers' representatives in global decisions regarding employee health and safety
- ▷ Preventive culture workshops at the workplaces to facilitate cultural change in the management team
- ▷ Inclusion of pro-active safety activities throughout the management team
- ▷ Updating of the occupational hazard prevention management system
- ▷ Identification of jobs or tasks entailing possible risks and establishment of procedures for pregnant or breastfeeding women or women who have recently given birth
- ▷ Training in occupational hazard prevention and safety at the factories for over 1,500 external hauliers
- ▷ Identification, assessment and definition of procedures for safe access to confined spaces, and specific training on rescue in confined spaces

- ▷ Implementation of a system encouraging active participation by workers through a communication channel for "near accidents" and risk situations

As a result of all these measures, the rate of injuries in the workplace has been lowered in the last few campaigns:

Campaign	Injury rate
2012-2013	3,30
2011-2012	3,51

The accident rate has been declining since 2009, with an 86% reduction also in the accident severity rate over the same period.



The company has invested EUR 2.7 million in the past year to improve the safety of its installations and has achieved important landmarks, for example 365 days without injuries at the Benavente Packaging Centre or 550 days at the La Bañeza processing plant

Azucarera has also taken measures to enhance the balance of employment quality with the health of its employees and their relatives.

These measures include especially:

- ▷ The possibility of changing jobs for health or medical reasons.
- ▷ Medical grants for employees and their relatives, as well as economic aids for disability of the employee or relatives with a serious disease or disability.
- ▷ Guarantee of receiving full salary in situations of disability, leave due to risk during pregnancy or maternity/paternity leave.

In an effort to promote healthy habits, Azucarera organises events for its employees to encourage sport and physical activity.



Chapter

6

Nutrition and consumers

NUTRITION AND CONSUMERS

Azucarera is not only a committed, responsible company in the production of safe, quality food, but also invests considerable economic and human resources in:

- ▷ *Providing consumers with full, accurate information*
- ▷ *Monitoring the evolution of scientific and legislative activity related with sugar*
- ▷ *Supporting the promotion of physical activity to help prevent obesity and other non-communicable diseases*

Consumers' right to information and to demand scientific evidence

Sucrose, also known as "sugar", is a natural carbohydrate, whose principal function is to provide energy, but also sweetness and flavour, enabling us to consume a wide range of foods and maintain a varied diet.

Consumers are entitled to know about the food products, where they came from, methods of production, properties, how they can form part of a balanced diet and, above all, any potential effects on their health. In this context, Azucarera has consumer information and labelling policies based on scientific arguments and strict compliance with laws and regulations.

Science is an activity exposed to constant change, which requires permanent updating of knowledge and being open to the evolution of the scientific fact per se.

Accordingly, Azucarera professionals participate in the task forces and working groups of national and international research organisations responsible for developing and analysing scientific and technological evidence, in the fields of both health and nutrition. These include, among others, the World Sugar Research Organisation; the Association for Research and Improvement of Sugar Beet (AIMCRA); the Scientific Research Council (CSIC); the Sugar Technology Centre of the University of Valladolid (CTV); the Andrew Van Hook Association (AVH); the Sugar Industry Technologists Institute; AINIA technology centre and the European Society for Sugar Technology (EEST).

"Although from an energy viewpoint the number of calories consumed per individual is independent of their origin, a balanced diet is very important to maintain a balance between the different macronutrients, since altering the distribution we all accept as healthy jeopardises the maintenance of a normal weight".

Dra. Carmen Gómez Candela
Head of the Clinical Nutrition and Diet Unit
at La Paz Hospital (Madrid)
"El Libro Blanco del Azúcar"

Advertising self-regulation

Within the area of advertising communication, on 21 October 2013 Azucarera signed the PAOS Code on self-regulation of advertising to children to secure responsible communication of food aimed at minors. Its signature was ratified by another 44 companies in the food and drinks industry, catering and distribution in a public event with representatives of the Spanish Ministry of Health and the Spanish Food Safety Authority (AESAN).

The PAOS Code backs a pioneer model in the European Union based on the public-private commitment to self-regulate the advertising of food and drink aimed at children, which includes advertising on internet aimed at children under 15. The signatories of the Code undertake to respect and comply with ethical standards and rules of



Azucarera signs its Accession to the PAOS Code, with Ana Mato, Minister of Health, Social Services and Equality. October 2013

application governing the development, creation and broadcasting or publishing of advertising messages and to submit to the procedures and decisions of the Advertising Self-Regulatory Panel.

The results obtained over the years confirm the effectiveness of self-regulation, with satisfactory progress in the improvement of advertising messages directed at Spanish children, a segment of society that deserves special attention.

IEDAR (the Institute of Documentary Studies on Sugar and Beet) is a member of Autocontrol de la Publicidad (Advertising Self-Regulatory Organisations) and participates in the management of that organisation to secure accurate, legal advertising.

Support for IEDAR (Institute of Documentary Studies on Sugar and Beet)

Azucarera contributes towards scientific knowledge and information for consumers through its support for IEDAR, a pioneering institution in its area, set up in 1986 at the initiative of the beet-sugar sector. Since then, and from the point of view of sugar, its mission has been to serve Spanish society and all institutions in the food, education and health areas by informing on healthy eating habits and behaviour for all citizens and to promote scientific investigation and publications on sugar.

The Institute monitors scientific evidence, which enables it to offer information and generate content of interest to its different target publics. Further information can be found on its website (www.iedar.es).

IEDAR works under the scientific leadership of Dr Carmen Gómez Candela, BSc Medicine with internal houseman specialisation in Endocrinology and Nutrition, PhD Medicine from the Complutense University of Madrid and Section Manager of the Clinical Nutrition and Dietary Unit of La Paz University Hospital since 1993.

IEDAR considers it essential to support and inform on the work done by researchers on sugar, promoting new scientific initiatives and informing the public on their conclusions.

IUNS 20th International Congress of Nutrition

On 20 September 2013, IEDAR organised the symposium "Scientific Update on Sugars and Health" at the 20th International Congress of Nutrition (IUNS 2013), during which it presented the monographic supplement "Azúcar y Salud" [Sugar and Health], published in the medical journal *Nutrición Hospitalaria*, one of the most prestigious journals in the Spanish medical-scientific field, promoted by IEDAR.

Specialists from different scientific fields participated in this work, including endocrinologists, internists, nutritionists, pharmacists, dental practitioners, biochemists, biologists and public health experts. Apart from this monograph, the symposium was used to present "Libro Blanco del Azúcar" [White Paper on Sugar], a publication expanding on the contents of the monograph, including other aspects of the product to contribute towards a better knowledge of it.

Dr Carmen Gómez Candela, Head of the Clinical Nutrition and Dietary Unit of La Paz Hospital, was the coordinator of both publications, together with Dr Samara Palma Milla.

Education and health

The educational area of the Institute mainly aims to reinforce the value of a balanced diet and



Dr Alejandro Sanz at the International Congress of Nutrition 2014, within the Satellite Symposium organised by IEDAR. Speech on "Sugar and Diabetes"

responsible attitude in this aspect of society as a whole. Through education and training campaigns, conferences, talks and its own publications, IEDAR addresses the consumption of sugar from the perspective of moderation and also enjoyment of all the foods it accompanies.

The consumption of sugar, a natural food with numerous functions apart from contributing energy and sweetness, is perfectly compatible with a varied diet accompanied by an active lifestyle. In this regard, IEDAR has run initiatives such as the "Workshop of journalism, ethics and health", which it organised together with the Communication and Nutrition Department of the FIAB (Spanish Federation of Food and Drink Industries) in October 2013; the lectures given in the "Expert Course on Gastronomic

and Nutritional Journalism" in the Faculty of Information Science of the Complutense University of Madrid in 2012 and 2013; and the current renewal of the educational project "Learn to eat, learn to cook", working on its online bilingual version in Spanish and English.

Institutional relations

IEDAR is in permanent contact with all the stakeholders in Spain and worldwide which have any connection with the different aspects of sugar: consumers, the educational community, scientific and medical societies, central, regional and local governments, the beet sugar sector, the food sector and industrial users, among others.

Chapter

7

Commitment and relations with communities



COMMITMENT AND RELATIONS WITH COMMUNITIES

Just like the Associated British Food Group to which it belongs, Azucarera has a mission to “provide citizens with accessible, quality food”⁽¹⁾. From this perspective, the company is especially sensitive to the needs of those living in the communities in which it operates, particularly in view of the social and economic situation suffered in Spain in recent years.

The activities performed by Azucarera to support the community stem from the collaboration and service vocation that the company has had since its foundation, more than a century ago and from the complicated situation faced by Spanish society in recent times, apart from the very nature of the product it manufactures and sells.

The critical situation of loss of jobs and wealth endured by Spanish society in recent years is illustrated by the 700,000 homes in Spain who had no income of any kind or the 1.8 million households in which all the members were unemployed, both in January 2014⁽²⁾. Another figure which illustrates this precarious situation is that 41% of Spanish homes were unable to meet their basic food requirements regularly in 2012, according to the report published by Cáritas, “Social Development and Exclusion in Spain, analysis and prospects 2012”⁽³⁾.

All this has led Azucarera to focus its social action on supporting the needs of certain segments at risk of exclusion, while maintaining its collaboration in nutrition awareness and education campaigns.

The significant change facing the sugar sector as from 2017 when the production quota system ends marks the business reality of Azucarera. For this reason, it has set its sights on improving the crop, in order to increase the yield for farmers and the other indirect beneficiaries of beet-growing, and investing in its industrial competitiveness to make the future sustainable for all those involved.

Priorities

Azucarera’s priority is to offer practical solutions in keeping with our vocation and in strict compliance with rules of ethics.

The company focuses its social action mainly on three lines:

- ▷ Direct food aid through the donation of sugar.
- ▷ Contribution to local projects related with the promotion of physical activity and the values associated with sport and encouraging a healthy life, paying special attention to projects aimed at children and youth.
- ▷ Local actions including, among others, the prevention of chronic non-communicable diseases (obesity, diabetes, cancer); support for diversity; social integration of segments at risk of exclusion and promotion of education.

Food aid and other donations

Sugar donations

The food aid provided by Azucarera consists of supplying sugar, a staple product in the household diet and one of those in greatest demand by families visiting soup kitchens or institutions which distribute food aid in the different geographical regions in which Azucarera is present.



Visit the center of Jerez school

During 2012 and 2013 Azucarera donated 66,000 kg of sugar for this purpose. A large proportion of this aid went to the food banks (Barcelona, Zamora, Valladolid, Madrid and Seville), Cáritas (La Bañeza, Benavente, Miranda, Toro, Jerez and Montmeló, the Red Cross (Miranda), different religious organisations (the Sisters of the Poor in Vitoria, the Clarissan Sisters in Soria, the Carmelite Sisters in Valladolid, the Saint Vincent Paul Confederation, etc.), and the soup kitchens (Foundation of the Order of Malta in Madrid, Red Cross) and other NGOs.

One example of the local recognition of this aid is the “Company with a Heart” award received by Azucarera from Cáritas Diocesana in Jerez in April 2013. This award was granted for the contributions made by Azucarera to meet the local needs in that diocese, helping 86 parishes, which in turn provided 25,757 families with staple food.



Solidarity March of the AEC in Benavente

Solidarity events

The company makes solidarity contributions through NGOs, such as those made to “Aldeas Infantiles” for the “Rastrillo Nuevo Futuro de Madrid” in 2011, 2012 and 2013, to which it donated a large quantity of engravings, furniture and pictures from when it moved its head offices. The proceeds from selling these items were used to fund the organisation’s goals, namely supporting families in a situation of risk, providing for their children’s needs and assisting children from broken families.

Other solidarity events in which both Azucarera and its employees have collaborated include activities of the Spanish Cancer Association in Toro and La Bañeza, the Colegio del Corazón Inmaculado de María in Cadiz and Cáritas in Zamora.

“On behalf of the New Future Association and in my own name, I should like to thank you for the wonderful items you have donated for the Rastrillo 2011 market. Thanks to the generous people like yourself who have collaborated with us, the Rastrillo has been a great success, despite the crisis, enabling us to continue with our work to help children who have no family around them”.

Chairman of the New Future Association
Letter to Juan Luis Rivero, MD of Azucarera

Donation of sugar by Azucarera employees

Azucarera employees regularly receive sugar as a right contemplated in their collective agreement. Part of this sugar has been donated, in a total of 2 tonnes in 2012 and 3 tonnes in 2013.

These donations have assisted numerous NGOs and food banks in providing local aid. Cáritas Toro, Red Cross Miranda, Cáritas Benavente, Cáritas La Bañeza, Food Bank of Madrid, Food Bank of Barcelona, San Salvador Soup Kitchen and other charity institutions in Jerez de la Frontera, etc., are some of the beneficiaries of the donations.

Projects supporting the promotion of physical activity and sport

According to the Consensus Document “Obesity and Sedentary Lifestyles: What can and must be done?”, published in the journal *Nutrición Hospitalaria* in September 2013⁽⁴⁾, the figures of the latest National Health Survey indicate that four out of ten people (41.3%) declare that they lead a sedentary lifestyle (not doing any physical activity in their free time): one out of three men (35.9%) and almost one in every two women (46.6%).

Numerous scientific studies have singled out sedentary lifestyles and lack of physical activity as risk factors for several chronic disorders (high blood pressure, high cholesterol, triglycerides, diabetes,



Solidarity March against cancer in Benavente

certain types of cancer, etc.), whereas a physically active lifestyle has countless benefits for people's health and lowers the risk of mortality caused by cardiovascular disease.

Azucarera encourages physical activity to benefit citizens' health.

The company is the principal sponsor of the "Hope Race" held each spring in La Bañeza, in which over 2000 people participated in 2013, including almost 100 employees from the La Bañeza factory and others in the north of Spain. This race is intended to promote healthy habits and sport to help prevent diseases such as cancer. In appreciation of the company's backing for this initiative and its sponsorship of the local football team La Bañeza F.C., the local press named Azucarera "best collaborating entity" in the "La Bañeza Sports Awards" 2012.

In April 2013, Azucarera signed an agreement to provide economic backing for Unión Deportiva Toresana, a football club and football school to which around 150 children and youths in the area of the Toro factory belong.

The company also backed the NGO "Entreculturas" in the solidarity races held in Madrid in 2012,

2013 and 2014, paying the registration fees of any Azucarera employees and their relatives who wished to participate. The funds were used to support education projects in Angola and rebuild an education centre in Tahiti. The Azucarera team had over 150 runners in the 2014 race.

In keeping with the promotion of sports habits, Truvia (the calorie-free natural sweetener obtained from stevia and marketed by Azucarera) sponsored several sports events:

- ▷ The Women's Race (held in Madrid, Barcelona, Valencia, Seville, Malaga, Zaragoza, Vitoria and Gijon) to support breast cancer research
- ▷ The Heart Race, organised on World Heart Day
- ▷ The Diabetes Race in 2012 and 2013, held to make the public at large aware of the prevention of this disease

Other social support and integration actions

The Azucarera factories are open for the residents in the villages or towns in which they are located and any other groups that may wish to visit. In the last two years these factories have received a large number of visits, for which specific programmes have been prepared, according to the profile of each group.

Numerous secondary school pupils have visited the Azucarera workplaces. The Guadalete factory in Jerez received the largest number of visits, promoted by the educational authorities and the town council. Apart from an explanation of how the factory works, all these visits included training activities to promote healthy lifestyles and information on sugar as an ingredient/nutrient.

Within Azucarera's policy of supporting diversity, a group of people from the Social Integration Centre in Zamora, controlled by the Topas Prison (Salamanca), visited the Toro plant in February 2013. This activity was part of the cultural programme organised by Cáritas Diocesana in Zamora to promote their continuous training and enable them to acquire useful resources that were necessary for their integration into society and the labour market.

Diversity and the disabled are at the heart of the social action of the NGO PRODIS, the principal mission of which is the development of young mentally disabled, for whom it organises training, educational, cultural, sports and recreational activities, offering special attention and support for children and youths from the underprivileged segments of society. Apart from this training, PRODIS endeavours to find employment for these young people, to which Azucarera responded in 2013 with the contracting of a person who is now perfectly integrated in the Azucarera team.

"I am writing to thank you for the kind attention received during our visit today to Azucarera, in my own name and on behalf of all the inmates who visited the plant. Please express our gratitude to those who accompanied us, who explained everything very well".

Personal responsible for the Cáritas Zamora Volunteer Programme

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