



Growing together. Creating value

Sustainability Report

(Details of 2015/2016 campaign)



Azucarera
La vida sabe mejor

An A&E Sugar company

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01

// Overview

The sugar beet sector is living its **final months subject to beet sugar production quotas**. The European quota system will come to an end as of 30th September, providing opportunities for the beet and sugar industry in Spain to progress





The sugar beet sector is living its **final months subject** to beet sugar production quotas. The European quota system will come to an end as of 30th September, providing opportunities for the beet and sugar industry in Spain to progress.

In this scenario, Azucarera's vision is based on the conviction that **responsible action, rooted in the principles of sustainability and the circular economy**, is the only way to optimise the value chain, favour dynamism and economic stimulus for the communities in which we operate and, in short, generate value for all the players involved.

The company's commitment in this regard embraces several areas of action, such as enhancing the sustainable supply of beet; controlling water and energy consumption in the fields and factories; self-generation of power to reduce emissions; and investment in R&D and innovation with a view to using almost 100% of the raw material, which has led to the creation of a new line of business.

With regard to the enhancing the sustainability of beet supplies, the Master Interprofessional Agreement signed by Azucarera and the growers' organisations in 2014 (effective up to 2020) established a 'Sustainable Beet' supplement that sets the price of beet taking into account the distance from the farm to the factory. The purpose of this supplement is to encourage farmers to sow the crop closer to the factories, which is more profitable for all parties and generates less pollution.

Efficient use of water and energy is the backbone of Azucarera's Plan 2020, which seeks to enhance the management of water and energy resources for the beet crop. Among other measures, it enables the identification of new seed varieties that require less water; it has been behind the activation of an irrigation counselling programme that determines the water requirement at each point in the beet cycle; and it finances efficient irrigation infrastructures, such as solar irrigation equipment.

Azucarera has also provided its factories with systems for the recirculation and reutilisation of all the water they use.

The self-generation of power is achieved with high-efficiency combined cycle plants, which produce electricity and steam. The plant at the Jerez factory reduces CO2 emissions by over 17,000 tonnes a year, equivalent to those generated by 3,500 cars. Moreover, pulp drying in fuel-powered dryers has been replaced with solar drying, reducing CO2 emissions by over 13,000 tonnes a year. In the rest of our factories, power is produced with cogeneration plants and used in the sugar extraction process; any surplus is sold to the grid.

In **research, development and innovation**, the global R+D+I centre of the AB Sugar group in Toro is working towards utilisation of almost 100% of each beet received at our factories. The solutions found are used to develop products for human nutrition, but they have also made it possible to launch a new business line of animal feed and plant applications (fertilizers), with 400,000 tonnes of co-products.

In a global scenario of increasing demand for raw materials due to population growth, food producers such as Azucarera are obliged to research and innovate to adapt our operations to local needs, while reducing the environmental impact and contributing towards a more balanced development model.



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In Azucarera, we are convinced that this is the right way, as it is coherent with our three pillars of action:

1. Responsible use of resources



We have a long-term vision based on good use of the sector's key resources (water, energy and soil), reduction of our environmental impact and adequate waste management.

2. Rural development



The generation of wealth in local communities and in the agricultural and industrial value chain is essential for our operations.

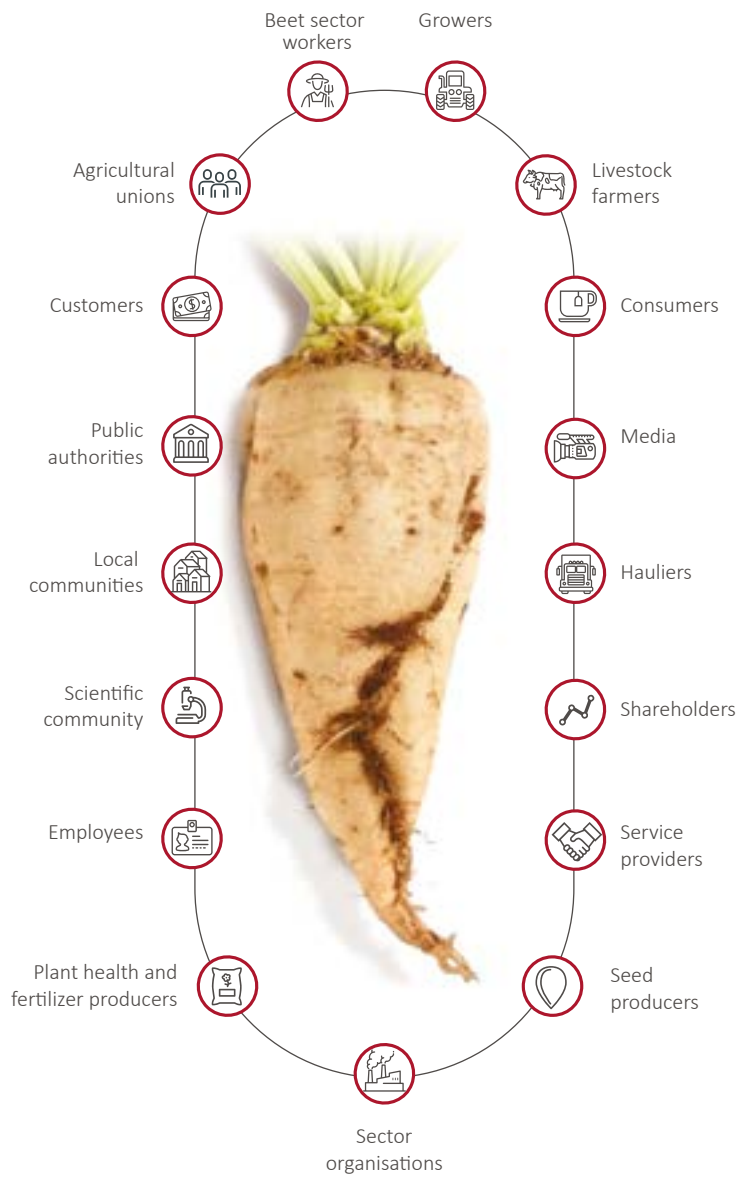
3. Community prosperity and well-being



Azucarera promotes respect for human rights and the health, safety and education of all players with which it has any relationship. It also fosters responsible communication and a healthy lifestyle through a balanced diet.

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/Stakeholders



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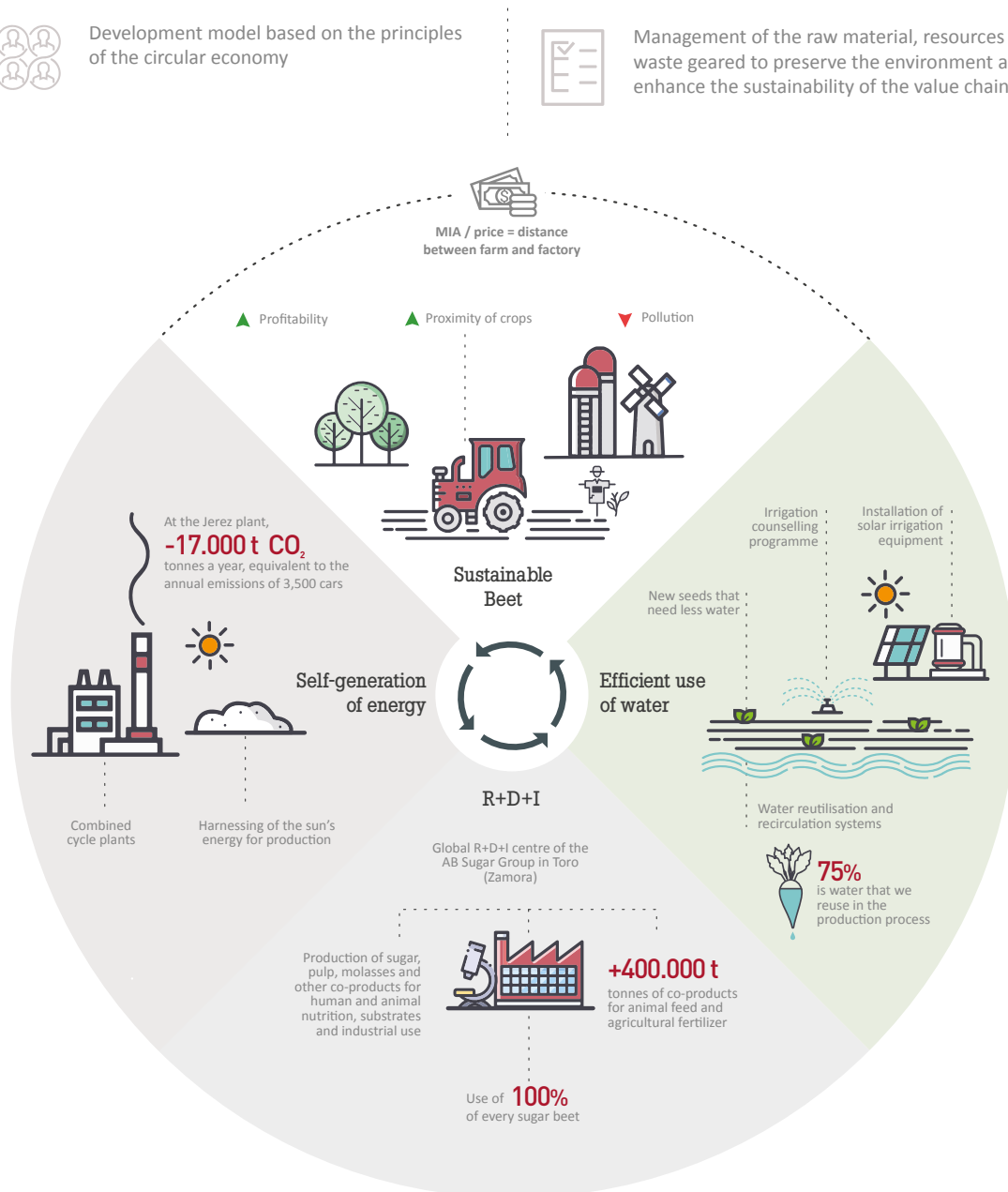
/ From a linear economy to a circular economy



Development model based on the principles of the circular economy



Management of the raw material, resources and waste geared to preserve the environment and enhance the sustainability of the value chain



/ Economic Impact



Economic Value Generated **429.951.843 €**

427.867.197 €
Turnover

2.084.646 €
Other revenues



Economic Value Distributed **305.057.890 €**

47.410.374 €
Wages, salaries and other welfare benefits

112.522.697 €
Purchase of raw materials (beet & raw sugar)

65.099.699 €
Processing costs

3.731.312 €
Interest expense

10.000.000 €
Dividends

14.056.664 €
Taxes

52.237.144 €
Other costs

The economic value distributed in respect of raw material (beet and raw sugar) was lower than in the previous year, because no raw or refined sugar was purchased owing to the existence of a large opening stock.



Economic Value Reinvested **16.469.241 €**

9.873.000 €
Investments

-10.294.670 €
Retained earnings

16.890.911 €
Depreciation



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Taxes paid to Central and Local Governments

14.056.664€

-1.724.336 €

Corporate income tax

1.195.000 €

Local taxes

14.586.000 €

Customs duty and other business taxes



Taxes collected by the Government

9.564.000 €

10.232.000 €

Income tax deducted from employees' salaries

-2.253.000 €

Net VAT paid to state

1.585.000 €

Tax withholdings on dividends



Total tax paid

23.620.664 €

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/ Azucarera in Figures

Economic figures



430 M€

Economic value generated



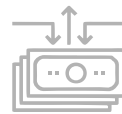
428 M€

Turnover



24 M€

Total taxes paid to the government



2 M€

Other revenues

In the field

2.749.194 t

Beet/Hectare

111 t beet /ha

Yield northern Spain
(Castile-Leon, Basque Country, Navarre and La Rioja)

90 t beet /ha

Yield southern Spain



Facilities



2

Head offices



1

R+D+I centre



4

Production and supply centres



2

Packaging centres



1

Refinery

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Azucarera people



3722
Growers



847
Direct jobs



1,3%
Turnover

Commitment to the Community



8 t sugar
donated by Azucarera



1.4 t sugar
donated by employees

Environment



0,561 t CO₂/ t sugar
process emissions focusing
on life cycle



100%
self-generation of energy in
factories

Logistics Operations



65.000
Product
transport



107.100
Beet
transport



1.800
Shipping

Products



476.000 t
Sugar



391.000 t
Pulp



94.000 t
Molasses

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02

// Responsible use of resources

The future of the planet depends on the good management of natural resources. We are all responsible for maintaining a balanced relationship with the environment. Sustainable development and responsible management guarantee that future generations will receive the world as we know it today





// Guaranteeing the sourcing of sugar

Apart from producing beet sugar, Azucarera refines raw cane sugar from other countries. Occasionally, both sources coexist in what is known as “co-refining”.

Sourcing of raw sugar

To guarantee the sourcing of raw sugar imported by the company for refining and co-refining, a long-term action plan has been implemented to ensure that all Azucarera’s suppliers meet certain minimum requirements regarding:

- Human rights
- Working conditions
- Environmental management
- Values: transparency, honesty, anti-corruption and anti-bribery policies

This is achieved through:

- Signing of Azucarera’s code of conduct by suppliers, declaring that they comply with the foregoing requirements
- A risk assessment made by Azucarera in accordance with the ABF group guidelines in the countries in which raw sugar is sourced
- Inclusion of a Corporate Social Responsibility clause in all contracts

Sustainability of sugar cane

Azucarera endeavours to make sure that sugar cane, the raw material for raw sugar, is grown using sustainable practices. For this purpose, it has developed a protocol, with which all raw sugar suppliers must comply, laying down the requirements set by the company or certifications by sustainable sugar cane growing platforms (such as BONSUCRO).

The criteria were established in 2015, announced during 2016 and will come into force in 2018.

Contacts with growers began towards the end of 2016 and we are still working on measures to guarantee the sourcing of sustainable raw sugar.

// Assessing our environmental sustainability

Since 2013, Azucarera has been included in the ECOVADIS assessment platform for collaboration between suppliers and clients to assess the sustainability of the entire supply chain. In 2016, the company obtained a rating of 59/100 and each year it makes an assessment based on this tool, with a view to achieving continuous improvement.



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// Sustainability throughout the supply chain

Azucarera participates in the **SAI** platform, an initiative taken by the food industry to unify “good agricultural practices” and extend them throughout the entire food chain, and specifically to the beet crop in Azucarera’s case.

The success of the platform lies, among other reasons, in the completion of a questionnaire to monitor the agricultural practices used on farms and any improvements that may be implemented. In order to assess the situation of the beet crop in northern Spain, a pilot project was developed at a sample of farms to identify the “best practices” that could be extended to other growers. Azucarera developed the pilot project during the 2015-2016 campaign.

These farms were selected on a random basis, including both small (25 ha) and large farms (630 ha). The following methodology was used:

1. Inform the selected growers of the pilot project and obtain the information necessary to complete the questionnaire
2. Complete the SAI questionnaire
3. Coordinate the collection of data from the field notebooks at the end of the campaign
4. Prepare a final report with the results obtained
5. Develop an action plan

The results were positive. 100% of the growers reached bronze level in the assessment, 88% reached silver level and 56% complied with 75% of the advanced questions (necessary to reach gold level).

Room for improvement was detected in aspects such as the management of nutrients, crop protection, use of agrochemicals, biodiversity, greenhouse gases, access to the market and health & safety.

The following steps in this project are:

- Assess the sample required by SAI
- Adapt the SAI questionnaires to Spanish law
- Implement actions in the areas for improvement detected in the pilot project
- Do an external audit to check compliance under the new assessment
- Take corrective actions to reach silver level based on the outcome of the external audit

The second stage of the project was implemented in the April/May 2016 sowing campaign, with a sample of 60 growers as required by SAI.

An audit will be made at the end of this stage to analyse the situation of Azucarera and define what needs to be done to guarantee the sustainable agriculture levels in the SAI ranking.

The repercussions of this platform will enable the company to join forces for/with its clients and optimise the way Azucarera and its beet growers work.

▶ **All the Azucarera workplaces have been certified as compliant with the requirements of the SEDEX platform. Sedex helps companies to manage their businesses complying with business ethics, respecting the environment, ensuring the health and safety of their employees and operating under working standards.**



// We support the principles and values of the circular economy

The COTEC foundation defines the circular economy as “an alternative to the current production model, based on a linear value chain that generates waste in all stages, from raw material extraction to waste generation, including production, distribution and consumption. The alternative is to extend the useful economic life of the materials and resources for as long as possible, minimising the generation of waste.”

Azucarera gives priority to the principles of the circular economy and constantly works on innovation projects designed to improve the use of resources generated by its principal raw material, sugar beet.

Thanks to this ongoing work, practically 100% of each beet received at our factories is used not only for human food, but also for animal feed and the plant crop, as a natural fertilizer.

The reduction of waste through prevention, reduction, reuse and recycling is given priority at all Azucarera factories, which minimises the amount of waste sent to landfills and the little waste left over from processing (less than 0.5%) is reusable.

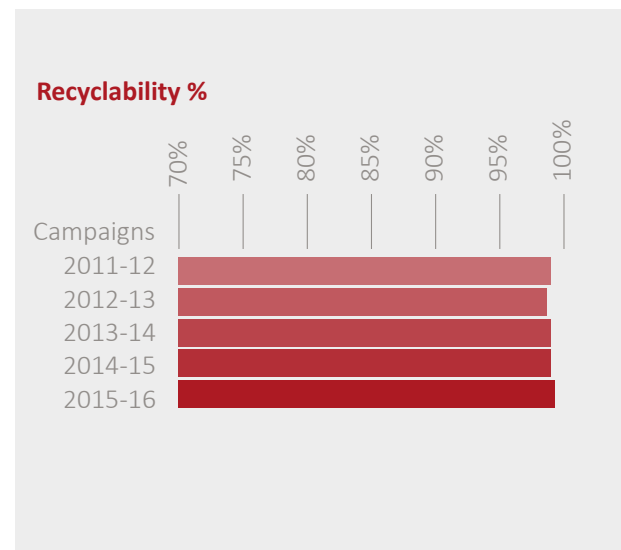
Through its European trade association, the European Association of Sugar Manufacturers (CEFS), Azucarera supports the principles and values of the circular economy through the EUBA alliance (European Bioeconomy Alliance) <http://www.bioeconomyalliance.eu/node/83>.

The vision of the alliance seeks the competitiveness, innovation and sustainable supply of energy and production resources in the EU, leading the transition towards a “post-oil” society, in which economic growth does not entail the exhaustion of natural resources.

Azucarera is committed to a management model based on the principles of the circular economy.

Recycling

Azucarera recycles over 99% of its waste. Thanks to the efforts of our researchers, technologists and engineers, we now use practically 100% of all the beet received at our facilities. The beet is thus used to produce sugar, pulp, molasses and other high value-added co-products for both human nutrition and animal feed, as well as plant applications and fertilizers.

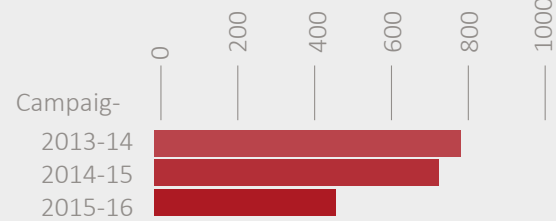


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Water consumption in the production process

Water consumption in processing (thousand m³)



Guadalete

Water consumption was reduced by 37% year on year in the 15/16 campaign, as there was no refining campaign.

Miranda

Water consumption was reduced by 30% (23,914 m³ less than in the previous campaign) thanks to the enhancements implemented by the Water Improvement Working Group set up in 14/15 with the aim of sharing knowledge, experience and good practices among experts.

Bañeza

There was a 34% increase (23,174 m³ more than in 14/15), due to the emptying and filling of the aerobic plant and to the factory having to work at low capacity. At normal capacity, the Azucarera factories have a water surplus.

Toro

Water consumption increased by 76% (14,632 m³ more than in 14/15), due to the filling of a pond at the beginning of the campaign.

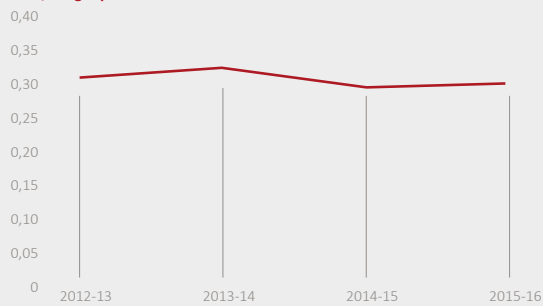
Benavente

Consumption also increased by 56% at the Benavente Packaging Centre (43,938 m³ more than in 14/15), due mainly to the filling of a pond at the beginning of the campaign and the greater production of the centre.

Energy consumption and processing emissions

Azucarera is self-sufficient in electricity generation during production campaigns through its cogeneration (CHP) plants. As it generates more energy than it needs for the processes at all its factories, it sells the excess to the national grid.

tCO₂/t sugar produced



Campaigns	2014-15	2015-16
Toro	0,285	0,259
Miranda	0,306	0,283
Bañeza	0,422	0,296
Guadalete	0,419	0,418
Guadalete refino	0,211	-
Emisiones CO₂ (t CO₂ / t Azúcar producido)¹	0,305	0,307

1. Only emissions from fossil fuels

The company has included emissions generated in refining in this indicator (which traditionally only included emissions generated in the production of sugar). In 15/16, the emissions recorded (0.307 t CO₂ / t sugar) were practically the same as those recorded in 14/15 (0.303 t CO₂ / t sugar). Considering the product of beet sugar, all the factories have been more efficient than in the previous year.





These improvements at all the factories have been achieved thanks to the company's undertaking to increase energy efficiency at the facilities with an **investment of €1,452,769 in energy efficiency projects in the 15/16 campaign.**

Azucarera issues a processing emissions report contemplating all the emissions from:



Consumption of fossil fuels at its facilities

(the principal source of fossil fuel is natural gas, which produces emissions of 163,331 tonnes of CO2)



Production process



Transport operations
own or by third parties



Agricultural activity

(only emissions generated by activities performed directly by the company)

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13% of the emissions are produced by the **logistics operations** performed by Azucarera, or by third parties under company management. This transport includes moving the end product and raw material (beet). 15% of the emissions are generated in processing and include emissions from wastewater treatment. Thanks to the improvements made to water circuits in the factories and no longer having a refining campaign in Guadalete, **processing emissions** have also been reduced. The emissions from **agricultural production** are smaller because there was very little own production in the 15/16 campaign.

Emissions from **energy consumption** have been reduced through the investments in energy efficiency and a more effective use of fuel.

// Solar energy - BREF

In Azucarera we generate energy with our high-efficiency combined cycle CHP plants, producing electricity and steam through cogeneration. The energy generated at our Jerez factory enables us to save more than 17,000 tonnes CO₂ a year, equivalent to the annual emission of 3,500 cars.

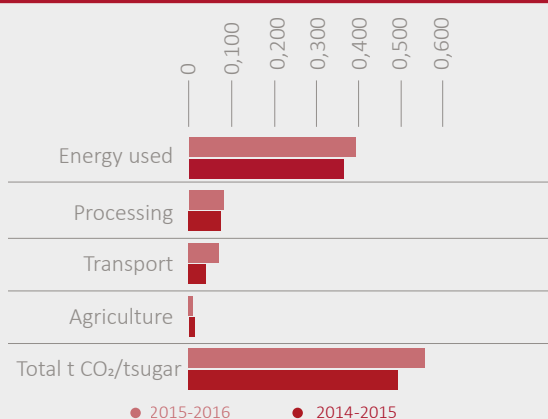
In recent years we have also exploited the sun as a major natural resource for animal feed production, achieving a significant reduction of emissions.

By sun-drying pulp instead of using dryers, we have reduced CO₂ emissions by 13,000 tonnes a year at each of our factories, while also saving on fuel and infrastructure costs. At the same time, a specific sun-dried pulp pressing and ensilage system has been developed, making it possible to store and distribute pulp throughout the entire year and not just in beet production periods.

This pioneer initiative has been considered by the European Commission for inclusion in the best available techniques reference document (BREF) for the sugar industry. It is currently at the Member State consultation stage.

Total emissions (tonnes CO ₂ e)						
	13/14		14/15		15/16	
Energy	223.701	76%	259.720	73%	194.184	70%
Processing	34.885	12%	54.418	15%	42.033	15%
Transport	32.637	11%	31.961	9%	36.064	13%
Agriculture	3.206	1%	8.913	3%	3.252	1%
Total	294.428		355.013		275.533	

Ratio t CO₂ / t Sugar²



2. In emissions per tonne of sugar recorded in the 15/16 campaign, greater efficiency is only observed in agriculture, while we have higher ratios in energy, processing and transport. This is mainly due to the effect of not having a refining campaign, which makes the ratios higher year on year.





// European commitment to sustainable development of the sector

The sustainable development of the sector and sugar production are priority issues for Azucarera, which is a member of the EU Beet Sugar Sustainability Partnership in Europe, through the European Committee of Sugar Manufacturers (CEFS).

This is a collaboration agreement among beet growers, sugar producers and trade unions in the sugar beet sector aims to report on good agricultural, industrial, social and environmental practices for the sector while taking into account the relevant elements of economic viability needed for stable and reliable sugar beet production in the EU.

(<http://www.comitesucre.org/site/eu-beet-sugar-sustainability-partnership/>).

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03

// Rural development

Eisenhower said, "Farming looks mighty easy when your plough is a pencil and you're a thousand miles from the corn field". At Azucarera we are aware of the difficulties facing farmers every day and want to offer them the best service and solutions adapted to their needs





/Actions with beet growers

Campaign guide

In the summer of 2016, Azucarera published a free guide for beet growers, hauliers and service providers in the north of Spain, containing information of interest for the performance of their everyday activities during the campaign. Among other aspects, the guide includes practical examples for optimising production at the lowest cost.

The guide includes procedures, recommendations, contact details and useful information for performing the different work involved in beet farming efficiently and safely. It also addresses transport and essential issues for health and safety throughout the production process, from the farm to the factory.

A similar guide has now been published adapting the information for the south of Spain.

Factory visits

In line with Azucarera's philosophy of transparency and our vocation to disclose and transfer knowledge, during the 15/16 campaign the company activated a factory visit plan for all growers who were interested. 425 growers thus acquired first-hand knowledge of what happens to their beet during the extraction process and were able to consult and solve all their queries with the Azucarera Crop Technician team.



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Recognition for the Best Beet Grower in Andalusia 2016

The sugar beet sector in Andalusia is taking the necessary measures to guarantee its sustainability by increasing yields, improving the technological quality of the beet, lowering the costs of production for growers, improving crop convenience and optimising industrial activity. These actions are backed by fundamental support from the Andalusian institutions.

Within that support for sustainability of beet growing in the south of Spain, Azucarera created the 'Best Beet Grower in Andalusia 2016' Award during the 15/16 campaign. This initiative rewards the grower who develops the best agricultural practices for beet growing during the campaign.

The competition was open to all growers who contract with Azucarera, to stress the importance of following the company's agricultural recommendations to enhance the quality, sustainability and profitability of the crop, set out in its Plan 2020.

The prizewinner of the first edition was Francisco García de Quirós, a young second-generation farmer who achieved an output of 138.41 t/ha over an area of 5.7 hectares, with a quality of 93.2%, one point above the factory average.

Accident prevention on farms

The safety of all those collaborating with Azucarera throughout the entire supply chain is a priority issue for the company, which is jointly responsible with growers and hauliers for avoiding risks.

During the 15/16 campaign, in an effort to promote and spread the culture of accident prevention in the rural environment, Azucarera issued basic guidelines to beet growers and hauliers through its technical teams. Through this action, it managed to draw greater attention to safety in farms, roads and factories, providing information on the location of beet loading points, loading operations, safe pedestrian conduct in fields, waste and losses, and basic rules of food safety and hygiene inside the factory.



Winner with institutional representatives and the CEO of Azucarera

Customised solutions for beet growers

Shared activity

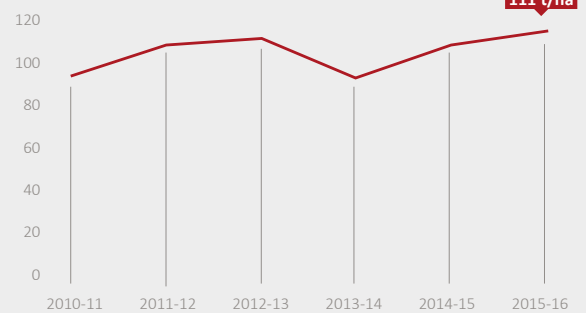
During the 15/16 campaign, Azucarera continued to boost its new tailored contracting models to adapt to all the growers' needs. This model of shared contract is designed for new growers, growers who abandoned the crop more than 2 years ago and are interested in sowing beet again, and those who want to divide their time between beet growing and another activity, along with those who want to minimise risks. Azucarera adapts to the available means of each farmer and accompanies growers throughout the entire crop cycle, offering individual counselling.

Seed recommendation

When contracting in the north of Spain for the 15/16 campaign, Azucarera launched a special promotion offering certain seeds recommended for their high polarisation and good technological quality at a reduced price. Those seeds help growers to obtain higher yields and an enhanced polarisation (sucrose content). The promotion was extended to the campaign in the south and the company maintains its efforts to provide more efficient agricultural solutions for each growing region for future campaigns.

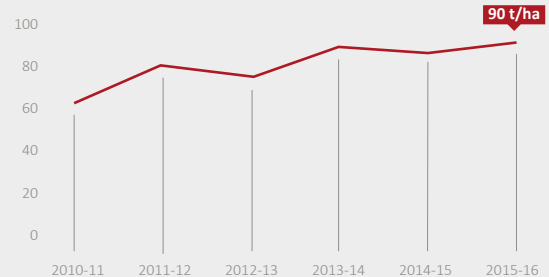
	Yield North (t/ha)	Yield South (t/ha)
2010- 11	91	63
2011- 12	105	80
2012- 13	108	76
2013- 14	89	87
2014- 15	104	86
2015- 16	111	90

Yield North (t/ha)



Yield in northern Spain: Record yields were achieved throughout northern Spain during this campaign. This success can be put down to good preparation of the soil, the weather conditions favouring earlier sowing, the professionalisation of growers throughout the entire crop cycle and the agricultural counselling provided by field experts.

Yield South (t/ha)

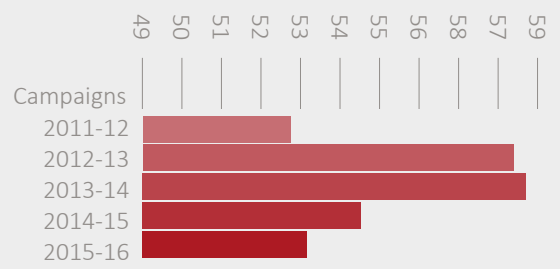


Yield in southern Spain: Yields are improving each year in the south. Much of this success is due to the excellent counselling by field experts at all stages of the crop and professionalisation of growers. Moreover, certain improvements were implemented during harvesting this year.

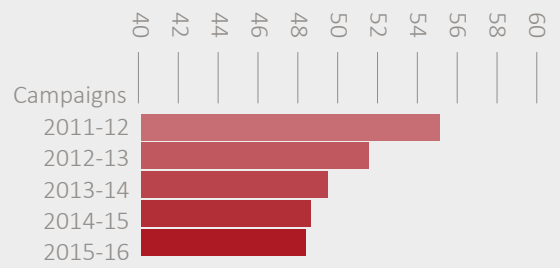


Water consumption in beet growing

m³ consumed North / t beet



m³ consumed South / t beet



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Spreading of Solar Irrigation

Aware of the need to promote the sustainability of natural resources and make the crop more efficient for beet growers, Azucarera continued working in the 15/16 campaign on its solar irrigation implementation plan in the regions where it is most needed.

In addition, in collaboration with the Sugar Beet Crop Enhancement Research Association (AIMCRA), visits were organised for growers to fields demonstrating irrigation systems using photovoltaic solar energy and solutions were offered to install those systems in farms requiring them.

European Project H2020 MASLOWATEN² *(Market uptake of innovative irrigation solution based on low water energy consumption).*

Azucarera and AIMCRA launched the Maslowaten Project in September 2015 and continued developing it in 2016. The aim of this project is to install five solar energy irrigation demonstration sites in four countries, including Spain, with the participation of 10 companies. Visits and technical workshops will be organised as from 2017 and an Irrigation Room will be available to disclose the findings produced since 2015 regarding the use of photovoltaic solar energy, energy efficiency and intelligent irrigation.

2. New eco-friendly solution using photovoltaic pumping systems for productive agriculture irrigation consuming zero conventional electricity and 30% less water.





Promotion of energy efficient systems

In order to guarantee the continuity of irrigation crops by helping growers to use less energy on their farms, Azucarera encourages and provides support for the installation of new, low pressure sprinkler systems. We also support the installation of irrigation monitoring and automation systems to enable remote control by mobile phone, which is more convenient for growers and gives them greater independence in crop management. It also enables irrigation at night, which minimises evapotranspiration, thus reducing water consumption.

Crop development: Plan 2020

Plan 2020 is an agricultural strategy drawn up by Azucarera to develop the crop, with a duration of 6 years commencing in the 14/15 campaign.

It rests on three main pillars: 1) increasing yield, 2) lowering the costs of the crop and 3) improving technological quality.

During the 15/16 campaign, we worked more directly with growers in the following aspects:

- Checking sprinklers, fertiliser spreaders, seed drills and irrigation systems
- Tailored counselling on weed, pest and disease control throughout the crop cycle, especially for growers who have requested such monitoring
- Studies of the most efficient seed varieties to offer solutions tailored to the different growers, enabling them to achieve a greater production with fewer resources
- Counselling on fertilisation (fertilisers and dosage) to ensure that growers adapt to the needs of the crop and are more respectful of the environment.

04

// Community prosperity and well-being

Azucarera's priorities include generating value in the local communities in which we operate, collaborating with organisations that help those most in need and guaranteeing the well-being of our workforce, developing safe, healthy working environments that improve people's quality of life





/ Donations

Every year, Azucarera donates sugar to NGOs, Food Banks and soup kitchens that distribute food among the underprivileged. The company donated 8,000 kg in 2016, especially in the areas in which it operates.

Our employees also make individual donations of sugar that they receive under the collective agreement. They contributed 1,390 kg to food banks during the year.

Apart from sugar, the company contributes other assets such as unused office material, which associations such as Madre Coraje repair and distribute in third world countries; or discontinued clothing that the Red Cross in Miranda uses to make new garments.

/ Collaboration with Donor Association in Miranda

The Azucarera factory in Miranda de Ebro has made certain rooms in the factory available to the Association of Donors of the town for talks to the workforce and has collaborated in the publication of their monthly donation calendar, regularly encouraging employees to participate through its internal communication channels.

/ Collaboration with ASPROSUB

The Packaging Centre in Benavente (Zamora) collaborates with ASPROSUB, a firm that manages housing and employment for people with mental problems. The workers manually package specialty products, packaging some 3,000 kg of sugar a year.

/ Collaboration with Juan XXIII Roncalli Foundation

The Juan XXIII Roncalli Foundation is a benchmark centre for the social and occupational integration of people with intellectual disability through the creation of suitable, sustainable, quality jobs. It has its own radio station, directed and managed by members of the Foundation.

In 2016, Juan Luis Rivero, CEO of Azucarera, participated in the radio programme “Radio Roncalli”, sharing information of interest regarding sugar and the company with 5 broadcasters and all the listeners. This marked the beginning of an ongoing collaboration, which will continue through different actions in future years.



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/ Work-life balancing programme

Azucarera started up a pilot teleworking project in 2014, which was subsequently followed up through different stages. The outstanding acceptance and results of this project have led the company to continue supporting this new way of working to confirm its commitment to aligning personal and business needs. This option is available to all employees, provided it is compatible with their work. 26 employees participated in this project in 2015-2016.

/ Visiting a sugar factory

Every year, Azucarera opens the doors of its factories in both northern and southern Spain to students at local schools and colleges so that they can see for themselves how a sugar factory works. During their visits, they are shown the entire sugar extraction process and the visits end with a chat on other aspects, such as sugar and nutrition or how our business activity affects their environment.

Highlights: During the 15/16 campaign, pupils of the Youth Guarantee programme of the Miranda Red Cross (a programme that helps young people who left school to find a job and wish to take up their studies again) visited the factory to get to know the possibilities of employment in this area and the importance of a good education.

/ Participation in the race organised by the Spanish Cancer Research Association in La Bañeza

Azucarera contributes towards cancer research by sponsoring the Solidarity Race organised by the Spanish Cancer Research Association in La Bañeza. The company has been an official sponsor of the race for several years, contributing funds. Last year, more than 3,000 people participated and a sum of €32,423 was raised for cancer research.

/ Support for La Bañeza FC

Aware of the importance of physical activity in people's lives, Azucarera has supported the La Bañeza Football Club for some years, sponsoring their kit and making annual contributions towards maintenance of their football ground.



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/ Talent development and management

New apprentices and graduates

Young talent is recruited for Azucarera factories through our Apprentice and Graduate Programmes. We aim to incorporate young people who have recently graduated from university or completed an advanced-level vocational course in mechanics, electricity or chemistry.

In both cases, the young people acquire and develop knowledge, expertise, technical and leadership skills, health and accident prevention management and an insight into Azucarera's business and values through the CMC - "Creating My Career" - training programme (with quarterly assessment and feedback meetings).

This experience is the starting point for establishing career plans, so the participation and involvement of the HR officers at each factory is essential for optimum monitoring and singling out the profiles with the greatest potential.

New apprentices and graduates

	2014/15	2015/16
Apprentice Programme	7	24
Graduate Programme	8	8

Dual training

- Sagrada Familia Vocational Schools (SAFA) San Luis Gonzaga – 4 pupils
- Industrial Technical College of Miranda (ITM) – 2 pupils
- Manuel Lora Tamayo Salesian School – 2 pupils
- University Laboral Zamora secondary school (ULZ) – 4 pupils

Internal Training

The professional development of its employees is important for Azucarera. In order to develop the best talent, after completion of each CMC (a quarterly assessment tool that facilitates communication between employees and their superiors), the HR department examines training preferences, analyses courses and trainers and proposes tailored programmes.

Gender diversity

Azucarera is firmly committed to equal opportunities in its employee training and professional career development, taking account of individual skills and abilities in all cases.

Azucarera has made considerable progress in diversity in recent years and continues its efforts to promote these policies in the future.

	2012/13	2013/14	2014/15	2015/16
Investment in training €	453.105	202.146	15.900	56.991
Number of participants	4.317	2.602	4.861	4.423

NB: The amount of investment in training only includes payments to external organisations. Zero-cost courses are run with internal staff and resources in line with the training and cost-cutting policies to guarantee sustainability in the sector.

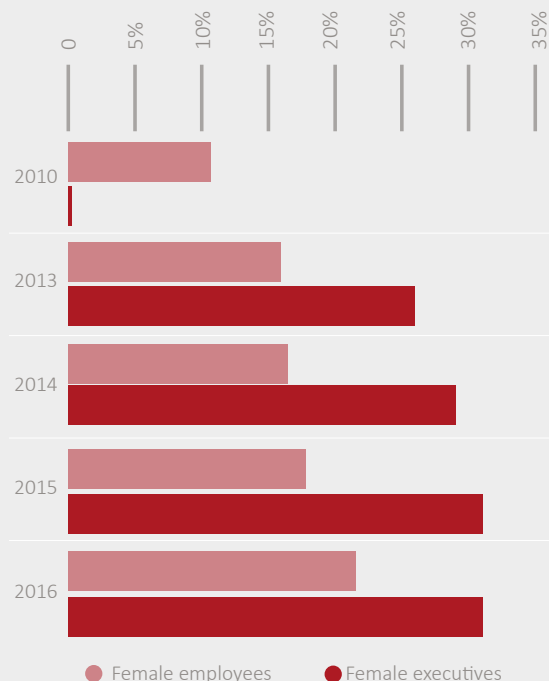
	2010	2013	2014	2015	2016
% women in workforce	10,80%	16,00%	16,53%	17,52%	21,36%
% women in management	0,00%	25,70%	28,75%	31,03%	31,02%

Fostering of Internal Promotion

Maximising, recognising and retaining the talent of the best professionals is one of the company's competitive advantages.

How do we do it?

- By announcing and enabling access to internal vacancies through an internal online portal
- By analysing the internal and external mobility details (CMC and CMCO) for the direct management of personal requests
- By holding talent meetings with area and factory managers





► **Visible Project**

Azucarera started up this project to promote equality and the avoidance of direct or indirect gender discrimination and guarantee a harassment-free working environment.

The campaign was launched on 18 May 2015 with awareness actions among employees, including internal workshops given by the National Women's Institute, leaflets, screen savers, posters and ad hoc training of permanent employees in equality, among other awareness actions.

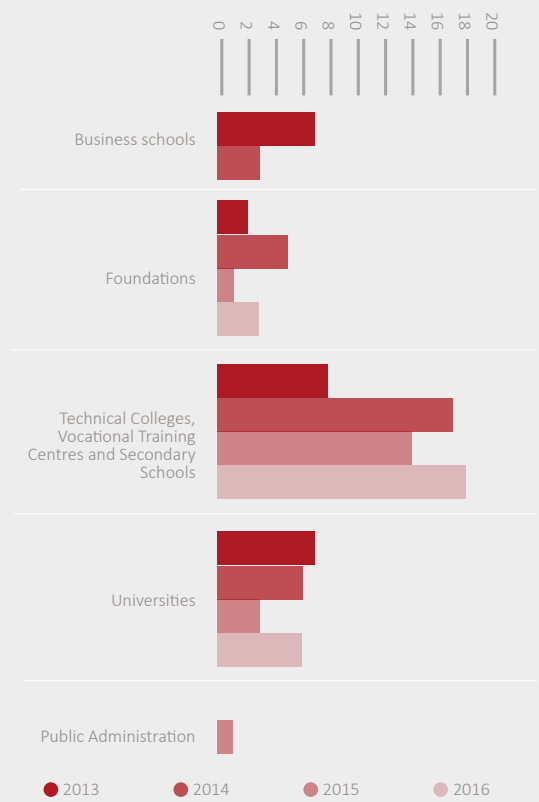
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Agreements with educational institutions

Azucarera is in contact with schools, colleges, foundations and universities, through which it has access to talent and can offer opportunities for different professional profiles. It also participates in several employment forums with the aim of promoting its programmes.

	15/16
Business Schools	0
Foundations	3
Technical Colleges, Vocational Training Centres and Secondary Schools	18
Universities	6
Public Administration	0



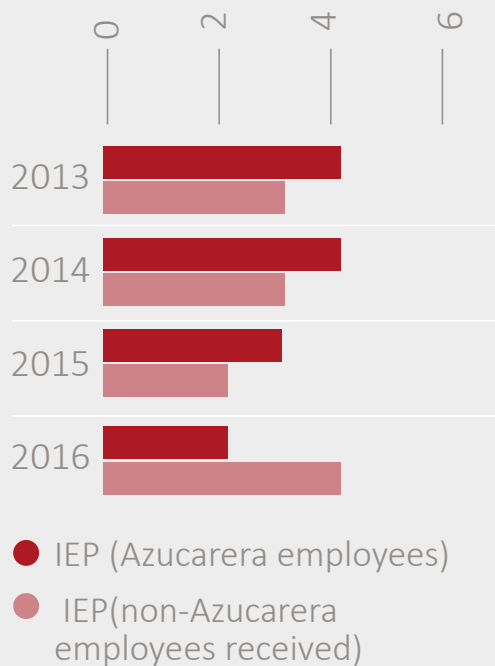
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	Educational institution	Number of interns
Vocational Training Centres, Technical Colleges and Secondary Schools	CIFP MEDINA DEL CAMPO	1
Vocational Training Centres, Technical Colleges and Secondary Schools	CIFP MENDIZABALA	1
Vocational Training Centres, Technical Colleges and Secondary Schools	CIFP RIO EBRO	1
Vocational Training Centres, Technical Colleges and Secondary Schools	EGIBIDE	1
Vocational Training Centres, Technical Colleges and Secondary Schools	ESC. PROF. SAGRADA FAMILIA-SAFA- S. LUIS GONZAGA	1
Vocational Training Centres, Technical Colleges and Secondary Schools	FD Lora	2
Vocational Training Centres, Technical Colleges and Secondary Schools	FD Safa	5
Foundation	FGULEM-FUND. GRAL. UNIV. DE LEON Y DE LA EMPRESA-	3
Foundation	FUNDACION DE LA UNIV. DE BURGOS	1
Foundation	FUNDACION GRAL DE LA UNIV. DE SALAMANCA	2
Vocational Training Centres, Technical Colleges and Secondary Schools	IES FRAY LUIS DE LEON	1
Vocational Training Centres, Technical Colleges and Secondary Schools	IES LA GRANJA	1
Vocational Training Centres, Technical Colleges and Secondary Schools	IES LOS SAUCES	3
Vocational Training Centres, Technical Colleges and Secondary Schools	IES UNIV. LABORAL ZAMORA	5
Vocational Training Centres, Technical Colleges and Secondary Schools	IES VIRGEN DE LA ENCINA	2
Vocational Training Centres, Technical Colleges and Secondary Schools	IES VIRGEN DEL BUEN SUCESO DE LA ROBLA	1
Vocational Training Centres, Technical Colleges and Secondary Schools	INST. TECNICO INDUSTRIAL DE MIRANDA	3
Vocational Training Centres, Technical Colleges and Secondary Schools	INSTITUTO SUPERIOR DEL MEDIO AMBIENTE, S.L.	1
Vocational Training Centres, Technical Colleges and Secondary Schools	SALESIANOS- DON BOSCO	1
Vocational Training Centres, Technical Colleges and Secondary Schools	SALESIANOS- MANUEL LORA TAMAYO	6
Vocational Training Centres, Technical Colleges and Secondary Schools	SALESIANOS- SAN IGNACIO	4
University	University AUTONOMA DE MADRID	1
University	University CARLOS III	2
University	University CEU SAN PABLO	1
University	University DE CÁDIZ	3
University	University DEL PAÍS VASCO	1
University	University NACIONAL DE EDUCACIÓN A DISTANCIA (UNED)	1
		55

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Azucarera International Experience Programme (IEP)

Belonging to an international group such as ABF makes it easier for Azucarera to give its employees the chance to develop and further their careers in other countries. The company has designed an initiative for this purpose and each year a selection of employees are sent to fill vacancies in different countries where the group companies are present. Individual applications for this opportunity are filed through the CMC-Creating My Career- tool (which is explained elsewhere in this report).



During the 2015-2016 campaign:

Four people came to Azucarera from other countries for an experience, not only professional, but also personal, as a good insight into another culture is gained through this programme:

- Alex McNulti: Agriculture-Toro
- Kelly Vercueil: Operations-Jerez
- Monsesan Moodley: Operations-La Bañeza
- Tiya Thakwalakwa: Operations-Toro

Azucarera also sent two employees to other countries, where they became familiar with another way of life, a different way of working and conducting business.

- Isabel Boronat: Agriculture-British Sugar-Bury
- Juan López: Operations-Vivergo-Hull



Creating an accident prevention culture

Health and prevention are the two most important pillars for Azucarera. Information, training and planning are constantly provided at each workplace, for both internal and external personnel.

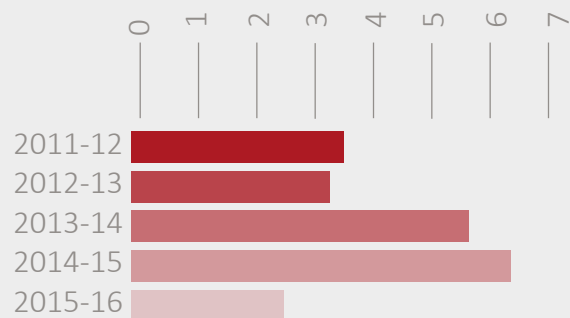
Apart from assigning a large sum of money each year to ensure that its workplaces are adequately equipped, Azucarera is making every effort to change individual and collective responsibility and behaviour in order to avoid all kinds of accidents and incidents.

In 2015, a specific internal communication campaign was begun with the slogan "Safety is a way of life. It is for you. It is for everyone", to make employees aware of the importance of safe conduct by each and every one and stress that they are jointly responsible for adopting that safe conduct. Different actions have been taken within this campaign, including informative posters, indication of sensitive or improved points, risk notification questionnaires, information points at the factory entrance providing information on the use of personal protection equipment (PPE), heart disease, noise and key behaviour.

 *All-time low in the company:*

 **-3,9** *points down in the frequency index*

Frequency index



In 2015/16, Azucarera lowered its accident frequency index by 3.9 points. This reduction was a new all-time low in the company and a further step towards our ambition to be a 100%-safe company.

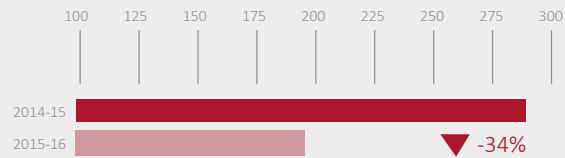


Reporting risks

Index of risks reported by employees	
2013-2014	87,94%
2014-2015	121,00%
2015-2016	162,00%

In 2015/16, our employees continued demonstrating their engagement with Health and Prevention. Their participation in the risk notification system increased by 34%, proving once again that safety is part of each and every one of us who work in Azucarera.

Number of days lost due to accidents





Sugar is food

As a food industry, Azucarera is aware of the importance of offering consumers safe, quality products and providing them with the information they need to make responsible decisions based on scientific evidence concerning sugar.

Sugar beet or sugar cane are the principal raw materials used to manufacture table sugar, as we know it at home. But sugar is also found naturally in several foods, such as milk or fruit.

Certain public health issues, such as obesity and overweight, are caused by an imbalance between what we eat and the energy we use. There is widespread international scientific consensus that there are no good or bad foods, but rather a balanced or unbalanced diet. It is essential to have a balanced, varied, moderate diet that includes all three macronutrients (carbohydrates, proteins and fats), as well as vitamins and minerals, and adequate hydration.

Azucarera works constantly along these lines, together with IEDAR (the Spanish Sugar Institute), reviewing the existing scientific findings concerning the ingredient and its role in human nutrition, so that it can offer its customers, professionals, institutions and consumers true, up-to-date information.



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