

Azucarera
La vida sabe mejor

SUSTAINABILITY

Report

2015

(Details of 14/15 campaign)



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CONTEXT

The beet sugar sector faces a decisive time as beet quotas end on the 30th September 2017.



SECURING RESPONSIBLE RESOURCE CONSUMPTION

Azucarera strives to reduce its impact on the environment



BUILDING RURAL ECONOMIES

The sugar factories are key elements for development of the local communities in which they operate



THRIVING HEALTHY COMMUNITIES

Azucarera contributes towards improving the standards of well-being, health, safety and education of the population, especially in the most underprivileged segments of society



CONTEXT

01

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The beet sugar sector faces a decisive time as beet quotas end on the 30th September 2017”

CONTEXT

This is a momentous time for the beet sugar sector. The end of the European production quota system, the evolution of the commodity markets and the context of the Spanish sector, in the process of redefinition, provide a scenario brimming with challenges and opportunities.

In this scenario, sustainable development of the sector becomes a key premise in our work. At the same time as creating value, it is essential to meet the commitments we have acquired to the different players in the sector and meet the needs of the company's stakeholders (growers, customers, suppliers, shareholders and governments, among others) to guarantee our medium and long-term competitiveness.

In recent years, Azucarera has stepped up its commitment and responsibility as a company. In line with that vocation to improve from day to day, it has adapted and simplified its reporting model over the past year, bringing the organisation's objectives in line with the needs of its main stakeholders and communities in which it operates. Its actions with regard to sustainability are structured around three priority areas:



SECURING RESPONSIBLE RESOURCE CONSUMPTION

The long-term vision of the beet sugar business contemplates challenges such as minimising the impact of climate change, population increase and consumption of the resources that are essential for the sector, including water, energy and soil, as well as adequate waste management. This goal is aligned with the productivity and, above all, the yield of beet growers and development of a sustainable crop.



BUILDING RURAL ECONOMIES

Azucarera's contribution to buoyancy and economic stimulus in the local communities in which it operates favours rural development and well-being, and settling of the population, while guaranteeing optimum efficiency of the agricultural supply chain.



THRIVING HEALTHY COMMUNITIES

The company contributes towards enhancing health, safety and education in the communities in which it operates. It promotes responsible, transparent, zealous communication with customers, consumers and society at large, encouraging healthy lifestyles with a balanced, varied diet, in which sugar is a necessary, compatible nutrient.

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“Azucarera’s goal is to consolidate a collaborating approach as the driving force of our business activity and guarantee of our future and that of the sector. We are striving to build a more solid future, generating economic, rural, environmental and social opportunities that contribute value in the long term and meet the needs of the next generation.”

Juan Lu3s Rivero
Managing Director of Azucarera



Azucarera works hand in hand with its stakeholders to secure constant improvement.



TAX ANALYSIS

Azucarera produces over 600,000 t of sugar, generates an annual economic value of over EUR 400 million, employs almost 900 professionals, collaborates with more than 3,600 growers and completes over 200,000 logistics operations a year in collaboration with third parties. The beet crop provides more than 300,000 days' work in the fields every year and is one of the main sources of local wealth in extensive areas of Castilla y León, Andalusia, La Rioja and the Basque Country.



€410.615.944

ECONOMIC VALUE GENERATED

€407.792.151

Turnover

€2.823.793

Other revenues



€423.992.868

ECONOMIC VALUE DISTRIBUTED

€54.178.570

Wages, salaries and other
welfare benefits

€240.373.932

Raw materials (beet & raw sugar)

€69.735.916

Processing costs

€45.608.161

Other costs

€5.823.242

Interest expense

€0

Dividends

€8.273.047

Taxes



-€602.924

ECONOMIC VALUE REINVESTED

€12.774.000

Investments

€-30.217.128

Retained earnings

€16.840.203

Depreciation



€8.273.047

**TAXES PAID TO CENTRAL
AND LOCAL GOVERNMENTS**

€-11.580.953

Corporate income tax

€1.234.000

Local taxes

€18.620.000

Customs duty and other
business taxes



-€1.604.000

**TAXES COLLECTED FOR THE
GOVERNMENT**

€11.900.000

Income tax deducted from
employees' salaries

€-15.071.000

Net VAT charged

€1.567.000

Tax withholdings on dividends

€6.669.047

Total tax paid

AZUCARERA IN FIGURES



ECONOMIC FIGURES



€411 M

Economic value
generated



€7 M

Taxes paid to the
government



€408 M

Turnover



€3 M

Other revenues

PRODUCTS

715,000 t

Beet sugar + cane sugar
(approx.)

346,000 t

Pulp



100,500 t

Molasses

FACILITIES

2

Head Offices

1

R+D+I centre

6

Production &
supply centres

THE PEOPLE AT AZUCARERA

800

Direct jobs



3,648

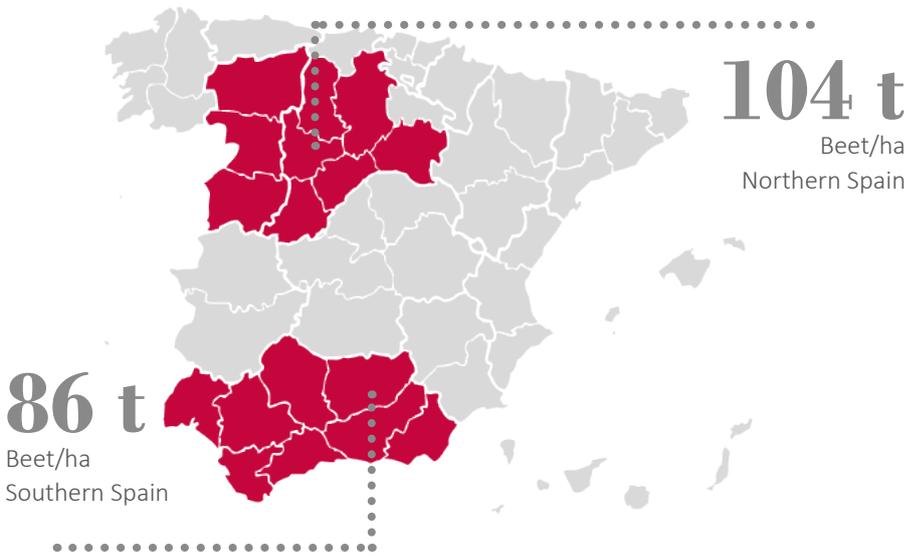
Growers

2.5%

Turnover



IN THE FIELD **2,572,705t** Beet



COMMITMENT TO THE COMMUNITY

35t Sugar donated by Azucarera



1t Sugar donated by the employees

LOGISTICS OPERATIONS



69,000
Product transport*
* Sugar, molasses, co-products, land...



97,150
Beet transport



11,300
Shipping

ENVIRONMENT



0.495 t CO₂ eq/t sugar
Carbon footprint

100%
Self-generation of energy in factories



SECURING RESPONSIBLE RESOURCE CONSUMPTION

02

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Azucarera strives to reduce its impact
on the environment”





SECURING RESPONSIBLE RESOURCE CONSUMPTION

The efforts made by Azucarera to reduce the environmental impact of its business activities, always complying strictly with current legislation on this subject, entail taking specific measures to correctly manage the resources used in its operations, such as controlling water and fuel consumption, reducing emissions and enhancing energy efficiency.

GUARANTEE OF SOURCING OF RAW SUGAR AND SUSTAINABLE CANE

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

To guarantee the sustainability of that raw sugar imported by the company for refining and co-refining, a long-term **action plan** has been implemented to secure sourcing of the raw sugar and sustainability of the sugar cane crop.



The sourcing of raw sugar

The action plan aims 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

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 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, which is the raw material for raw sugar and supplied for its refining and co-refining plants, is grown using sustainable practices. It has developed an action plan in which all raw sugar suppliers must meet certain requirements set by Azucarera or be certified by a sustainable sugar cane growing platform (such as BONSUCRO) to be able to work with the company.

During 2015 we worked on the criteria to be met, so that they can be announced in 2016 and come into force in 2018.

ASSESSMENT OF SUSTAINABILITY

Since 2013-2014, Azucarera has been included in the sustainability assessment tool of **ECOVADIS** (a platform for collaboration between suppliers and clients to assess the sustainability of the entire supply chain). Since then and thanks to the actions taken, its rating was raised by 18 points out of 100 in 2014/15 (current rating: 59/100).

In the future, Azucarera will make an annual assessment based on this tool, with a view to further improving its work in this regard.

Along these lines, Azucarera has begun two projects to secure the sustainability of the beet crop (SAI), Corporate Social Responsibility (CSR) and long-term sustainability throughout the supply chain (THRIVE).

The SAI platform

This is 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 development of a tool in the form 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 began the pilot project during the sowing campaign, commencing in April/May 2015. The pilot project is currently drawing to a close with a representative sample of

25 growers. These farms were selected on a random basis from among growers with long-term commitments to Azucarera, including both small (25 ha) and large farms (630 ha). The following methodology was defined for this project:

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 second stage of the project will begin during the 16/17 sowing (in April/May 2016), with a sample of 60 growers as required by SAI. The aim is to make an audit 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.

THRIVE

In October 2015, the company began a joint project with AB Sustain (another company in the ABF group) with a view to implementing a sustainability and CSR management system throughout the supply chain to assess the level of responsibility in respect of pillars such as:

- Governance: Azucarera must make sure that its CSR and actions to ensure sustainability have a sound structure within the organisation.
- Facilities: Azucarera must have facilities that guarantee the safety and well-being of all its employees and visitors, making sure they are protected at all times.
- Crop: Azucarera must ensure that its growers perform their activity sustainably and work to the same standards of well-being and safety as those imposed in its own facilities.
- People: Azucarera must make sure that the safety and labour rights of all its employees, sub-contractors, growers and their employees are protected.
- Environment: Azucarera must manage its factories and work with growers to produce sugar with the smallest possible impact on the environment.



COMMITMENT TO EFFICIENCY AND ENERGY MATURITY

Azucarera has a clear goal to achieve energy efficiency and savings. It also has a sound energy policy implemented in its industrial processes. During 2015, ahead of the legal obligation established in Royal Decree 56/2016 transposing the Energy Efficiency Directive, an energy audit-then voluntary- was made at each workplace to check the degree of development of its internal energy management system. These audits were made on a documentary level and through horizontal requirements, as well as general visits to the different facilities, divisions and departments to assess the degree of implementation of the system.

The energy audits, made by qualified energy auditors, were submitted to voluntary external verification to check that the data used in the reports were reliable and that the projects assessed and final conclusions demonstrated and substantiated that the sustained reduction of energy consumption is a basic, strategic pillar for all Azucarera workplaces, thus confirming that there is a continuous improvement plan to identify opportunities for progress in the company's energy performance.

MINIMISING WASTE

Azucarera endeavours to minimise its generation of waste through management based on **prevention, reduction, reuse** and **recycling**.

The company strives constantly to improve the crop, promoting projects designed to enhance the beet crop cycle and industrial operations. As a result of this continuous work and the natural, plant origin of the raw material used in sugar extraction, practically 100% of all the beet received at Azucarera factories is used not only for human nutrition (sugar and molasses), but also for animal feed (pulp, tails & leaves, molasses...).

In addition, a number of co-products are obtained during the production process with other applications in agriculture (fertilizers such as Topsoil, Carbocal®, Carbocal Plus®...). This project is now called "Much more than sugar", previously "+QProducts". The use of these co-products minimises the waste generated in the industrial processes.

Through the project "Much more than sugar", the quantity of non-hazardous waste generated was further reduced in the 14/15 campaign, by 67% year on year and 91% over the past five years.

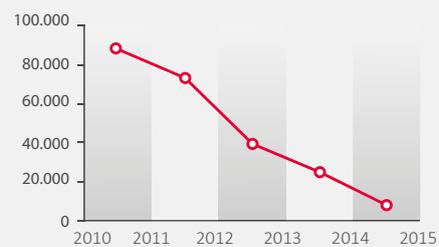
SUGAR BEET COMPOSITION

75%
water

18%
sugar

- The co-products obtained from the rest have a high value added for animal feed.

Tonnes of waste



CLIMATE PROJECT 2014



Awards ceremony at the Ministry of Agriculture, Food and Environment on 3 February 2015, presented by Isabel García Tejerina, Minister of Agriculture.

On 3 February 2015, Azucarera received a Climate Project award, an initiative of the Ministry of Agriculture, Food and Environment (MAGRAMA) to reward initiatives aiming to reduce emissions in the “Diffuse Sectors” (sectors such as agriculture, transport, waste, etc.). The Carbon Fund FES-CO2 grants awards to different projects based on the verified reductions achieved in emissions.

The project presented by Azucarera consisted of replacing both the type of transport and the origin of sugar supplied to Catalonia. This sugar was previously transported by road from the factories in the north (Castilla y León) and now comes from the Guadalete factory in southern Spain and is transported to Catalonia by rail.

This change in transport has reduced diffuse emissions by approximately 1,000 tonnes in four and a half years.



CRISIS MANAGEMENT AS AN OPPORTUNITY TO IMPROVE: EFFLUENT DISCHARGE INTO THE RIVER BAYAS

In October 2014, owing to a leak at Azucarera’s Miranda de Ebro factory, beet washing water was accidentally discharged into the River Bayas, next to the factory.

While handling this incident, several opportunities for improvement were identified and preventive and corrective plans were implemented, to be used in emergency environmental situations at all the company’s facilities.

Azucarera’s swift reaction to remedy the problem and its responsible, transparent communication and collaboration with the competent authorities were the key pillars for managing the crisis efficiently and effectively.

PLAN 2020: WATER AND ENERGY

Plan 2020 is an agricultural plan seeking, among other goals, to secure the sustainable use of resources such as water and energy. With regard to **water**, in the 14/15 campaign Azucarera focused on two working lines: research into new crop varieties requiring less water and the publication of best agricultural practices for efficient use of water. One example of this is the Risk Counselling Plan, informing on adequate quantities of water for specific times in the beet cycle.

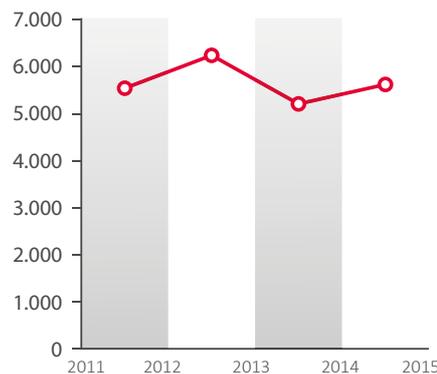
As regards **energy**, Azucarera has been collaborating in the first market applications of irrigation systems using photovoltaic water pumps. In 2015:

- Azucarera joined the European project MASLOWATEN to spread solar irrigation techniques among beet growers. Solar irrigation is an environmentally sustainable source of irrigation, as well as a tool for enhancing agricultural yield.
- Another major project was the promotion of irrigation systems working at lower pressure and thus requiring less energy to move the same quantity of water.

Azucarera will continue working along the same lines in 2015/2016. Within Plan 2020, it will provide training for growers and visit them to demonstrate irrigation using photovoltaic energy and irrigation equipment working at lower pressure. The Plan 2020 technicians will inspect beet growers' irrigation equipment, fine-tuning it ready for the irrigation campaign.

Water consumption in the 14/15 campaign:

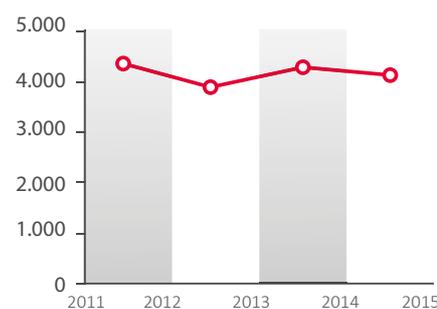
m³ Consumed North



Source: Data obtained from AIMCRA

Water consumption in northern Spain increased 9% year on year as sowing took place at the usual dates (rather than two months later, as occurred in the 13/14 campaign). Apart from this factor, the summer of 2014 was hotter than normal, so irrigation had to be stepped up during that period.

m³ Consumed South



Source: Data obtained from AIMCRA

The quantity of water used in the south was rather similar to that of the previous campaign. Emergence (germination of the seed) irrigation was reduced thanks to the rainfall in autumn and although it was rather a wet winter (especially in November, January and March), a considerable contribution of water was then needed to combat a dry, warm spring.



PULP SUN-DRYING PROJECT

The Sustainability Report 2013 informed on the start-up of the pulp sun-drying project. Pulp is a by-product of sugar beet, which is pressed, dried and pelleted then sold as cattle feed. This vanguard initiative in the animal feed sector seeks to end the use of pulp dryers at all the Azucarera factories. Sun-drying is currently used at all the production plants except Miranda de Ebro, where the weather conditions are not suitable.

From an environmental point of view, sun-drying permits a considerable reduction of CO₂ emissions, estimated at around 12,500-13,000 tonnes a year depending on the factory. A significant saving is also achieved in drying infrastructure costs and dryer maintenance. Above all, energy costs are minimised, as fossil fuels are replaced with much more ecological alternatives, such as the sun. Moreover, the results have confirmed that natural drying does not overheat the pulp as much as dryers do, thus avoiding loss of quality and organoleptic properties in the end product.

As far as direct and indirect job

creation is concerned, the use of sun-drying has led to the creation of 42 jobs in Guadalete, 27 in Toro and 15 in La Bañeza.

At the same time, the development of a **specific sun-dried pulp pressing and ensilage system**, facilitates the storage and distribution of pulp throughout the entire year, thus mitigating the seasonal factor in sales. The greater product availability is beneficial for cattle farmers, who can purchase it at regular intervals and mix it with other animal feed such as cereals and molasses.

During the year, Azucarera submitted a request to the European Commission to have pulp sun-drying recognised in the best available techniques reference document (BREF) for the sugar industry.

INTERPROFESSIONAL AGREEMENT: PRIORITY OF BEET CLOSEST TO THE FACTORY

With a view to enhancing the sustainability of the beet crop and improving industrial competitiveness, the Master Interprofessional Agreement signed by Azucarera and the growers' organisations in 2014 introduced the Sustainable Beet supplement as part of the price received by growers for sale of their beet. This is a variable amount depending on the distance of the farm from the nearest factory, as follows:

- 0- 20 km: 2.0 €/t
- 21- 40 km: 1.5 €/t
- 41- 60 km: 1.0 €/t
- > 60 km: 0.5 €/t

As a result of this supplement and over forthcoming campaigns, the average distance for transporting beet to each milling factory will foreseeably be reduced, lowering the logistics costs and improving competitiveness.

Measures such as this one support an essential model for sustainable agriculture.

ACHIEVEMENTS OF SUN-DRYING



13000 tonnes
*reduction in CO₂
emissions*

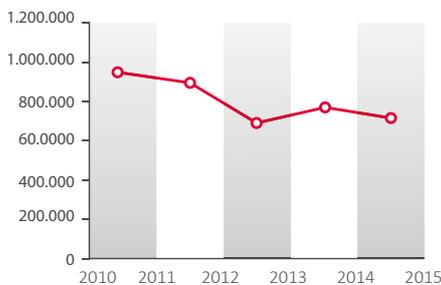


84 jobs created

WATER CONSUMPTION IN THE EXTRACTION PROCESS

The company monitors and controls water consumption during the sugar extraction process to make sure it is managed properly. It also promotes enhanced efficiency in its use, through reduction, recycling, redistribution and awareness measures throughout the entire production process

Process water consumption (m3)



Water consumption was reduced year on year during the 14/15 campaign, due mainly to the following factors:

- There was a fault in the drinking water withdrawal system at the Benavente Packaging Centre in 13/14, leading to a higher-than-normal water consumption by that workplace. Consumption was smaller this year as there were no extraordinary incidents.
- There was no stoppage at the La Bañeza factory in 14/15, as had occurred in 13/14, when water consumption had increased owing to cleaning after the stoppage and at the end of the campaign.

- A biological reactor had broken at the Toro factory in 13/14 and the beet washing water circuit had to be replaced, causing an increase in consumption. In the absence of any such incidents in 14/15, water consumption returned to normal levels

Azucarera created a **“water working group”** in 14/15 with a view to sharing knowledge, experience and good practices among experts, focusing on improving the water system in factories and increasing efficiency.

The external energy used by Azucarera is 100% from renewable energy sources



REMOVAL OF WATER DISPENSERS

During 14/15, Azucarera changed the drinking water supply for employees at the head offices. They had previously had mineral water dispensers, which generated plastic waste. Those dispensers have been replaced with others fed directly from the water mains and each employee has been issued a reusable individual bottle for personal consumption.

As a result, waste generation has been reduced by 76 large bottles and 4,000 plastic glasses a year. A 100% reduction will be sought in 15/16.



A “water working group” has been set up for sharing knowledge, experience and good practices among experts

ENERGY CONSUMPTION

Every year, Azucarera endeavours to make an efficient use of energy, cogeneration and renewable energy sources to reduce costs. This is reflected in a reduction of greenhouse gases and other energy-related impacts.

The emissions produced by the factories' energy consumption are shown below:

Tonnes CO₂ / Tonnes sugar



Following the trend of recent years, CO₂ emissions were reduced in the 14/15 campaign. This is the fruit of the company's undertaking to increase the energy efficiency of its factories (with an investment of EUR 3,334,519 in energy efficiency in 14/15) and optimise fuel consumption. The pulp sun-drying project also had a positive impact on achieving a year-on-year reduction of emissions.

PROCESS EMISSIONS

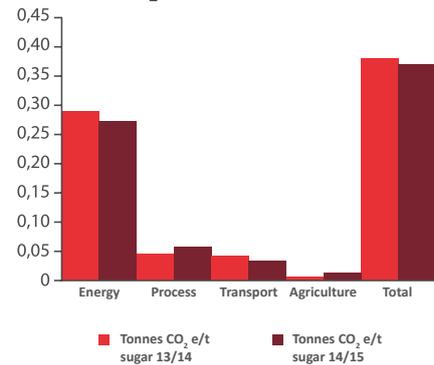
Azucarera publishes a report on process emissions, indicating all the emissions produced from the consumption of fossil fuels at its workplaces, broken down by production process, and from own and third-party transport and agricultural activity (including only emissions generated by activities performed directly by the company).

As we can see, most of the emissions are produced from fuel consumption at the production and packaging plants and at the head offices. The main fossil fuel used is natural gas, which produces an emission of 232,538 tonnes of CO₂.

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. During the rest of the year, the energy required by its factories is obtained from the national grid, generated entirely from renewable energy sources.

9% of the emissions are produced in logistics activities performed by Azucarera or by third parties but managed by the company. This transport includes movement of the end product and raw material (beet).

Tonnes CO₂ / Tonnes sugar



15% of the emissions are from the production process, including emissions from wastewater treatment, and the remaining 3% comes from agricultural activities.

In the 14/15 campaign, the emissions per tonne of sugar show a more efficient use of energy and transport (which has been most efficient, transporting a larger quantity of sugar but over fewer km).

However, in Process and Agriculture, we were less efficient than in the previous campaign. In Process, this is because the campaign and inter-campaign figures have been reported, whereas in the previous year only the campaign figures were included. In Agriculture, 2.4 times more beet from own crops were delivered to the factories. However, the total sugar production did not increase.

Tonnes CO₂e (process emissions)

	13/14		14/15	
Energy	223,701	76%	259,720	73%
Process	34,885	12%	54,418	15%
Transport	32,637	11%	31,961	9%
Agriculture	3,206	1%	8,913	3%
Total	294,428 tonnes CO ₂ e		355,013 tonnes CO ₂ e	



*Azucarera is self-sufficient
in electricity generation*



BUILDING RURAL ECONOMIES

03 “

The sugar factories are key elements for development of the local communities in which they operate”





BUILDING RURAL ECONOMIES

Since the restructuring made in 2006, known as the Common Market Organisation (CMO), the Spanish beet sugar sector has invested heavily in both agriculture and industry to become more competitive and guarantee its sustainability. Approximately 1,304,000 tonnes of sugar are currently sold in Spain a year, 41% of which is produced by Azucarera. The company receives beet from 3650 growers and has around 900 employees on its payroll, distributed among five factories and one R+D+I centre in Castilla y León, a production plant in Andalusia and two offices, in Madrid and Barcelona.

The Spanish sugar beet sector has developed and become more professional over the years, growing into a strategic, stable, sustainable sector. Nowadays, the sugar production centres make an important contribution to the development and economic stimulus of the local communities in which they operate, favouring rural well-being and settling of the population in numerous regions and villages in the north and south of Spain.



INTERPROFESSIONAL AGREEMENT

Terms and conditions for contracting in the beet and sugar sector (growers and industry) are established in the Master Interprofessional Agreement. An agreement was signed last year covering a period of 5 years (2015-2020). This is important for joining forces and sharing goals with growers to achieve consolidation and sustainability of the beet sector in Spain, beyond the elimination of production quotas in 2017, which will bring about a substantial change, requiring new measures to become more flexible.

This Interprofessional Agreement provides a framework of stability unmatched for any other crop, enabling the sector to be more competitive over coming years, increasing the productivity of a long-standing agricultural business. The balance between profitability and well-being allows growers to choose agriculture and, more specifically, the beet crop for their future livelihood.



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 crop-related costs and 3) improving technical quality.

Within Plan 2020, the company's field technicians will provide personal agricultural counselling and general information. Azucarera will concentrate on recommending and informing growers of the best agricultural practices for the crop, such as use of the best seed varieties on the market, correct fertilizers, efficient and effective plant disease and pest control, efficient use of water, machinery and facilities, etc. Not forgetting the new technologies on the market, such as solar irrigation, irrigation at low pressure and automatic irrigation.

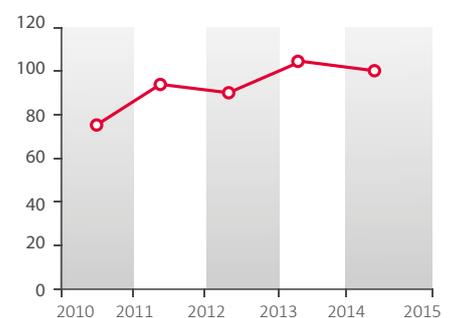
Azucarera considers it important to find out what barriers hamper the activities of growers in different geographical areas who face specific problems linked to those areas, improve on those three fundamental pillars and find a solution suited to those specific characteristics, in order to continue building a more profitable, sustainable sector with a guaranteed future for everyone in it.

Yields in the North (t/ha)



Yields in the northern region in the 14/15 campaign reached 104 t/ha on average, resuming the growth trend of recent years. Sowing was done at the right time and the favourable temperatures and availability of water enabled optimum development of the crop.

Yields in the South (t/ha)



Average yield in the 14/15 campaign in the south was 85.5 t/ha (89 t/ha on plots with irrigation). Although yield was slightly down on the previous year, the crop grew normally and completed its expected cycle despite the high temperatures in mid-May.

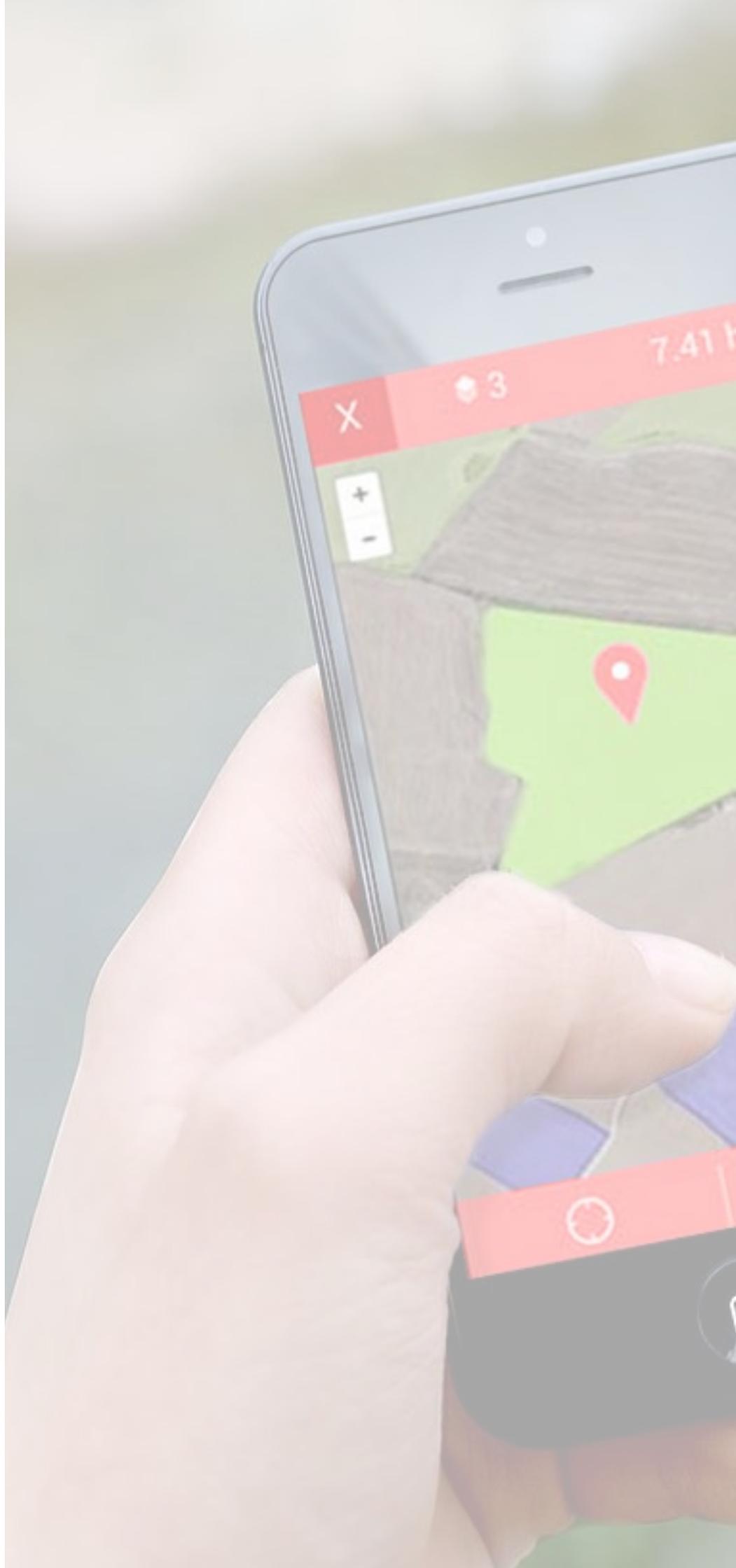




ECONOMIC ACTIONS FOR GROWERS

One of Azucarera's priorities is to facilitate growers' work from a technical, operational and economic point of view, guaranteeing stability in the post-quota period. Several initiatives were taken during the 2014/2015 campaign, coherent with the company's undertaking to increase its collaboration with growers and seek solutions to help the crop.

- **Purchasing of all surplus beet** (non-quota beet that is normally bought at a lower price than that contemplated in the Interprofessional Agreement because the sugar will have to be exported, producing greater costs for the industry) at full price (price previously stipulated in the Interprofessional Agreement).
- **Extraordinary payments for beet not harvested in La Bañeza due to adverse weather conditions**, after the end of the campaign. Azucarera paid 27.41 €/t for this beet and paid for its transport to the factory.
- **Agreements between Azucarera and the banks in the south** to seek beneficial conditions and specific funding solutions for beet growers.





PROMOTION OF NEW TECHNOLOGIES

Azucarera considers the widespread use of new technologies in agriculture fundamental to guarantee the professionalisation and efficiency of the supply chain from the field to the table. It has, therefore, decided to lead the implementation of new technologies in beet growing by developing technological tools to facilitate growers' work and generate fast, efficient communication channels to offer the best service, such as:

Geolacha

In the spring of 2015, Azucarera started up a system of geographical information for the spatial analysis of the territory and logistics organisation of the harvesting campaign. This tool currently provides the following services:

- Correct, complete location of the different agricultural plots on which beet is grown.
- Analysis of geographical features in the different beet-growing areas, assisting decision-making on the organisation of machinery and transport.
- Classification of beet plots, combining criteria related with soil characteristics, resistance of the land to rainfall and accessibility, enabling a better reaction to adverse weather conditions.
- Calculation of optimum beet transport routes between plots and factories.
- Real-time graphical monitoring of the evolution of the harvesting campaign. This information is largely obtained through an application offered to growers and service providers, explained in the following point.

Mobile agricultural management application (Agricultural APP)

Since August 2015, growers have had a communication channel through a mobile application, which is especially important during harvesting and delivery. This application, free and compatible with all operating systems, is designed to synthesize and provide customised real-time information on planning and the progress of deliveries from each farm, allowing users to update information, such as details of beet harvested on plots by growers and/or service providers and beet deliveries.

Fleet management by GPS positioning

Azucarera started this project up in 2015 with a view to guaranteeing an optimum logistics service. It is a tracking tool for all participants in the logistics chain. It is important both for solving incidents and to establish performance indicators to assess and improve the performance of all those involved in supplying beet.

All these tools have a positive impact on growers' agricultural activity and quality of life, making beet-growing more technical, professional, convenient and profitable for beet growers, as a result of which the rural population tends to settle in the communities in which Azucarera operates



THRIVING HEALTHY COMMUNITIES

04

“

Azucarera contributes towards improving the standards of well-being, health, safety and education of the population, especially in the most underprivileged segments of society”



THRIVING HEALTHY COMMUNITIES

Azucarera promotes community support through actions determined by its vocation of collaboration and service, both inside and outside the company, guaranteeing strict ethical compliance.

Accordingly, it contributes towards improving people's well-being, health, safety and education, paying special attention to the underprivileged.

At the same time, the company promotes responsible, transparent, zealous communication with society (customers, suppliers, employees and consumers), based on and backed by scientific evidence to promote healthy lifestyles, defending a varied, balanced diet in which sugar is a necessary, compatible nutrient.



ISO CERTIFICATION OF THE TOOL "CREATING MY CAREER"

Since 2012, Azucarera has had its own tool for assessing the performance of its employees, called "Creating my Career" (CMC). This tool informs employees on the company's objectives and enables them to align their personal goals with those of the company.

The process consists of several stages: 1) analysis of abilities and discussion between employee and assessor; 2) analysis of individual goals; 3) identification of expertise; 4) discussion of interests in alternative positions for the employee and experience; and 5) analysis by HR of the process.

In 2015, the tool was accredited according to ISO 10667-2, the specific standard for assessing people in working environments, which sets the requirements for procedures and methods to ensure rigorous, effective assessment tailored to the organisation and fair on people, guaranteeing high quality assessment.

In this way:

- The **company** confirms the validity of the process and ensures a fair, adequate assessment to measure the skills and abilities of its employees.
- It is also a guarantee for the **workers**, since an external firm certifies that we follow fair procedures respecting all the legal and professional requirements for this kind of assessment.
- Since it is an **international standard**, it has the additional advantage of being valid not only in Spain but also in any other country in the world.

Azucarera continues developing CMC on a six-monthly basis and will submit the tool to annual audits to maintain its certification, making changes through its Continuous Improvement policy. A specific variation of CMC has been established for employees who do not have a computer, called CMCO, shortly to be presented for certification. This will close the performance assessment process with assessment of the company's entire workforce.

TELEWORKING

Azucarera's goals regarding home-life balance define satisfactory working conditions for its employees, enabling them to combine their work and personal life. A pilot teleworking project was started up in 2015 with the participation of 28 people from different disciplines and areas of the company.

The project lasted six months, during which the participants were given the opportunity to work from home one or two days a week. Prior to commencement of the project and to make it viable, the participants were provided with:

1. Risk assessment of their job
2. Adequate computer equipment
3. Secure connection with the company's server
4. Mobile telephone

Based on the success of the pilot experience in 2015, the test will be extended in 2016 to all positions compatible with the programme and organisation of the company's business.

PHYSICAL ACTIVITY AND HEALTH

Over the year, Azucarera has supported several actions linked to sport, among which we highlight the **'Race for Hope' organised by the Spanish Cancer Research Association**, and more specifically by the Local Council of La Bañeza, where this event takes place every spring.

The purpose of this race is to promote awareness of cancer prevention, appealing to the population for the public health system to spend efforts and funds on cancer research.

Within the same town, Azucarera has also continued sponsoring the **La Bañeza Football Club**.

On principle, Azucarera endeavours to optimise its employees' general conditions, with a strong commitment to fostering their work-life balance and well-being. During 2014/15, the company entered into several agreements designed to encourage physical activity, such as:

- Agreement with the Sport Place sports centre securing a special price for Azucarera employees to use its facilities.
- Agreement with the paddle tennis school Padel-Space Las Tablas securing a special price for Azucarera employees to use the facilities and discounts on sports items.
- Agreement with the company BeWater securing a discount for the children of Azucarera employees at the Gigantes basketball campus.
- Agreement with EF for an English summer camp for employees' children.
- Agreement with the Aramon ski resort arranging a discount for Azucarera employees.

HEALTH AND PREVENTION

Health and prevention are two of the most important pillars for Azucarera. Information, training and planning are constantly provided in respect to accident prevention measures for both internal and external personnel at each of the company's workplaces.

In its aim to be a totally healthy, safe company, it has a highly innovational Occupational Hazard Prevention action plan and programme, enabling a real integration of Health and Prevention as part of the everyday work of all its employees and contractors.

In this context, apart from assigning a large sum of money to the correct equipping and layout of its workplaces, the company places considerable emphasis on the need for personal responsibility and behaviour to avoid all kinds of accidents and incidents.

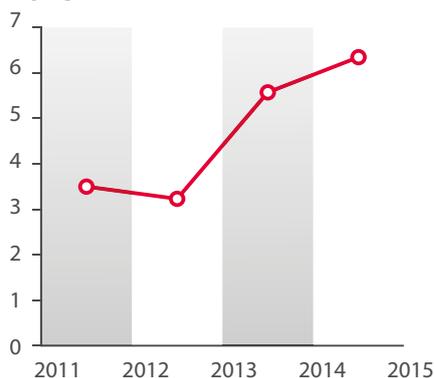
A positive point for the period was the 19.5% reduction in the total number of injuries in Azucarera.

Employee involvement in detecting and reporting risks for solution increased even further in 2014/15. All Azucarera's factories, packaging centres and the R+D+I centre recorded participation rates of 100%.

Moreover, in summer 2015 we began a specific awareness and communication campaign to stress the importance of safe conduct in all everyday activities of each and every one of our employees and that they are jointly responsible for adopting that safe conduct, with the slogan "Safety is a way of life. It is for you. It is for everyone" (details of this campaign are set out below).

The number of injuries
was reduced by
19,5%

Injury Rate



INTERNAL HEALTH AND SAFETY COMMUNICATION CAMPAIGN

The health and safety of all those working in Azucarera are two priorities on which the company bases its development as an organisation and its business targets. The company constantly encourages its employees to maintain responsible, safe conduct in their everyday activities.

An internal awareness campaign was begun in October 2015 with the slogan "Safety is a way of life. It is for you. It is for everyone", upholding a change in individual responsibility and behaviour to avoid accidents and incidents of any kind.

These efforts, together with the collaboration of employees and contractors, aim to meet Azucarera's principal objective in this respect: "0 injuries".

Actions of this nature are a priority within the company's sustainability strategy, which maintains a constant development of prevention practices, aware of the ongoing evolution of the technologies and methodologies used. Other examples of these good practices are the development of a programme of cultural change in prevention or the creation of "prevention circles" and working groups to encourage employee participation in decisions on health and safety and action plans.

STAKEHOLDER VISITS TO FACTORIES



Azucarera factories receive organised visits by different stakeholders every year, especially by beet growers and pupils from state and private secondary schools near the factories. Apart from these groups, the company proactively organised visits last year from local entities and institutions.

While gearing each visit to the specific interests of each group, they were all shown the sugar extraction process and informed on the principal aspects of the important economic, social and environmental contribution made by Azucarera and its beet growers in the local development of the regions in which they operate. Azucarera also highlighted the vision of sugar as a nutrient, from the point of view of a moderate consumption within an active lifestyle.

Azucarera considers this interaction with stakeholders an essential part of its policy of transparency and opening-up, so it will continue promoting this kind of activities in the future.

RECOGNITION OF OUR HEALTH AND SAFETY EFFORTS

In this section we highlight some of our activities and awards in this important area.

The Azucarera factory in Jerez was recognised as a "heart-safe space" by the Andalusian regional government. This distinction, awarded by the Department of Equality, Health and Social Policies, certifies that the workplace meets the necessary requirements to provide and maintain a healthy, sustainable working environment, responsibly structured to protect workers' health.

The Jerez factory has Semi-Automatic External Defibrillators and sufficient trained personnel on all shifts and at all work stations to guarantee being able to offer an adequate response in the event of cardiac arrest.

Azucarera trains members of the Heart and Lung Resuscitation Team and makes sure that there are employees with the necessary knowledge working on all shifts. This certification as a Heart-Safe Zone recognises the efforts and work done to prevent critical situations and act correctly to protect the health of all employees.

Azucarera participated in the "Healthy Work" campaign organised in Seville by the Seville Occupational Hazard Prevention Centre of the Andalusian regional government and the European Agency for Safety and Health at Work with the slogan "Healthy work: let's handle stress".

The ceremony gave the company's spokespersons an excellent opportunity to demonstrate the health and safety actions developed by Azucarera, in a speech that underscored the importance of prevention in this regard.

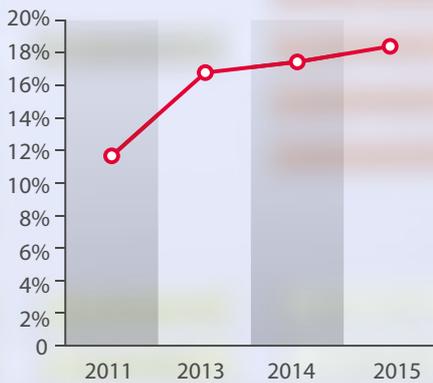


EQUAL OPPORTUNITIES

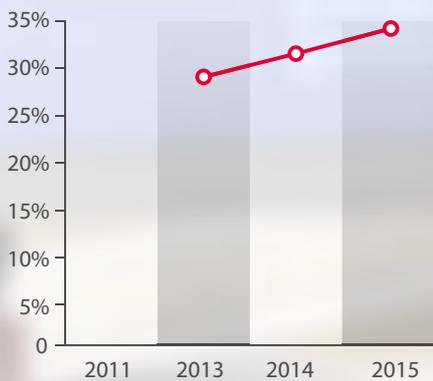
Azucarera has a firm commitment to equal opportunities in its employee training and professional career development, taking account of individual skills and abilities in all cases, and this was stepped up in the 14/15 campaign.

Azucarera has made considerable progress in this workforce diversity in recent years, as illustrated by the following diagrams, and continues its efforts to encourage these policies in the future.

% women in workforce



% women in management positions



% female executives=Considered at salary level 12 and higher



TALENT DEVELOPMENT AND MANAGEMENT

Companies' most valuable asset is the talent of their professionals. Aware of that need, Azucarera runs different programmes to attract, develop and retain that potential.

The company is firmly committed to incorporating young people in employment and arranges work experience programmes at its workplaces so that students can combine it with their studies. The company thus attracts the best talent and learns and is refreshed through these new profiles, while students put their theoretical training into practice.

Specific collaboration agreement with the Public Employment Service of Castilla y León (ECYL)

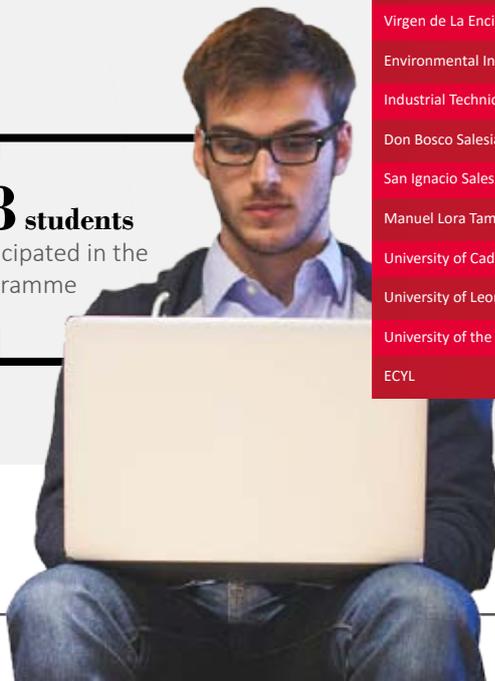
Last year Azucarera signed a specific agreement with the Public Employment Service of Castilla y León (ECYL) for work experience at the Benavente Packaging Centre. This is an example of Azucarera's commitment to combatting youth unemployment.

Agreements with education centres and other entities

	2013	2014	2015
Business Schools	7	3	0
Foundations	2	2	1
Technical Collages, Vocational Training Centres and Secondary Schools	7	17	14
Universities	7	6	3
Public Administration	-	-	1

58 students
participated in the
programme

		Number of interns
FGULEM (General Foundation of the University of Leon and Business)	Foundations	3
Integrated Vocational Training Centre Simón de Colonia	Vocational Training Centres, Technical Colleges and Secondary Schools	2
Egibide	Vocational Training Centres, Technical Colleges and Secondary Schools	1
Sagrada Familia Vocational Schools (SAFA) San Luis Gonzaga	Vocational Training Centres, Technical Colleges and Secondary Schools	10
Fray Luis de León secondary school	Vocational Training Centres, Technical Colleges and Secondary Schools	1
Fuentesnuevas secondary school	Vocational Training Centres, Technical Colleges and Secondary Schools	1
La Granja secondary school	Vocational Training Centres, Technical Colleges and Secondary Schools	1
Río Duero secondary school	Vocational Training Centres, Technical Colleges and Secondary Schools	2
Universidad Laboral Zamora secondary school	Vocational Training Centres, Technical Colleges and Secondary Schools	4
Virgen de La Encina secondary school	Vocational Training Centres, Technical Colleges and Secondary Schools	2
Environmental Institute	Vocational Training Centres, Technical Colleges and Secondary Schools	1
Industrial Technical College of Miranda	Vocational Training Centres, Technical Colleges and Secondary Schools	4
Don Bosco Salesian School	Vocational Training Centres, Technical Colleges and Secondary Schools	4
San Ignacio Salesian School	Vocational Training Centres, Technical Colleges and Secondary Schools	1
Manuel Lora Tamayo Salesian School	Vocational Training Centres, Technical Colleges and Secondary Schools	12
University of Cadiz	Universities	3
University of Leon	Universities	1
University of the Basque Country	Universities	1
ECYL	Public Administration	
Total interns		58





Apprentice and Graduate Programmes

Graduate Programme

The Graduate Programme is for students who are finishing or have just finished different degrees with academic content corresponding to the different areas of the organisation, so that they can broaden their knowledge and develop skills in a technological environment with a sound innovation culture.

Apprentice Programme

The Apprentice Programme is designed to hire and train factory operators and maintenance technicians for two years. It is aimed at vocational training students who are completing or have recently completed their courses. At the end of their apprenticeship, they may be included in the Specialist Technician Programme.

DUAL TRAINING

Dual Training has been successfully introduced and subsequently confirmed and consolidated as one of the channels for access to the Azucarera apprentice programme. The company has Dual Training, or sandwich, projects (combining theoretical education and practical training in companies) with the following schools:

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

14/15 campaign

	2013/2014	2014/2015
Apprentice Programme	18	7
Graduate Programme	18	8



Sergio Pérez
(ULZ, Benavente)

“It is a great opportunity, through which you can become familiar with the labour environment and come out better prepared for the real world”



Jorge González
(ULZ, Toro)

“Dual training is a good way of establishing direct contact between business and academic training and opens the door to a possible job in the company in the future”



Adrián Ortega
(ITM, Miranda de Ebro)

“I consider it very interesting and it is a very good experience because I put into practice everything I learn at the technical college. I can delve into matters I had previously not had a chance to study, such as robots and electricity”

INTERNATIONAL EXPERIENCE PROGRAMME (IEP) 2014/2015

One of the advantages of Azucarera belonging to international group is that it is able to give its employees the chance to develop and further their careers in other countries. Azucarera has designed an initiative for this purpose, through which a selection of employees are sent each year to fill vacancies in different countries where the group companies are present. Individual applications for this opportunity are filed through the CMC tool.

Members of the Azucarera IEP Programme 14/15

- Ivan Martín- From Azucarera-Agricultural Area to British Sugar
- Garazi Inunciaga- From Azucarera-Operations Area to Illovo (Malawi)
- Javier Varela- From Azucarera-Operations Area to Illovo (Zambia)

Other companies in the Group

- Hlelile Mavimbela- From Illovo-Quality and Environment Area to Azucarera (Toro and Guadalete)
- Justin Fletcher- From British Sugar-Agricultural Area to Azucarera (Toro)

	2013	2014	2015
IEP (Azucarera employees)	4	4	3
IEP (employees received)	3	3	2



“Since I returned from my IEP I have been a different person. Apart from what I learnt there and the technical work I did, I was able to grow and take the opportunity of LIVING and WORKING along with the Zambians. I lived with people, cultures, habits and ways of working that are very different from what I am used to and I now have a much broader professional and personal outlook”

Javier Varela, from Miranda de Ebro to Illovo (Africa)

SUGAR DONATION PROGRAMME

Every year, Azucarera supports the underprivileged by supplying sugar. This aid is mainly concentrated in areas where the company is present and is mostly channelled through NGOs and Food Banks, which have sufficient infrastructure to reach the largest possible number of recipients.

In 2014 and 2015, Azucarera donated a total of 34,600 kg of sugar to different non-profit organisations, both religious and lay, and to different food banks: Rastrillo Nuevo Futuro, Food Banks (Madrid, Barcelona, Zamora, Seville, Cadiz, Jerez and Palencia), Caritas (Astorga, Corintios XIII, La Bañeza, Lebrija and Zamora), Hermanitas de los Pobres, Hermanas Clarisas, Cruz Roja de Miranda, AECC La Bañeza, etc.

In addition, the employees of Azucarera regularly receive sugar as a right contemplated in their collective agreement. Those who so requested donated one tonne of sugar during that time to the needy.



TRAINING

Employees receive constant training in Azucarera to develop their skills. Every month, the workforce is offered free in-person and online courses covering both technical training and the development of skills. An internal training plan has also been established for company employees to share their expertise.

External Training

	2013/2014 (€)	2014/2015 (€)
Investment in training	202.146 €	14.751 €
No. employees attending training	2.602 €	4.695 €

NB: The amount of investment in training only includes payments to external firms. Zero-cost courses are provided with internal personnel and resources in keeping with the training policies while cutting costs to secure the sustainability of the sector

Internal Training

	Participants	Hours
Excel	24	144
Valuation and payment of beet	84	252
Introduction to liquid sugar	18	36
Safety & good practices for handling sugar	63	252
VTIR: the technological quality of beet	59	354
Avoid mechanical damage to beet	23	69
Interpretation of laboratory data	27	162
Control and reduction of sugar losses	10	30
Best practices in handling of chemicals	9	27
Administration of beet after harvesting	27	108
Power Point tips	24	72
Total	368	1.506

34.600 kg
OF SUGAR DONATE



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