Growing together, creating value
CONTENTS

AZUCARERA IN FIGURES 3

THE THREE PILLARS OF AZUCARERA 5

1. RESPONSIBLE USE OF RESOURCES 6
   - Rational use of energy and reduction of emissions
   - Optimising processes
   - Plan Renova Factory lighting
   - Water consumption
   - Waste management
   - Circular economy Pact

2. RURAL DEVELOPMENT FOCUSING ON GROWERS 11
   - Technical work in the fields
   - Good practices programme
   - AIMCMA, a fundamental pillar for the sector
   - Precision agriculture: a new way of understanding the crop
   - Agronomic training and information

3. PROSPERITY AND WELL-BEING OF COMMUNITIES 13
   - Healthy Company Project
   - Global Health and Prevention Index
   - Frequency index
   - Incorporation of procurement in our digital documentary management
   - Training
   - Gender diversity
   - Work-life balance and flexibility
   - Apprentice and Graduate Programme
   - International Experience Programme
   - Collaboration agreement and arrangements with educational establishments
   - Support for persons and groups of society
   - Safe, quality food

ALIGNED WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS 18

LOOKING AHEAD 19

“WE ARE FIRMLY COMMITTED TO SUGAR BEET”

Juan Luis Rivero
Managing Director of Azucarera

Azucarera is firmly committed to maintaining the beet crop in Spain, aware of the significant role we play as a driving force of the economy, employment, progress and rural development in large parts of the country. Now, faced with a serious threat of depopulation and rural exodus, our business is more strategic and important than ever. Moreover, by supporting sugar beet, we reaffirm our commitment to sustainability and our respect for the environment and the circular economy.

PEOPLE
1,322
Direct jobs

AGRICULTURE
3,227
Growers

SUGAR PRODUCED
443,017
Tonnes

1. Liquid Specialties Plant

1 R&D and Innovation Centre

2. Packaging Centres

4 Production Centres

FROM THE RAINING TO THE FARM

ANIMAL FEED
411,496 t

Agriculture
107,863 t

Industry
3,874 t
INVESTMENT
During the 2017-2018 crop year we invested €11.59 million in measures to enhance efficiency, plant maintenance, food safety, health and safety of our workers, and the environment, among other areas. Over the past five years, we have invested some €69.74 million overall.

<table>
<thead>
<tr>
<th></th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
<th>TOTAL 5 YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Plan for property, plant &amp; equipment (€)</td>
<td>15,880,000</td>
<td>12,774,000</td>
<td>9,873,000</td>
<td>19,624,000</td>
<td>11,593,000</td>
<td>69,744,000</td>
</tr>
</tbody>
</table>

KEY FIGURES (€)

<table>
<thead>
<tr>
<th></th>
<th>2017/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>333,065,512</td>
</tr>
<tr>
<td>Operating profit/(loss)</td>
<td>-34,773,875</td>
</tr>
<tr>
<td>National suppliers</td>
<td>95%</td>
</tr>
</tbody>
</table>

TAXES

<table>
<thead>
<tr>
<th></th>
<th>2017/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct taxes paid by Azucarera to the State</td>
<td>13,175,000</td>
</tr>
<tr>
<td>Indirect taxes collected by Azucarera for the State</td>
<td>4,340,000</td>
</tr>
<tr>
<td>Total taxes paid by Azucarera</td>
<td>17,515,000</td>
</tr>
</tbody>
</table>
**1. RESPONSIBLE USE OF RESOURCES**

We are committed to respect the environment and a rational use of the resources we use, both in agriculture and in our production processes.

**Rational use of energy and reduction of emissions**

- **Evolution emissions (t CO₂/t sugar)**
  - 0.40
  - 0.35
  - 0.30
  - 0.25
  - 0.20
  - 0.15
  - 0.10
  - 0.05
  - 0.00

- **Ratio (t CO₂ equivalent)**
  - Total: t CO₂/t sugar
  - Agriculture
  - Transport
  - Processing
  - Energy used

**Where we are now**

In the last crop year, our carbon dioxide (CO₂) process emissions were 0.30 tonnes of CO₂ per tonne of sugar.

**Principal actions:**

- Energy efficiency projects, with an investment of €1.272.920
- Cogeneration at plants: we continue to be self-sufficient in electricity during campaigns and sell our surplus to the grid
- 2.9% of our energy consumption is now obtained from renewable energy sources (biogas and pellets), compared to 1.8% in the previous year
- Fuel is no longer used for heating at several of our plants, so the consumption of this fuel is zero
- We continue to cut emissions following a decision not to operate the pulp dryer. This saves exactly 4,128 tonnes of CO₂ in comparison with the figures for 2016-2017

**Where we want to get**

Our target for the 2018-2019 crop year is to reduce process emissions by 5%.

**Optimising processes**

- **Where we are now**

  Emissions from fuel consumption + process emissions + transport operations + agricultural activities total 0.538 tonnes of carbon dioxide (CO₂) / t sugar and 241,945 tonnes equivalent of CO₂.
  
  We have reduced our **absolute total emissions by 17%** since the 16-17 crop year, including those generated in production, transport, wastewater management and agricultural activities.

- **Where we want to get**

  We are now working on optimising certain aspects of logistics where we have identified **room for improvement**, in collaboration with customers and suppliers.

**Avoiding emissions**

We are achieving a **considerable reduction of emissions** by sun-drying pulp. More precisely, emissions have been cut by almost **56,300 tonnes of CO₂** over the past five years, equivalent to the absorption of this greenhouse gas by over **5.6 million trees in a year**. Pulp sun-drying is recognised in our sector as a "Best Available Technique" (BAT) and will be reflected in the new Best Available Techniques (BAT) reference documents (BREFs) for the sugar sector, due to be published in 2019.
Plan Renove for factory lighting

The “plan renove” for lighting in our production and packaging plants introduces LED lighting, which does not contain any polluting or toxic materials. It has a considerably smaller energy consumption, reducing CO₂ emissions by over 75%. It also has a longer useful life and is maintenance-free, thus achieving a reduction of emissions, equivalent to the disappearance of at least 800 trees on average per plant.

Water consumption in PLANTS

The water entering our plants is mostly contributed by the beet (75% of its composition is water).

Where we are now

The water consumption in processing (plants) was 522,361 cubic metres (m³) during the 17-18 campaign, a considerable reduction from the 871,544 of the previous year.

As part of our commitment to EaAgua, we have carried out projects in all four of our plants to cut water consumption and put best practices in place, especially as regards wash water. For example, at La Balnearia we are using water from condensation instead of withdrawing water from the river. At Toro and Miranda we are optimising the water circuit to continue enhancing its management. These projects are greatly improving our water management and have been largely responsible for the year-on-year reduction of 40% in water used.

Where we want to get

Our qualitative aim is to make an increasingly more responsible use of this resource through the implementation of sprinklers, monitoring, automation, etc.

40% reduction in the use of water in respect of 2011

Water consumption in GROWING

Where we are now

Water consumption in growing was 56 m³/ha of beet produced in the north and 26 m³/ha for the south, thanks to combined efforts with growers.

Where we want to get

We are striving to lower our water consumption at plants by 5% in the 2018-2019 crop year.
2 RURAL DEVELOPMENT: FOCUSING ON GROWERS

The beet crop and sugar production at our plants contribute towards rural development and economy and we provide counselling for those in the areas where we operate.

Technical work in the fields
Growers never feel alone. They are accompanied from sowing to harvesting by our field technicians, who are distributed throughout all the beet-growing areas. The field technicians provide personal agronomic counselling to growers, recommending the best varieties of seed and plant health products and visiting the crop fields, among other measures.

Good practices programme
We have started up a voluntary good practices programme among growers, called “True Potential”. This programme is helping some farms to improve their crop yield, efficient use of resources, profitability and environmental impact. We obtain collaboration from growers who achieve excellent results, and we collaborate by informing on the agricultural practices they use.

AIMCRA, a fundamental pillar for the sector
We cooperate closely with our growers through AIMCRA (www.aimcra.es) in the implementation of best practices and agronomic progress relating to beet. We focus our efforts in offering the best seed varieties, pest and disease control methods, fertilization recommendations and energy advice for irrigation, among others.

Precision agriculture: a new way of understanding the crop
We are starting to offer precision agriculture tools to our growers to help them with decision-making, increase the sucrose yield per hectare and increase their profitability. We have a pilot project using remote sensing technology with satellites and drones, and at the same time we are studying the historical data on beet so that in the future growers have a crop model that will help them to make the best decisions on their farms.

Waste management

Where we are now
More than 99% of the waste we generate is recycled. In 2017, Azucarera put 3,502 tonnes of packaging on the market (18% plastic, and of that volume, more than 99% is recyclable plastic and we continue working to further reduce the plastic used in our packaging).

Where we want to get
As members of the Integrated Management System (SIG) of ECOEMBES and participating in its Sector Prevention Plan 2018-2020, we want to make 100% of our packaging recyclable in the medium term, using environmentally sustainable formats.

Circular economy Pact
We have joined the circular economy Pact promoted by the Spanish government with the aim of engaging the principal Spanish economic and social actors in the transition to this new economic model.

We undertake to make progress in reducing the use of non-renewable natural resources, promote analysis of the life cycle of products, incorporate eco-design, recycling and innovation criteria, and foster a new model of responsible consumption based on reporting transparency.

The responsibility of our suppliers
Since 2014, we have been making major efforts to guarantee appropriate social, economic and environmental standards in the sourcing of our raw materials and other inputs.

All our suppliers, including our raw cane sugar suppliers, must accept in their contracts the obligation to comply with our code of conduct, which includes respect for human rights, working conditions and safety and hygiene at work, environmental management, quality standards, transparency, integrity and anti-corruption policies, among others. We aim to ensure that 100% of our suppliers are sustainable and their sustainability recognised through certification by BONSUGRO or similar by 2020.

Our commitment as suppliers
We participate in the SAI (Sustainable Agriculture Initiative) Platform, an initiative of the food industry to support the sustainable development of agriculture throughout the world.

We are currently pursuing our work to achieve recognition of 100% of the crop in Spain as “SAI SILVER”. Production in Andalusia and La Rioja has already achieved this recognition.

Reduction of plastic
More than 99% of the waste we generate is recycled.
1. We inform on the latest innovations in the use of photovoltaic solar energy and energy efficiency, water saving and intelligent irrigation in our Irrigation Room, together with AIMCRA.

2. We spread awareness of the culture of prevention in rural areas through the Cultivating Prevention Programme.

3. Hand-in-hand with AIMCRA and Agroteo, we provide training for 2,500 growers to meet the training requirements established in the Agrit-Environment and Climate Aids.

4. We send each grower every week their “irrigation advice plan” so that they know how much water is needed by the beet at any time.

5. We check the spray irrigation systems.

6. We regularly publish and distribute information on how to cut down water consumption.

7. We provide free advice to beet growers to help them reduce their energy costs.

**Agroteo**

Organisation set up by Azuarena and 850 beet-growing partners (6,500 hectares in the north and south).

Its mission is to promote and inform on beet growing and provide services to beet growers, making the crop more profitable.

---

**3. PROSPERITY AND WELL-BEING OF COMMUNITIES**

The health and safety of our employees is still a priority. We have also started to encourage female talent and diversity, along with programmes to enhance employees’ work-life balance, work flexibility measures and support for families. In the training area, we are making progress with our Apprentice and Graduate Programme and international experience programmes and are stepping up our collaboration agreements with educational establishments.

**Healthy Company Project**

Focused on the launching of campaigns to promote well-being and healthy habits, and on the start-up of a programme to provide over 800 hours of free preventive and curative physiotherapy at all our production plants.

**Incidents**

Our handling of incidents is based not only on the consequences, but also on the potentiality of injury. This year we reduced the lost days by 21% and set a new record: the lowest number of injuries on record.

<table>
<thead>
<tr>
<th>Number of lost days through injury</th>
</tr>
</thead>
<tbody>
<tr>
<td>14-15</td>
</tr>
<tr>
<td>15-16</td>
</tr>
<tr>
<td>16-17</td>
</tr>
<tr>
<td>17-18</td>
</tr>
</tbody>
</table>

**Global Health and Prevention Index**

Our “Global Health and Prevention Index” measures prevention performance not only in terms of management, but also of people, incorporating aspects in its assessment referring to leadership, integration and self-responsibility. Over the past year, we obtained a score of 8 points out of 10 in the assessment of our performance in each of the key areas (subcontractors, handling of actions, commitment and participation, culture of prevention, task procedure, safety conversations and occurrence of injuries).

**Incorporation of procurement in our digital documentary management**

During the 17-18 campaign, beet transport activities were standardised and coordinated in digital format, enabling a more expeditious, paper-free management of documentation. This in turn facilitated the associated preventive management of the annual dehydrates received at our plants (over 100,000) and allowed us to spend more time and resources on enhancing health and safety in the fields.

- Global health and prevention index: 8 points out of 10
- 800 hours of preventive and curative physiotherapy at all our plants
- Launching of campaigns to promote well-being and healthy habits
- 21% reduction of lost days due to injury
- We receive 2.2 notifications on average per employee
DIVERSITY, TRAINING AND EDUCATION

Training

More than a thousand employees have received training.

<table>
<thead>
<tr>
<th>TRAINING FIGURES FROM 01-09-17 TO 31-08-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>External cost</td>
</tr>
<tr>
<td>Hours training given</td>
</tr>
<tr>
<td>Attendance of training sessions</td>
</tr>
<tr>
<td>Employees trained</td>
</tr>
</tbody>
</table>

Gender diversity

Attracting and retaining female talent is a key objective in all the companies in the ABF group. We promote equal opportunities in the career development of our employees.

<table>
<thead>
<tr>
<th>% Women in workforce</th>
<th>15/16</th>
<th>16/17</th>
<th>17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Women in management positions</td>
<td>30.95%</td>
<td>33.64%</td>
<td>36.46%</td>
</tr>
</tbody>
</table>

We participate in several cross-cutting initiatives promoted by the ABF group, such as the Women Business Forum, an opportunity for the women in our group to meet, find out about the updates in the different business lines and share information and experience.

Work-life balance and flexibility

We encourage work flexibility, quality employment and support for families. Some of the measures we have implemented in this area include: full pay in situations of temporary or permanent disability; activities organized by the company to encourage sport, culture and leisure among employees; medical assistance for employees, and voluntary short time available for anyone on the payroll.

The teleworking pilot project commenced in 2015 as one of the measures to enhance the work-life balance. Following a highly positive assessment, it was implemented and by the end of 17-18 we had around 69 employees in this programme (72.46% of whom are women).

In the area of family support, we offered grants for the education or training of employees' children, grants for children with disabilities or serious disease, summer camps for employees' children, accumulation of maternal/paternal leave and breastfeeding period with holiday allowance, and leave of absence for family emergencies, among other benefits.

International Experience Programme

Within the International Experience Programme (IEP), employees can be exchanged between the different group companies worldwide. This year, three of our employees participated in this programme, in Malawi and the UK.

Fostering visibility and the development of talent

- Talent Talks – Led by AB Sugar, this programme gives employees with high potential and performance an opportunity to have a one-hour interview with a member of the Group Leadership Team of AB Sugar with a view to encouraging networking and the visibility of the Group’s employees.
- Mentor & mentee – To improve the visibility and leadership of a small group of high-potential, high-performance employees we call mentees. Last year, six employees participated in this programme.
- Personal Development Plan – Conceived as a personal and professional development tool through five coaching sessions to help employees enhance their leadership skills and ability to influence.
- Executive Leadership Programme – an ABF development programme within the operating units, encouraging people in leadership positions to continue growing, developing and cooperating.

Apprentice and Graduate Programme

With the view to assuring generational renewal, new employees have been hired at our production plants through the Apprentice Programme (aimed at people who have completed an advanced vocational qualification in mechanics, electricity or chemistry) and Graduates (with a university degree). The number of participants in this programme also rose this year, giving an opportunity to 65 apprentices and 16 new graduates.

<table>
<thead>
<tr>
<th>APPRENTICE PROGRAMME</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR</td>
</tr>
<tr>
<td>17-18</td>
</tr>
<tr>
<td>16-17</td>
</tr>
<tr>
<td>15-16</td>
</tr>
<tr>
<td>14-15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRADUATE PROGRAMME</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR</td>
</tr>
<tr>
<td>17-18</td>
</tr>
<tr>
<td>16-17</td>
</tr>
<tr>
<td>15-16</td>
</tr>
<tr>
<td>14-15</td>
</tr>
</tbody>
</table>
Collaboration agreements and arrangements with educational establishments

We have established closer relations with institutions, foundations, and universities to gain access to talent so that we can offer opportunities to different professional profiles. We also participate in employment forums with our programmes.

- 31 new hires
- New collaboration agreements: Complutense and Carlos III Universities of Madrid, Universities of Cádiz, Basque Country (School of Engineering of Vitoria-Gasteiz), Valladolid (INEA) and Valencia (VRI).
- Collaboration with the Spanish Red Cross at our plant in Jerez de la Frontera for non-occupational training practices by people participating in the Young Employment 2014-2020 programme.

Together with Inspiring Girls, our employees and female growers shared their labour and personal experience with 40 girls from Cádiz province aged 12-16, to show them that they might find their career option in agriculture and the sugar sector.

Support for persons and groups of society

Our principal actions in the local communities during the year are summarised below:
- Donation of 10.89 tonnes of sugar to soup kitchens and food banks
- Factory visits by different groups of the local population (women, pensioners, students, ...)
- Sponsorship of AEGC race and local football team La Bajada
- Collaboration with special employment centre ASPROSUB in Benavente
- Participation in local forums
- Collaboration with the Juan XXIII Roncalli Foundation, a benchmark centre for the socio-occupational integration of persons with intellectual disabilities

Fair Trade

Although our priority is the sugar made from the local beet crop, we also import raw cane sugar, which is subsequently refined at our plants to meet the needs of our market.

Since 2014, all our raw cane sugar purchase agreements have included anti-bribery and anti-corruption protocols and strict codes of conduct and good practice. Along the same lines, a number of products that we developed during the year have been awarded Fairtrade certification.

Fairtrade is an international certification system. For over 30 years, it has been recognising products that meet fair trade criteria through standards in three areas: economic, social and environmental. With a mark printed on the packaging of certified products, consumers can decide to benefit small producers in Latin America, the Caribbean, Africa and Asia.

Our raw sugar imports do not only help developing countries, but also boost activity at Cadiz Port and its catchment area. We have consolidated our position as a key operator for maintaining business and employment in this part of Andalusia: dock workers, shipping agents, freight forwarders, customs officers...

Safe, quality food

One of our priorities is to maintain high standards of food safety and quality in our products.

In addition to advice and supply of special sugars, we offer other products to provide solutions for our customers, adapted to meet current needs on the market.

Betalia

Since 2017, we have been putting around 400,000 tonnes a year of co-products on the market through our brand Betalia, reaffirming our commitment to the circular economy as a management principle and returning to the farm what came from the farm, through livestock feed and natural crop fertilization.

We produce and sell functional ingredients made from 100% soluble liquid plant fibre, which strike a balance between sweetness and fibre and is especially suited for bread and pastries. Fibractive MOS 60, one such sweet, soluble plant fibres, is a 100% plant-based ingredient that acts as a substitute for fats and humectant, providing around 2 kcal per gram and has a sweetness rating of 0.5 (half as sweet as sucrose).

Fibractive

We put on the market around 400,000 t of co-products a year

Fibractive
**ALIGNED WITH THE UNITED NATIONS SDGs**

Our actions are in line with some of the UN Sustainable Development Goals.

### 1. **Responsible use of resources**
- Production of sustainable raw materials
- Reduction of impacts on water resources
- Ongoing innovations in food production and processing

### 2. **Rural development**
- Creating and promoting sustainable and healthy lifestyle
- Support for local farmers

### 3. **Prosperity & well-being of communities**
- Catalyzing innovation

### 4. **Ethics & responsibility**
- Support for Fair Trade (Fairtrade mark)

### LOOKING AHEAD

Sustainability and food safety will continue to be focal points of our everyday activities. We will continue to "think big and long-term", with a permanently innovative vision that embraces the entire value chain and the diversification of retail, industrial and B2B products.

More responsible management of resources in relation to water and energy in the growing, production and transport of sugar to our customers’ homes, reducing plastics and at the same time actively promoting the circular economy model through innovation. And more efficient management of agricultural resources (water, nitrogen and plant health products) based on the information we obtain through remote sensing and Big Data processes.

Our goals in respect of rural development will take priority more than ever in the coming year. We strive to secure our new model of relationships with beet growers, aiming to guarantee the future competitiveness of the sector by sharing with them the benefits of selling sugar when sugar prices rise. At the same time, we will continue working to help them become more professional, introduce technology into growing and make their farms more profitable. And we will continue to receive collaboration from AAMCRA and Agroceo. We will continue striving to improve our global health and prevention indicators and invest in training, education and quality employment. On a local level, we will continue to take sugar to families in need.

We will continue to focus on sustainability and the circular economy, innovation and cooperation with growers as a fundamental pillar to guarantee the profitability and efficiency of all the operators in the beet value chain. Our management will continue to be characterised by a responsible use of resources and by policies that foster prosperity and well-being in communities and rural development. We want to carry on playing a decisive role in the progress and development of the beet-growing areas of Castile-León, Andalusia, Rioja, Navarre and the Basque Country.

We will also promote a balanced diet, in the context of healthy eating, including the three basic macronutrients (carbohydrates, proteins and fats), along with vitamins and minerals and adequate hydration, together with regular exercise.