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"WE ARE FIRMLY COMMITTED TO SUGAR BEET"

Juan Luis Rivero

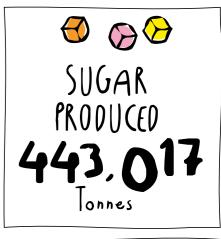
Managing Director of Azucarera



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.







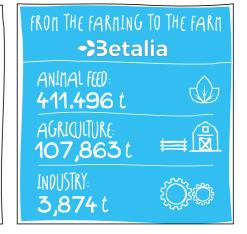












INVESTMENT

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.

	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL 5 YEARS
Investment Plan for property, plant & equipment (€)	15,880,000	12,774,000	9,873,000	19,624,000	11,593,000	69,744,000

KEY FIGURES (€)

	2017/2018
Turnover	333,065,512
Operating profit/(loss)	-34,773,875
National suppliers	95%

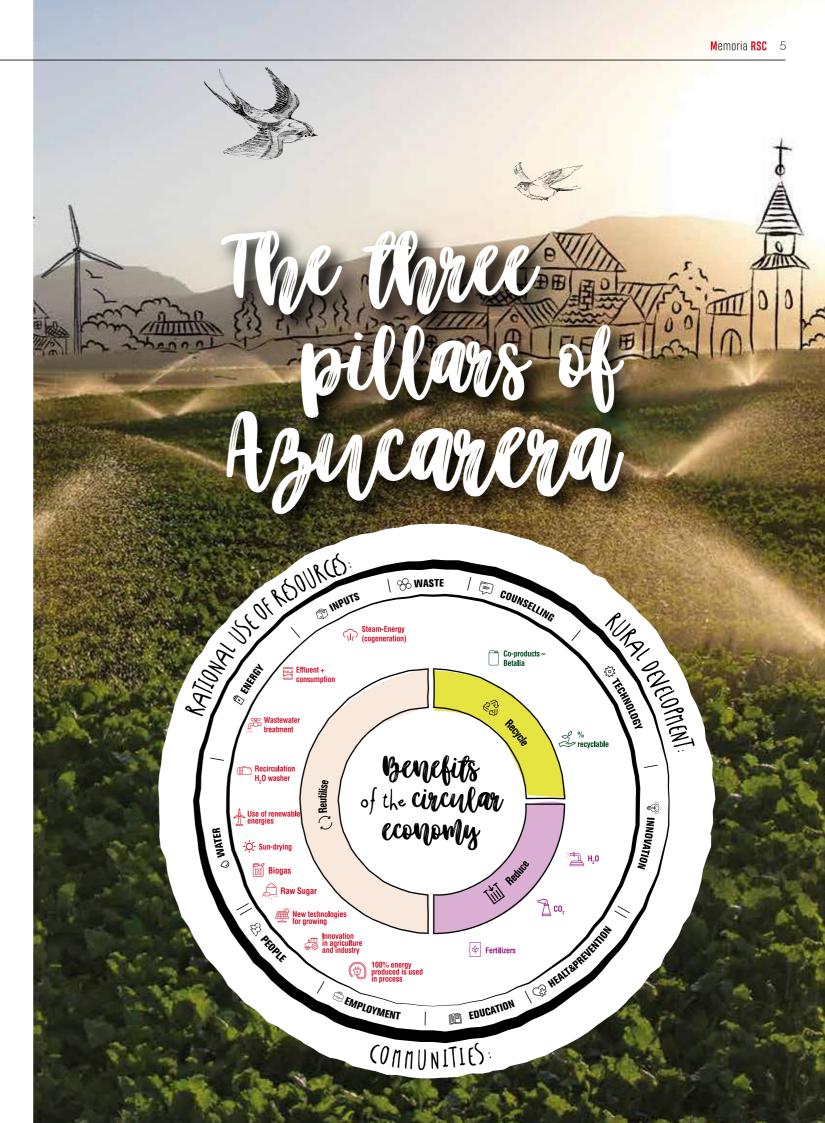


TAXES

Direct taxes paid by Azucarera to the State	13.175.000
Indirect taxes collected by Azucarera for the State	4.340.000
Total taxes paid by Azucarera	17.515.000





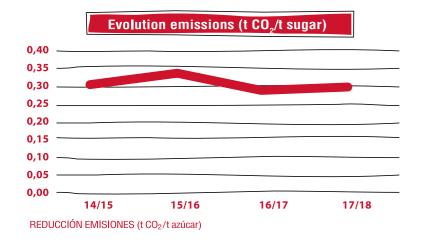


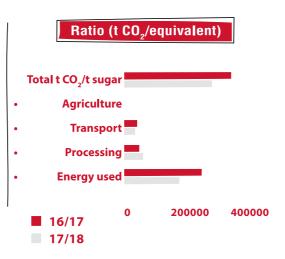
1 RESPONSIBLE USE OF RESOURCES

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



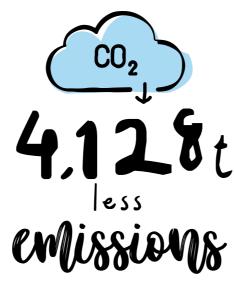


Where we are now

In the last crop year, our carbon dioxide (CO_2) process emissions were **0.30 tonnes of CO_2 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%**

We will 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 **56,500 tonnes of CO**₂ 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

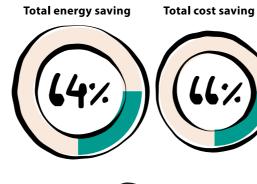
emissions by over 75%. It also has a longer useful life and is maintenance-free, thus achieving a reduction of emissions, equivalent to the disappearance of at least 800 trees on average per plant.

BENAVENTE

Actual situation (year 1) Units 214 Consum (KW) 90.95 Consum (€) 38,781.08 € Maintenance 1,216.78 € Carbon footprint 179.72 t CRC 1,743.26 € Total 41.741,11 €

Proposal (year 1)		
Units	214	
Consum (KW)	32.10	
Consum (€)	13,687.44 €	
Maintenance	0.00€	
Carbon footprint	63.43 t	
CRC	615.27 €	
Total	14.302,71€	
Invironmental impact		

708 saved trees (year 1)





MIRANDA

Actua	ii situation	(year	1)
Units			

Total	40,826.05€
CRC	2,081.74€
Carbon footprint	214.61 t
Maintenance	2,034.25 €
Consum (€)	36,710.06 €
Consum (KW)	148.465
Units	439

	Proposai	(year	1)
S			
um	(KW)		

Units	439
Consum (KW)	57.25
Consum (€)	13,522.01 €
Maintenance	0.00 €
Carbon footprint	79.05 t
CRC	766.80 €
Total	14.288.81 €

al 14,288.81

Invironmental impact
825 saved trees (year 1)

(62%)

Total energy saving



Total cost saving



TORO

Actual situation (year 1)

Units	472
Consum (KW)	142.145
Consum (€)	35,467.58 €
Maintenance	2,312.76€
CRC	2,761.39 €
Total	40,541.73 €

Proposal (year 1)

i Toposai (y	cui i,	
Units	472	
Consum (KW)	52.21	
Consum (€)	13,018.52€	
Maintenance	0.00€	
CRC	1,014.74 €	
Total 14,033.26 €		
Invironmental impact		
519 saved trees (year 1)		

Total energy saving



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 **EsAgua**, 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 Bañeza 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

We are striving to **lower our water consumption at plants by 5%** in the 2018-2019 crop year.

40%
reduction
in the USE of Water
in respect of 2018

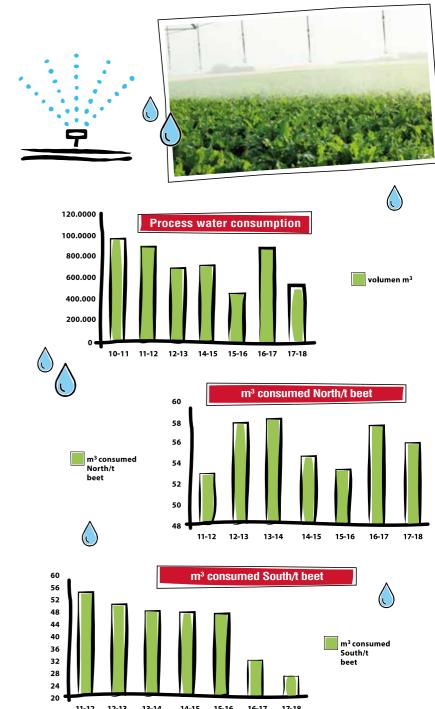
Water consumption in GROWING

Where we are now

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

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.



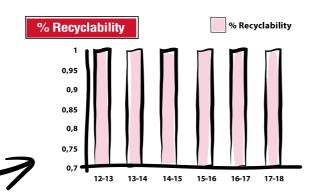
Waste management

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.

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.

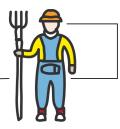
The responsibility of our suppliers

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-bribery and anti-corruption policies, among others. We aim to ensure that 100% of our suppliers are sustainable and have their sustainability recognised through certification by BONSUCRO or similar by 2020.

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

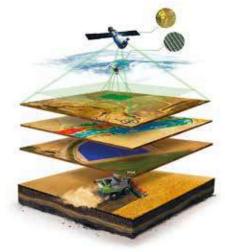
We have started up a voluntary good practices programme among growers, called "True Potential". This programme is helping some farms to improve their crop yield, efficient use of resources, profitability and environmental impact. We obtain collaboration from growers who achieve excellent results, and 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**.





Agronomic training and information

- 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.
- We spread awareness of the culture of prevention in rural areas through the Cultivating Prevention Programme.
- Hand-in-hand with AIMCRA and Agroteo, we provide training for 2,500 growers to meet the training requirements established in the Agri-Environment and Climate Aids.
- 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.
- We check the spray irrigation systems.
- We regularly publish and distribute information on how to **cut down water consumption**.
- We provide free advice to beet growers to help them reduce their energy costs.

Agrofeo

Organisation set up by Azucarera and 850 beet-growing partners (8,500 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.





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.

Number of lost days

	through injury
14-15	462
15-16	184
16-17	203
17-18	160

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 vear, 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 deliveries received at our plants (over 100,000) and allowed us to spend more time and recourses 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.

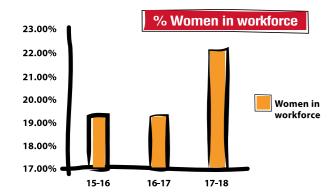
TRAINING FIGURES FROM 01-09-17 TO 31-08-18

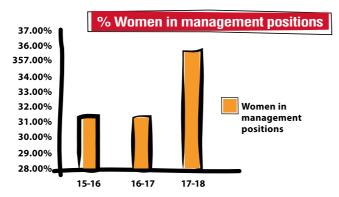
External cost	142,831	Euros
Hours training given	16,229	Hours
Attendance of training sessions	4,200	Attendance
Employees trained	1,028	Employees

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.

	15/16	16/17	17/18	
% Women in workforce	19.04%	19.25%	22.01%	
% Women in management positions	30.95%	33.64%	36.46%	
		I		





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 organised 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.



Apprentice and Graduate Programme

With a 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**.

APPRENTICE PROGRAMME

YEAR	NO. PARTICIPANT
17-18	65
16-17	51
15-16	24
14-15	10

apprentices and 16 graduates

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.

Within the International Experience Programme (IEP).

International Experience Programme

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 Planning Process Conceived as a personal and professional development tool through five coaching sessions to help employees to 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.

GRADUATE PROGRAMME YEAR NO. PARTICIPANTS 17-18 16 16-17 15 15-16 7 14-15 3

Collaboration agreements and arrangements with educational establishments

We have established closer relations with Institutes,
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 Cadiz, Basque Country (School of Engineering of Vitoria-Gasteiz), Valladolid (INEA) and Valencia (VIU).
- 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 Cadiz province aged 12-16, to show them that they might find their career option in agriculture and thesugar 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 AECC race and local football team La Bañeza
- 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



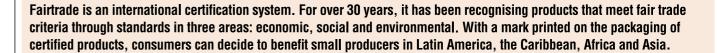






Although our priority is the sugar made from the local beet crop, we also import raw cane sugar, which is subsequently refined at our plants to meet the needs of our market.

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.



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 main 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.





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 FOS 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).



ALIGNED WITH THE UNITED NATIONS SDGs

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

	දිර Responsible use of resources	Rural development	Prosperity & well-being of communities	d∏d Ethics and responsibility
1 NO POVERTY				Support for Fair Trade (Fairtrade mark)
2 ZERO SIS	Promotion of sustainable growing		Donations of sugar to soup kitchens and food banks	
3 GOOD HEALTH AND WELL-BEING		• " Cultivating Prevention"	Culture of prevention in Health & Safety (Healthy Company project) "Healthy Company" workshops	
4 QUALITY EDUCATION		"Cultivating Prevention" Programme Training of 2500 growers Informing on efficient use of inputs	Training and development of employees Apprentice and Graduate Programme for employment access International Work Experience Programme Arrangements with education establishments	Agronomic training and education Support for education
5 GENDER EQUALITY			Equality plans Training activities Women's Business Forum Measures to enhance work-life balance: teleworking, flexibility & support for families	Azucarera Code of Conduct Inspiring Girls Activities with beet growers
CLEAN WATER AND SANITATION	Reduction of water consumption in plants and fields Wastewater treatment Reuse of water Checking of spray irrigation systems	Irrigation Rook for beet growers Irrigation counselling for growers Remote sensing to control water needs		
7 AFFORDABLE AND CLEAN ENERGY	Rational use of energy and promotion of renewables Energy audits Energy efficiency and emission reduction plans Ougeneration at plants: we are self-sufficient in electricity in campaign and self surplus to the grid	Informing on energy efficiency systems Energy advice to growers Promotion of solar irrigation and financing of investments in energy efficiency		Plan Renove factory lighting R&D and innovation
DECENT WORK AND ECONOMIC GROWTH		• AIMCRA	Training programme Apprentice and Graduate Programme de for employment access International Experience Programme (IEP) Work-life balance and work flexibility Development of talent	Azucarera Code of Conduct Supplier Code of Conduct Support for people and groups in communities
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	 circular economy Pact Use and promotion of renewable energies Energy efficiency plans Reduction of CO₂ emissions 	Promotion of precision agriculture, remote sensing and big data	Cooperation with AIMCRA Agroteo, serving growers Betalia and Fibractive	• Investment of €11.59 million in plants
10 REDUCED INEQUALITIES	Raw cane sugar. EPA-EBA countries Fairtrade		Social actions with local communities	Anti-corruption and anti-bribery policies Fair trade
SUSTAINABLE CITIES AND COMMUNITIES	Wastewater treatment Recycling and reuse of waste Energy efficiency plans Compliance with environmental criteria. Beet crop		Cooperation with players in the regions where Azucarera operates	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Reduction of water consumption Use and promotion of renewable energies Optimisation of packaging More than 99% of waste is recycled 99% recyclable plastic	"True Potential" good practices programme Remote sensing to control nitrogen in crops	•High standards of food safety and quality in Azucarera's products	Publication of Sustainability Reports
13 CLIMATE	 Reduction of CO₂ emissions in processing and growing Sun-drying of pulp Efficient waste management Recycling of packaging 	 Energy efficiency plans Reduction of CO₂ emissions 		circular economy Pact Training of 2,500 growers to meet training requirements established in Agri-Environment and Climate Aids SAI Silver 2020 Certification Bonsucro 2020
PEACE, JUSTICE AND STRONG INSTITUTIONS				Azucarera Code of Conduct Anti-corruption and anti-bribery policies Anti-harassment policies Declaration on Modern Slavery
17 PARTNERSHIPS FOR THE GOALS				AIMCRA Agroteo CEFS-EFFAT-CIBE

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 umbrellas the entire value chain and the **diversification of retail**, **industrial and Betalia products**.

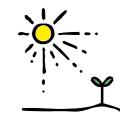
More responsible management of resources in relation to water and energy in the growing, production and transport of sugar to our customers' homes, reducing plastics and at the same time actively promoting the circular economy model through innovation. And more efficient management of agricultural resources (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 AIMCRA and Agroteo. We will continue striving to **improve our** global health and prevention indices 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-Leon, 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**.



