Crop Year 2011

Sustainability report

agraz
SUSTAINABILITY COMMITMENT

From our CEO

Javier Gomendio
Grupo Empresarial Agraz CEO

Dear Business Partners,

I'm more than happy to present you our second release of our sustainability report for year 2011

First steps

Our Group decided some time ago to begin its journey towards sustainability, always bearing in mind that the use of earth's natural resources are limited. Sustainability implies a huge task in front of us that we cannot handle on our own, and that is why we are inviting you to join us in this trip. Today our Group is producing tomato products in three different continents, in four facilities, acquiring a vast knowledge. Our target is to standardize our sustainability targets and procedures along our many sites.

We have already dedicated a lot of time, effort and funds for sustainability projects inside our factories, in order to become a clean producer. Past years investments like waste water treatment solutions, low energy consumption equipments, packaging saving solutions, are proof of sustainability inside our facilities.

However since crop 2010, we also put our focus and efforts outside our factories, where our raw material is coming from. We are currently working with our farmers and have made several investments dedicated to water and energy savings by installing 33 soil moisture probes and by encouraging farmers to install subsoil drip irrigation systems, pesticide and fertilizers usage limitations with positive list and soil analysis, soil rotations programs, 2 biodiversity projects and others measures. For a detailed description of these projects, do not hesitate to contact us or visit our webpage.

Grupo Empresarial Agraz is also committed to the carbon footprint reduction project. Once our impact has been calculated at the factory level an improvement plant is going to be put in place additional to what has already been done, usage of natural gas, low energy consumption new equipments... Once a year a report will be published tracking and comparing the emissions of our Group with the detail of each factory.

From local to Global

California frequently suffers severe water droughts. Spain is a high energy dependent country. China has a big path ahead regarding farmers' social welfare. Our Group now is operating 4 facilities in these three regions, and therefore confronting all kinds of social responsibilities and liabilities. We began regionally at ***Agraz*** in Badajoz (Spain) and now our goal is to act globally from Europe to America and Asia, learning locally and implementing globally.

Grupo Empresarial Agraz will soon become a world reference as a sustainable tomato ingredients producer: The sustainable tomato Group. Our goal is to supply 100% of our fresh tomato needs from sustainable farmers in very few years, but this endeavor more than a challenge is an opportunity to acquire more knowledge; share experiences acquired from different parts of our planet and finally grow our business.

Current consumer estimations trend to prove that in 20 years, the world will consume 20 million metric tons of fresh tomatoes for industry more than today; bringing the total needed amount to 60 million metric tons. ***Grupo Empresarial Agraz*** is already working on several scenarios which will prepare it to offer the market much more tomato products and at the same time will take care of our planet.

Corporate Social Responsibility and Sustainability is not just a matter of hard work, but also an attitude. However, we won't be totally satisfied until you join us, so the entire chain value is involved. Some customers, farmers and local authorities are already working side by side with us. And that's what we call the **GRUPO EMPRESARIAL AGRAZ SUSTAINABILITY COMMITMENT**.

I commit! What about you?

Our guide

Since 2009 ***Grupo Empresarial Agraz*** has been using the software program *"Quick Fire Muddyboots"* (**www.muddyboots.com**) as its sustainability project guide. This tool is proven to be a world reference for a good implementation of sustainability plans due to its efficient data capturing, its ability to track and monitor progress as well as its ability to create evidence-based improvement plans. It is updated yearly with new features that are covering all aspects of a good Corporate Social Responsibility.

muddy boots® SOFTWARE

1

Soil health and fertility

Every healthy soil needs minimum levels of its specific ecosystem composed of different nutrients, animals, water... Overexploitation of soil, diminishes the strength of the ecosystem. Soil rotation is basic to maintain soil health and fertility. ***Agraz*** target in this field is to encourage farmers to yearly rotate the land they are using to grow the tomatoes and combine it with the farming of other products.

2

Soil loss

Soil erosion caused by wind, water and/ or human being is the focus of this matter. Avoiding the usage of sloping soils and take special care during tilling and harvesting are common practices to protect the soil.

3

Nutrients

Soil content of nutrients such as nitrogen, potassium and phosphorus are normally lost during the agronomy cycle. ***Agraz*** is helping farmers to yearly analyze the soil in order to know low levels of nutrients and to calculate the exact amount of those needed for tomato culture avoiding on such way extra fertilization of nitrogen which may affect environment.

4

Pest management

Pesticides are used today to prevent crop damage. As a result, the environment is contaminated, costs are increased, and profits are thus reduced. ***Agraz*** has forbidden the usage of pesticides included in highly hazardous categories WHO1-a and WHO1-b, and is working to eliminate those included in list WHO 2 considered moderately hazardous. ***Agraz*** is also installing insect's traps to monitor as soon as possible the presence of plagues and is teaching the farmers for a better knowledge of both the kinds of pesticides used and the right doses to use. Our target is to have farmers using insect traps and considerably reduce pesticide usage.

5

Biodiversity

Agronomy and biodiversity are highly linked and thus can help each other, but unfortunately nowadays agronomy is not helping biodiversity. Our task on this field is to help farmers start with biodiversity projects. ***Agraz*** is already working with SEO Bird Life in two biodiversity projects and is also in touch with local Government Junta of Extremadura to build projects that are suitable for our farmers. By crop year 2.013 we will try to increase the number of biodiversity projects or increase the affected area.

6

Value chain

From raw materials, to manufacture, to transports and distribution, to consumption and finally disposal, are part of the value chain of our business. All parts of this value chain have impact on environment and all of us must be concerned about this fact and look for beneficial and practical solutions. At ***Agraz*** we are connecting and communicating policies with all the participants of the value chain to help each other on reducing the environmental impact.

7

Energy

Agronomy is one of the industries with greatest greenhouse gas emissions, because of being an intensive energy user. ***Agraz*** is helping its farmers to better analyze and understand the financials of their business, so they can optimize the usage of high energy consumer practices and or equipments.

8

Water

Water is a scarce resource worldwide and agronomy is a very intensive water consumer, especially where tomatoes are grown. It is our obligation to make farmers aware of the need to make the use of water more effective in order to avoid water losses as well as to reduce its consumption. ***Agraz*** is helping farmers to invest on equipments, technology and knowledge in order to save water. Soil moisture probes, caudal meters and subsoil drip irrigation and very interesting tools to save water.

9

Social and human capital

Farmers are our partners in this venture. Without them, there is no way to work on a sustainable development of the agronomy. We committed to support our farmers so they can innovate and make agronomy more efficient. ***Agraz*** has taken some actions as inviting some of our farmers to California so they can share and know new farming technologies.

10

Local economy

Working with farmers helps us to understand the importance of their local economy and the need to protect their community. At ***Agraz*** we work on long term basis and therefore we strongly believe on a close and long relationship with our raw material suppliers. The usage of the local resources reinforces the community and the local economy.

11

Inside factories.

Agraz is aware that most of the work to be done on sustainability is on the tomato fields. However, our own factories are also places where some actions can be taken. ***Agraz*** has already invested in friendly environmental projects such as water treatment plants, low energy consumption equipments, less contaminant packaging options... We are committed to continue to work on cleaner facilities.

GEA

AGRAZ:

- ***Grupo Empresarial Agraz*** and Du Pont Ibérica S.L. are collaborating on the DuPontTM SmartAgroSystem program to monitor lepidoptera regionally and prevent disease propagation by taking prompt measures. Below graphs are daily analyzed by ours and Du Pont experts so we can locate which area is in danger of pests.

Every white spot represents a pest capture control point. During the crop, these control points will show green color for no captures, yellow color for moderate captures and red color for high captures.

- In our first sustainability report we informed you about our plan to invest in soil moisture probes for ***Agraz*** farmers with the goal of controlling the amount of water used for irrigation. We can now show the results of one of our devices.

The graph shows the daily irrigation measurements for June, July and August. The green area indicates the target and can be seen, this farmer has been able to irrigate on target for long periods.

SEO/BirdLife

- Biodiversity is a key point of our sustainability project and although the new European CAP will put a lot of emphasis in this matter, ***Agraz*** is a step ahead of other processors with the cooperation agreed upon with SEO Birdlife to protect and develop the ecosystem on 2 of our farms. You can access the site www.seo.org to obtain more information about these projects.

- Regarding what we define as inside sustainability, Agraz invested on a new pre evaporator Rossi & Catelli Apollo. This state of the art equipment, allows a better treatment of the tomato paste during evaporation at the same time that it reduces the natural gas consumption per metric ton produced.

AGUSA:

- All ***Agusa*** cardboard, plastic and paper is recycled. Additionally California State mandates that 50% of all refuse be recycled. Thanks to this measure, ***Agusa*** is recycling on average 26,000/ lbs of material per month.
- Because of a boiler burner upgrade at our facility, we create below 5 NOX emissions, when California State standard is currently 7 NOX.
- Conductivity meter on boiler system, means that 1 gallon of water is used 9 to 12 times before going to drain, and represents an annual water savings of 520,000 gallons.
- ***Agusa*** paper products policy is that purchases contain recycling symbol and content.
- ***Agusa*** encourages employee carpooling and responsible business traveling.

Some other interesting actions

Carbon footprint

We have calculated the Carbon Footprint of our Group. The Carbon Footprint is 54% of human overall Ecological Footprint and is the fastest growing component. Reducing our Carbon Footprint is the most essential step we can take to reduce the overshoot and live within the means of our planet.

We are implementing the following program:

1. Emissions tracking and comparison
2. Grupo Empresarial Agraz Greening business culture implementation
3. Implement low carbon transition planning
4. Manage low carbon products
5. Comply with carbon products
6. Offset Grupo Empresarial Agraz carbon emissions

The methodology used to calculate our emissions is:

E = UC x FE

E: Carbon Emission (Kg CO2e)

UC: Consumption units

FE: Emissions Factor, according to the latest updated source of information (United Nations Framework Convention on Climate Change: www.unfcc.int and Energy Information Administration: www.eia.gov)

Due to the improvements of our facilities and the production optimization program applied in our Group in the year 2011, we are proud to see our emissions going down from previous year as shown on the graph below.

Grupo Empresarial Agraz Carbon Footptint calculation

We are cooperating with CM Capital Markets for the implementation of this project and certification of the results.

CM Capital Markets
ENERGY & CARBON EMISSIONS

Our Good Story

We performed a trial biological fight against pests on one of ***Agraz's*** farm land, by using a predator named *Nesidiocoris tenuis*. The target was to prevent attacks from famous tomato predator *Tuta Absoluta*, using as few pesticides as possible. Our farmer set free *Nesidiocoris tenuis* adults on its fields and the results were astonishing, as the action of this bug reduced the attack of the *Tuta Absoluta*. He just needed to apply 2 pesticides treatments during the entire crop, when normally he needed to apply 3 for each. This represented economic savings of up to 30% as well as a significant reduction in pesticides used!

Subsoil drip irrigation in Spain

New farming techniques are trending to prove that this matter is excellent for saving water, reducing the use of herbicides and fungicides and increasing the yield per hectare. ***Grupo Empresarial Agraz*** has invited ***Agraz*** farmers to California to learn about this practice.

Social welfare in China

Well, we are now also Chinese. China is not at the same level than Europe and USA on farmer's social welfare, and this is a fact. ***Xiangfeng*** will start to actively work on the Social and Human Capital with actions aimed to educate the Families of our farmers. ***Xiangfeng*** has agreed with Wujiaqu (Xinjiang) City Council on a program to provide and finance sports equipments for a local school.

Water quality in USA

Agusa will install a water treatment facility to improve the quality of the water sent to the water treatment system of the city of Lemoore.

New packaging options in Spain

One of the biggest impacts on the Carbon Footprint in our industry happens in packaging. ***Agraz*** is studying the alternatives of higher packaging containers in order to reduce the number of drums used and packaging movements.

Cooperation with Junta de Extremadura in Spain

Agraz and the local Government La Junta de Extremadura are working together on the development of biodiversity projects. Aware that the new Common Agricultural Policy will be focused on sustainable projects, and due to the fact that our Group is a pioneer in this field, the local authorities have approached us to join forces. A report will be soon released.

Transports in USA

Agusa is now working with our paste suppliers in order to optimize the transport of tomato paste from their factories to our facility. Just for your information, ***Agusa*** is transporting every year 45,000,000 pounds of tomato paste along the San Joaquin Valley in California!

Biodegradable mulch film in China

Xinjiang autonomous province of China is a great place to grow tomatoes due to abundant water and hot and dry summers. However, night temperatures are not as warm as in the Mediterranean and California, and for that reason, farmers trend to cover their tomato plants with plastics to maintain the warm temperatures during the night. These plastics are made of polymers derived from petroleum and are highly contaminant. In 2012, ***Xiangfeng*** will perform trials in cooperation with Novamont (www.novamont.com) with some of our farmers to cover the plants with biodegradable mulch film to avoid plastic residues and contaminations after harvesting.

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