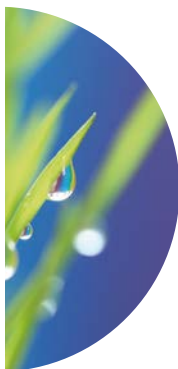


2015

ANNUAL REPORT





clients
society

Our business model is based on the creation of
stable and long-lasting relationships with each
of our stakeholders

people
capital
suppliers

Contents

Letter from Grupo Siro's President 4

Letter from our CEO 6

About Cerealto 8

Main figures for 2015 > page 11

Organisational structure > page 12

Major milestones > page 14

Our model: 'Only for you' > page 15

Our strategic markets > page 16

Cultivating the future 26

Generating value > page 30

Exceeding expectations > page 36

Trustworthiness and passion > page 44

Our supply chain > page 54

Commitment to society > page 58

About the Report 68

GRI Table of Contents > page 69

Cultivating



“This financial year has been defined by the separation of Siro Foods from Grupo Siro and its acquisition by Cerealto to form Cerealto Siro Foods, S.A., a company that now takes over responsibility for managing the entire international business portfolio and industrial clients.”

the future



As I read through this annual report, I am thrilled to see how its different sections not only reflect the consolidation of an important corporate project, but also our wonderful team of committed and enthusiastic people who make it all possible.

This financial year has been defined by the separation of Siro Foods from Grupo Siro and its acquisition by Cerealto to form Cerealto Siro Foods, S.A., a company that now takes over responsibility for managing the entire international business portfolio and industrial clients.

This arrangement means that Grupo Siro and Cerealto will operate as two independent companies, although they will be linked by our permanent commitment to the exchange of people, products, services and knowledge.

Apart from this, our companies still share the same vision of the future. I+dea will continue to be the laboratory into which all the knowledge that we are able to generate converges, allowing us to anticipate the needs of tomorrow's consumer; and the Grupo Siro Foundation, responsible for training our leaders, will do everything possible to ensure that these two successful companies continue to stand the test of time, which is our ultimate goal.

Juan Manuel González Serna
President of Grupo Siro

Cultivating



Once again it gives me pleasure to present our annual report

in which we take stock of our commitment to sustainability and we assess our strengths to create and share value with our different stakeholders.

2015 has been a positive year during which we have achieved significant milestones such as the acquisition of Siro Foods and its subsidiaries from Grupo Siro; the purchase of the Tepeji del Río de Ocampo (Mexico) biscuits factory in October; and the start of construction of the factory in Worksop (UK) that will manufacture gluten-free products and cereal bars, expected to enter into operation in the second quarter of 2016.

In line with our international expansion strategy, we have achieved a turnover of €82m which represents an increase of 18% on 2014. This has been accompanied by an increase in production and in the number of employees. As at the end of 2015, production stood at 62,000 tonnes with 546 employees.

This context represents significant challenges for us that are focused on establishing the bases of a solid corporate culture. Our aim is to guarantee the integration of new employees into the company, offering the tools and processes necessary to optimise the management of the

staff of an international company such as ours, while always respecting multiculturalism and diversity.

With the aim of exceeding the expectations of our clients, Cerealto continues to work to offer safe, healthy and high quality products. In 2015, we launched 99 new developments onto the different markets in collaboration with the Innovation and Development Centre, I+dea.

the future



We have also made progress on the responsible management of our supply chain: approving our Suppliers' Code of Conduct and gaining in-depth knowledge on the use of a platform that allows us to gather and consolidate information on our suppliers with regard to labour regulations, the environment, ethics and integrity. Moreover, we have made progress on the requirements and audits with regard to Food Safety for our raw ingredient suppliers.

In regards to the environment, for the first time we have calculated our carbon footprint, specifically for our Italian and Portuguese operations. Next year we will undertake the same exercise for Mexico and the UK, drawing up plans for reduction and improvement. As such we have embarked on a learning process to raise awareness of our responsibility as corporate citizens.

For another year, we have renewed our commitment to the Global Compact and its ten principles to which we have adhered since 2014.

Although we are proud of the efforts we have made, we are always looking ahead. As a result we have set ourselves ambitious challenges for 2020, as described in our Strategic Plan that includes our sustainability model. This reflects our commitment to our stakeholders with the aim of responding to their needs and expectations regarding the performance of our company.

Lastly, I would like to give my special thanks to each and every one of our employees for their dedication, enthusiasm and initiative, because our achievements are the result of a team effort and that team embodies the shared dream that is Cerealto.

With best wishes,
Luis Ángel López
CEO

A close-up photograph of a pile of oat flakes on a light-colored wooden surface. The oat flakes are golden-brown and have a textured, flake-like appearance. Some flakes are scattered around the main pile. The wooden surface has a visible grain pattern.

About Cerealto

Building sound

relationships

based on reliability and the implementation of an investment
strategy in line with our commitment to the future



About Cerealto

Main figures for 2015 > page 11

Corporate structure > page 12

Major milestones in 2015 > page 14

Our model: 'Only for you' > page 15

Our strategic markets > page 16

About Cerealto

CEREALTO IS A GLOBAL FOOD COMPANY, WITH AN EXTENSIVE RANGE OF CEREAL-BASED PRODUCTS COVERING MORE THAN TEN CATEGORIES. WE ARE AN INTERNATIONAL BENCHMARK FOR COLLABORATION BETWEEN THE FOOD INDUSTRY AND DISTRIBUTION CHANNELS.

PRODUCT CATEGORIES



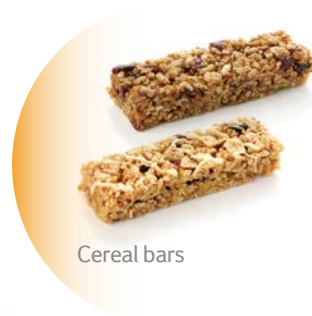
Baby food



Biscuits



Breakfast cereals



Cereal bars



'Made in Italy' pasta



Sliced bread



Pastries



Frozen Desserts

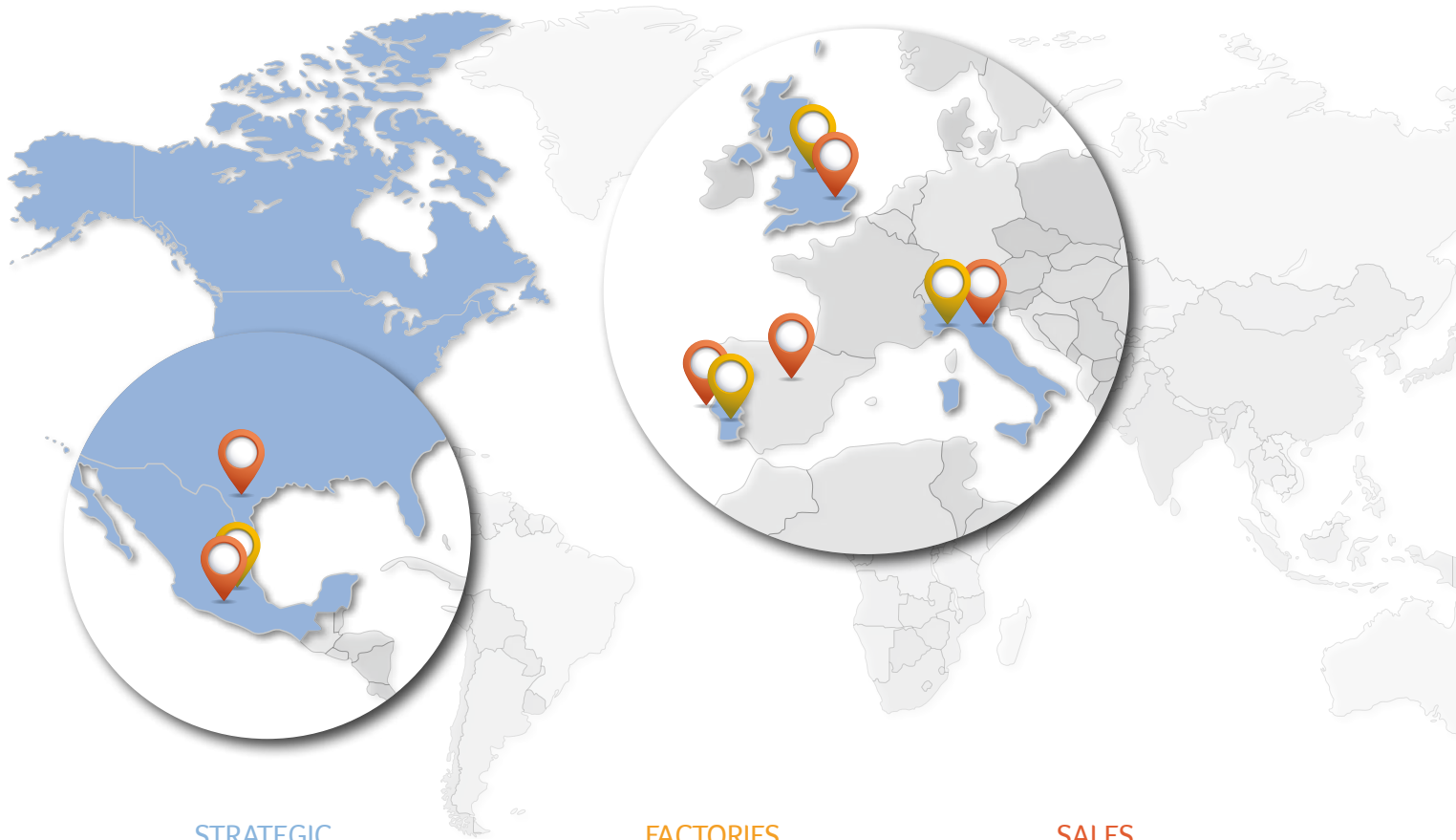


Snacks



Gluten free products

Since it was founded in 2012, Cerealto's international expansion has been focused on identifying reliable partners and creating stable relationships, on the basis of which we have earmarked strategic markets. Here we have introduced local teams, increased production capacity and our competitive edge through our own commercial activity, the acquisition of facilities and the construction of new factories.



STRATEGIC MARKETS

- Italy
- Portugal
- UK
- Mexico and LATAM
- USA and Canada

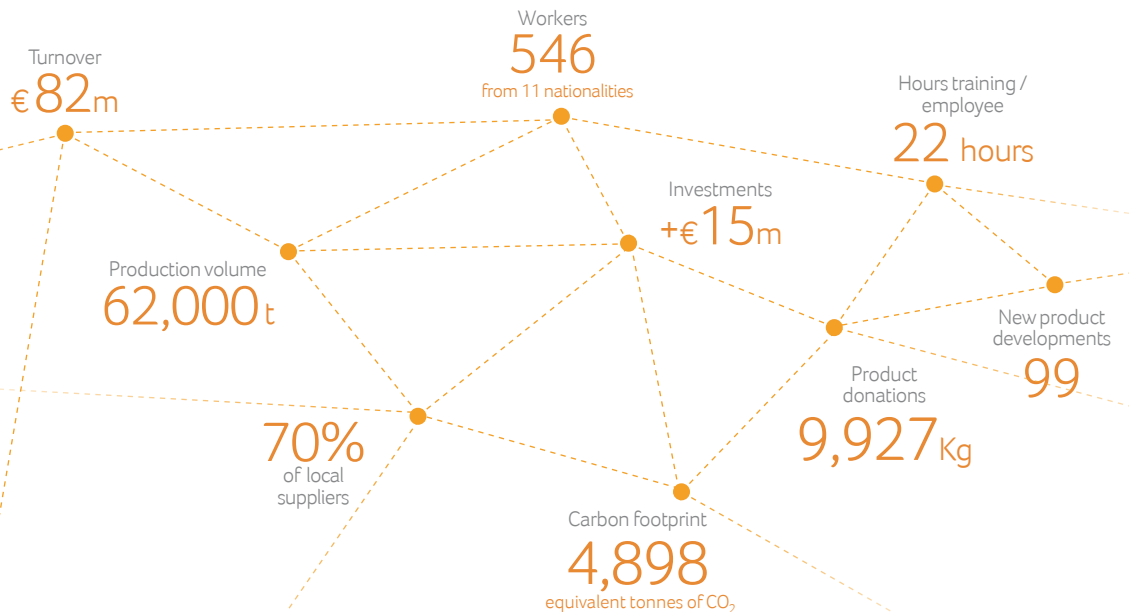
FACTORIES

- Benavente (Portugal)
- Silvano D'Orba (Italy)
- Tepeji del Río de Ocampo (Mexico)
- Worktop (UK)
- + 14 factories in Spain

SALES OFFICES

- Madrid (Spain)
- London (UK)
- San Antonio (USA)
- Sintra (Portugal)
- Bologna (Italy)
- Mexico City and Monterrey (Mexico)

Main figures for 2015



Corporate structure

CEREALTO IS THE PARENT OF A GROUP OF COMPANIES DESIGNED TO OPERATE IN THE DIFFERENT STRATEGIC MARKETS THROUGH SALES OFFICES AND PRODUCTION UNITS. I+DEA IS THE INNOVATION AND DEVELOPMENT CENTRE THROUGH WHICH BOTH THE COMPANY AND GRUPO SIRO CHANNEL THEIR INNOVATIVE DEVELOPMENT.



The **Steering Committee** is responsible for the company's strategy and governance and is made up as follows:



Luis Ángel López,
CEO &
Americas Market Director



Pedro Lago,
Corporate Finance Director



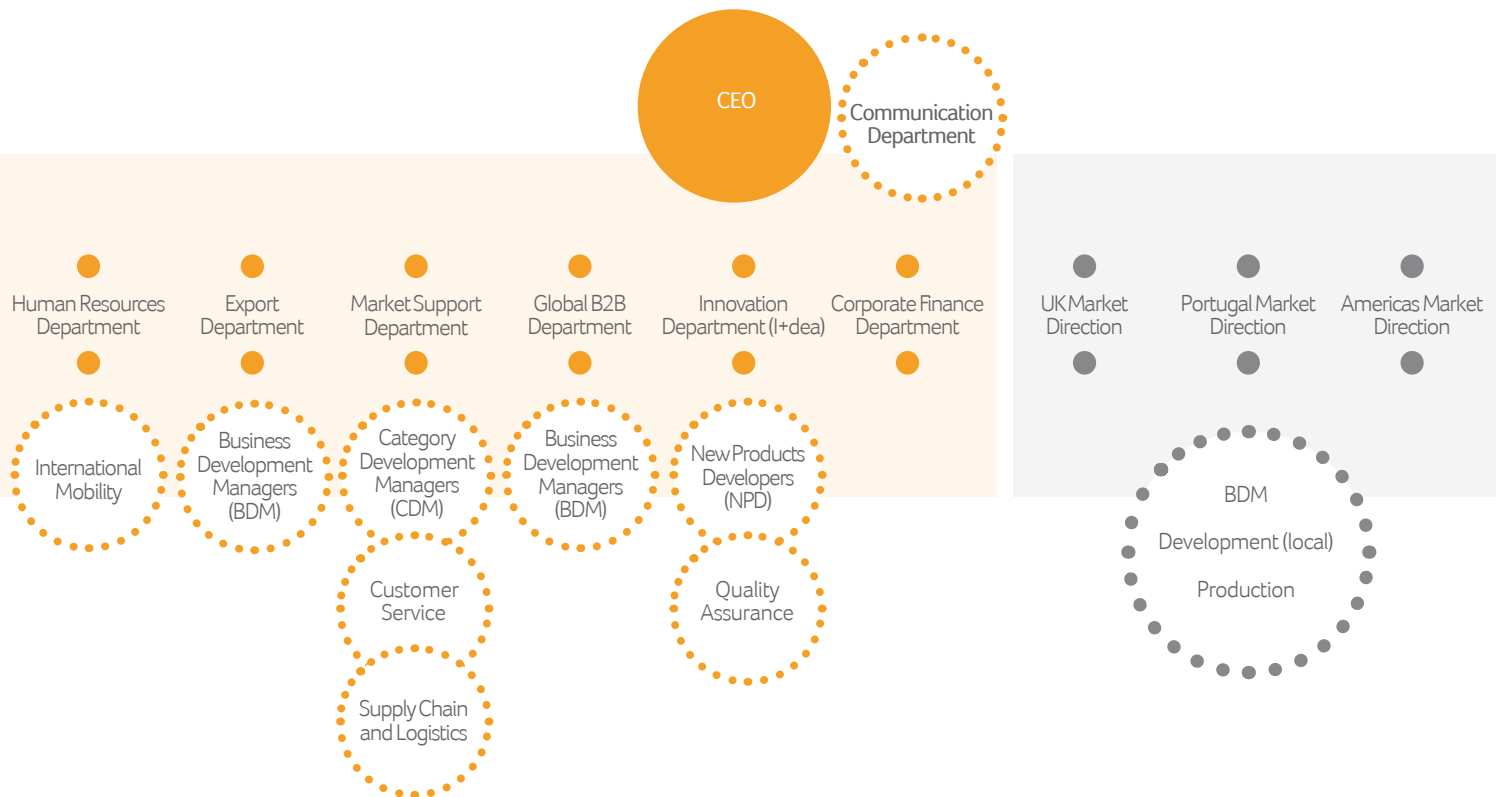
Paula Casanova,
Human Resources Director



Cristina Arveschoug,
Global B2B Director

About Cerealto

At an operational level, Cerealto is structured as follows:



Steering Committee



Alfonso Arroyo,
I+dea Director



Santiago Suárez,
*Export Director
Portugal Market Director*



Reme Ramos,
Market Support Director



Rut Aranda,
UK Market Director

Major milestones in 2015



CONSTRUCTION OF THE WORLD'S BIGGEST BISCUIT ASSORTMENT IN RECORD TIME

CEREALTO
Cultivating the future
CHANGE OF CORPORATE IMAGE



CEREALTO ACQUIRES SIRO FOODS AND ITS SUBSIDIARIES. TAKES ON ITS ENTIRE INTERNATIONAL BUSINESS AND B2B CLIENTS



LOCAL OPERATIONS IN MEXICO

PURCHASE OF THE FACTORY IN TEPEJI DEL RÍO DE OCAMPO

High quality biscuits and biscuit assortments

+350
employees

LOCAL PRODUCTION OF SLICED BREAD

CREATION OF US & CANADA MARKET DIRECTION AND MEXICO & LATAM MARKET DIRECTION



CONSTRUCTION STARTS ON THE WORKSOP (UK) FACTORY



Cereal bars

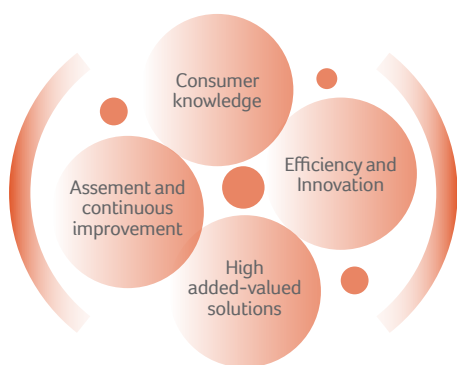


Gluten-free products

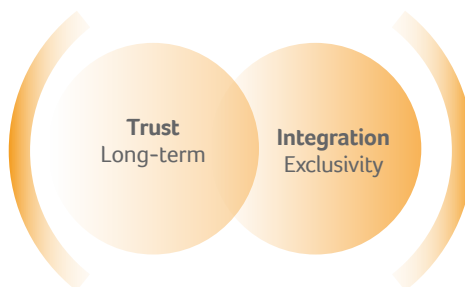
Our model: 'Only for you'

'ONLY FOR YOU' SUMMARISES THE RELATIONSHIP WE HAVE WITH OUR CLIENTS TO MEET THEIR NEEDS: WE WORK HARD TO ENSURE THAT WE ALWAYS EXCEED THEIR EXPECTATIONS, CONTRIBUTING TO THE PROFITABLE GROWTH OF THEIR BUSINESS.

Establishing stable and long-lasting relations is the result of day-to-day work. This leads to the growth of mutual trust that helps us integrate with our clients, promoting teamwork. We achieve this by being meticulous and by establishing measurable and quantifiable targets that add value to both parties. Assessment and continuous improvement are essential values, achieved through efficiency and innovation.



EXCEED EXPECTATIONS



WIN-WIN RELATION



OUR MODEL
RELATIONAL VS. TRANSACTIONAL

Although this model relates to our relationship with our Clients, we also make these tools available to our own people, promoting this way of working so that it becomes established as a mark of our culture and a natural reflection of our relationship with all of our stakeholders: Suppliers, People, Society and Capital.

Our strategic markets



Portugal

- **Baby food factory in Benavente.**
- Sales office: Sintra.
- Clients in the B2B and Retail sectors.
- Local team with an in-depth knowledge of the Portuguese market and PALOPS.
- Supported by an R&D Centre.
- Trade of sliced bread, cakes, pastries, biscuits, pasta and baby food.

*Benavente, 60 kilometres from Lisbon

BABY FOOD FACTORY IN BENAVENTE:

- Total surface area: 27,000 m²
Constructed surface area: 6,820 m²
- Capacity: 15,000 tonnes
- Six production lines: baby food, cereals for family consumption, supplements and ingredients for industrial use
- Formats: tins, bag in box, sachets, big box, etc.
- Nutriceal export range: Europe, Asia and Africa



Background

Most of the categories offered by Cerealto are present in the Portuguese market. Local sales are coordinated from this market as well as sales to Portuguese-speaking nations in Africa such as Angola, Mozambique, Guinea Bissau and Cape Verde.

The Benavente factory is our development and production platform for baby food, family consumption cereals, supplements and ingredients for industrial use, from where we supply large clients from the B2B and retail sectors.

The manufacture of products for infant consumption requires compliance with the strictest food safety and quality standards, giving the company a high added-value and knowledge that we can apply to our operations as a whole.

Key elements of 2015

- Launch of the baby food category in large distribution chains.
- Development of the bread category under the own brand names of some of Portugal's leading retailers.
- 44% growth in volume and value in the Portuguese market compared to 2014.
- Development of baby food products for other markets:
 - Pioneers in the developments of a distributor network in the South African market.
 - Development of a new range of baby cereals with goat milk for the Russian market.
- Creation of an alliance for the development of baby cereals in the Middle East and North Africa.

Launches:
53
new references

Jobs:
90
employees

Economic Contribution Index for the country 2015 figures (€k)

Distributed Economic Value	8,413
Operational costs ⁽¹⁾	5,672
Salaries, employee benefits and investments in the community	2,684
Payments to Capital suppliers	32
Duties and taxes	26

⁽¹⁾ Local suppliers only

Our CHALLENGE for the coming year

- Expanding the Cerealto categories available in the Portuguese market.
- Opening up new baby food markets, essentially in Asia, Africa and Latin America.
- Growth of developing product ranges, for large European industrial clients and distributors in Latin America and Asia.



Italy

- **Pasta factory in Silvano D'Orba.**
- Sales office: Bologna.
- Clients in the B2B and Retail sectors.
- Supported by an R&D Centre.
- We sell 'Made in Italy' pasta, biscuits, assortments, cereal bars and snacks.

*Silvano D' Orba
(Alessandria), 30 km
from the Port of Genova

PASTA FACTORY IN SILVANO D'ORBA:

- Total Surface area: 30,000 m²
Constructed surface area: 11,000 m²
- Capacity: More than 37,000 tonnes
- Three production lines:
long pasta, short pasta and
special pasta
- Formats: flow pack, square
pack, etc. in different sizes
(0.5 Kg, 1Kg, 5 Kg)



Background

Italy is a strategic market for Cerealto as it is home to one of our operations centres which accounts for 9% of our employees.

With a family tradition dating back over 100 years, Pastificio Mediterranea represents the company's commitment to the 'Made in Italy' pasta category.

At this factory, we develop distribution brands for our clients in the retail sector, mainly in Italy and in the rest of Europe, the US, China and Africa.

There are more than 68 types of pasta, including organic and whole-wheat pasta, made from different varieties of 100% Italian semolina.

Key elements of 2015

- Development of the new Mediterranea brand with the start of exports to the Asian market.
- Progress in our relationship with farmers, cooperatives and local mills with the aim of helping improve product processing.

Launches:
30
new references

Jobs:
48
employees

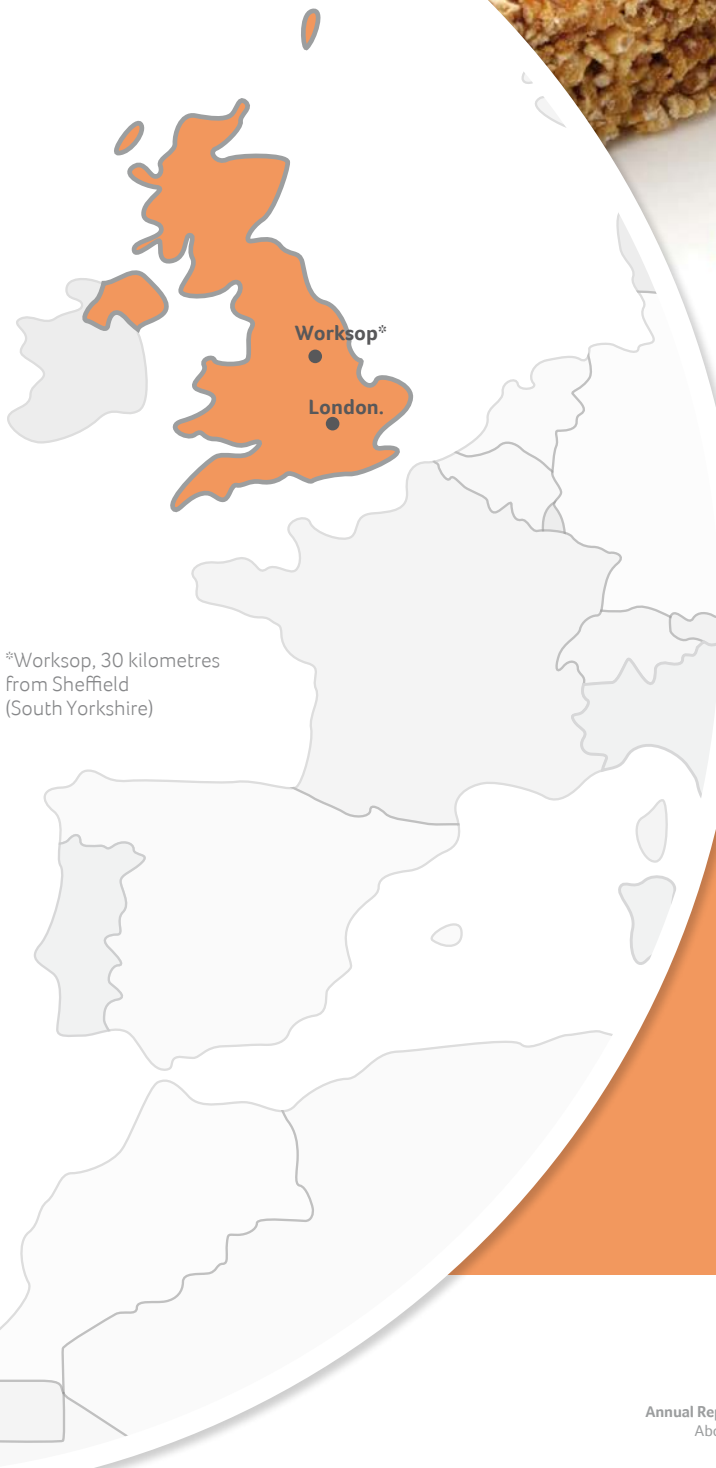
Economic Contribution Index for the country 2015 figures (€k)

Distributed Economic Value	18,296
Operational costs ⁽¹⁾	16,106
Salaries, employee benefits and investments in the community	2,093
Payments to Capital suppliers	21
Duties and taxes	76

⁽¹⁾ Local suppliers only

Our CHALLENGE for the coming year

- Working with the value chain, starting with our agricultural suppliers, and using existing synergies in the Group.
- Expansion into high added-value markets: main focus on Italy, North America and the UK.
- Promoting our own Moccagatta and Mediterranea brands for the export markets.



*Worksop, 30 kilometres
from Sheffield
(South Yorkshire)

United Kingdom

- **Sales offices: London.**
- Clients in the B2B, Horeca and Retail sectors.
- Specialist local team.
- Trade of gluten-free products, cereal bars, breakfast biscuits and snacks.

**OUR NEXT FACTORY IN THE UK
(UNDER CONSTRUCTION):**
Located in Worksop, it will be
equipped with environmentally
efficient technologies

- Surface area to be constructed:
30,000 m²
- Two production lines: gluten-free
products and cereal bars



Background

The UK market has been identified as one of the largest consumption per capita for our product categories. Cerealto's commitment to quality and innovation, in addition to our outstanding and unique range of gluten-free products, is being positively valued by our sales partners.

We are aware that by having production capacity in the UK, we will bring greater added value to a market in which the consumers prefer locally-sourced products. Furthermore, it will provide a strategic base from which to cover other export markets in Europe.

Key elements of 2015

- Establishment of a full management team in line with the company's capacities and vision.
- Integration of 5% of employees from groups that have difficulty in accessing the job market.
- Focus on the gluten-free product range.
- Establishment of key alliances with clients from the B2B, Horeca and Retail sectors.
- Start of the construction of the Worksop factory and its adaptation to future business opportunities in terms of both capacity and employees.
- Investment in cutting-edge technologies adapted to the Northern European markets.

Launches:
16
new references

Jobs:
15
employees

Economic Contribution Index for the country 2015 figures (€k)

Distributed Economic Value	6,189
Operational costs ⁽¹⁾	1,812
Investments in Fixed Assets ⁽¹⁾	3,187
Salaries, employee benefits and investments in the community	909
Payments to Capital suppliers	10
Duties and taxes	271

⁽¹⁾ Local suppliers only

Our CHALLENGE for the coming year

- Create over 50 jobs in 2016.
- Train the team that operates the first production line in the highest food safety and quality standards in the UK.
- Achieve the first local production of gluten-free products and cereal bars.
- Identify local suppliers with a focus on quality and establish solid relations with them.
- Plan the creation of an R&D Centre.



México

- **Tepeji del Río de Ocampo factory (Hidalgo).**
- Sales Offices: Mexico City and Monterrey.
- Clients in the B2B and Retail sectors.
- Local team with an in-depth knowledge of the Mexican market market, including R&D.
- Trade of biscuits, bread, cakes and pasta.

*Tepeji del Río de Ocampo,
60 kilometres from Mexico City

TEPEJI DEL RÍO DE OCAMPO FACTORY (HIDALGO):

- Total surface area: 24,131 m²
Constructed surface area: 9,000 m²
- Capacity: 13,000 tonnes
- Three production lines: high quality biscuits and assortments
- We supply clients in Mexico, North America and the rest of LATAM



Background

The market for the categories we manufacture in Mexico offers huge potential. In the last five years alone recorded sales of biscuits increased by 7%.

This context, added to key agreements with local clients and the neighbouring location of Texas (USA), saw Cerealto complete the acquisition of our first operations centre on the American continent on 2 October.

Situated in Tepeji del Río de Ocampo in the state of Hidalgo, the factory specialises in the production of high quality biscuits and assortments.

Moreover, we have successfully undertaken the first local production of sliced bread and the launch of the first two references in this category onto the Mexican market.

Key elements of 2015

- Acquisition of our first factory on the American continent.
- Important collaboration agreement with one of the leading Mexican companies for the sale of high quality biscuits and assortments.
- Start serving other clients in Mexico, the USA and Latin America.
- Successful cultural integration process of the new workforce and the incorporation of over 100 new employees.
- Start of local production of sliced bread and the launch of a pilot project in the Querétaro region.

Launches:
105
new references

Jobs:
356
employees

Economic Contribution Index for the country 2015 figures (€k)

Distributed Economic Value	2,806
Operational costs ⁽¹⁾	2,304
Salaries, employee benefits and investments in the community	335
Payments to Capital suppliers	161
Duties and taxes	5

⁽¹⁾ Local suppliers only

Our CHALLENGE for the coming year

- Successful integration of the plant processes into the Group's operational structure.
- Industrial investments to increase production capacity and manufacture other specialities with new technologies.
- Certification in FSSC 22000.



USA and Canada

- **Sales Office in San Antonio (Texas).**
- Logistics warehouse: San Antonio (Texas).
- Clients from the B2B and Retail sectors.
- Specialist local team.
- Trade of biscuits, snacks and 'Made in Italy' pasta.

*San Antonio (Texas)

OUR NEXT FACTORY IN SEGUIN (TEXAS):

- Total surface area: 202,343 m²
Surface area to be constructed: 23,230 m²
- Capacity: 22,000 tonnes.
- Four production lines: biscuits, snacks, gluten-free products.



Background

Opportunity to replicate our business model with regional retailers that are looking to stand out from the national distribution chains and focus on a different type of higher quality range that includes products containing natural, organic, gluten-free ingredients, etc.

Key elements of 2015

- Products launched:
 - New category: 'Made in Italy' organic pasta.
 - Growth of the snacks category with four new references.
 - Development and improvement of customer service via the San Antonio Logistics Warehouse.
- Work has taken place to develop the American products portfolio.
- Strengthening the local team with particular emphasis on R&D.

Launches:

19

new references

Jobs:

9

employees

Economic Contribution Index for the country 2015 figures (€k)

Distributed Economic Value	1,612
Operational costs ⁽¹⁾	435
Salaries, employee benefits and investments in the community	975
Payments to Capital suppliers	23
Duties and taxes	180

⁽¹⁾ Local suppliers only

Our CHALLENGE for the coming year

- Start the construction of the Seguin factory in addition to the creation of a Special Job Centre adapted for individuals at risk of social exclusion.
- Plan an R&D centre that will enter into operation as from 2018.
- Generate more than 200 jobs related to the new operations centres.

We are a

*reliable
partner*

for our stakeholders in each
of the communities in which
we operate



Cultivating the future



Cultivating the future

Generating value > page 30

Exceeding expectations > page 36

Trustworthiness and passion > page 44

Our supply chain > page 54

Commitment to society > page 58

Our business model

OUR BUSINESS MODEL IS BASED ON THE CREATION OF STABLE AND LONG-LASTING RELATIONSHIPS WITH EACH OF OUR STAKEHOLDERS: CLIENTS, PEOPLE, SUPPLIERS, SOCIETY AND CAPITAL. IT IS ESSENTIAL TO LISTEN TO THEM AND UNDERSTAND WHAT THEY EXPECT TO RECEIVE FROM US SO THAT WE CAN UNDERTAKE COMMITMENTS THAT HELP THE SUSTAINABLE DEVELOPMENT OF THE ENTIRE MODEL.

These commitments have been established taking into account the widest approach to Sustainability that encompasses social, environmental and economic aspects without losing sight of the company's own strategy and the trends in the Food sector.

Following the approval of the company's Sustainability Plan, objectives have been defined as well as the criteria for its follow-up with the creation of a Sustainability Committee made up as follows:

Sustainability Committee

Led by the CEO of Cerealto, the mission of the Committee is to oversee the compliance of the objectives and assess strategic initiatives that add value to the company.



Our sustainable model

	P O L I C I E S			2020 Objectives
	Economic	Social	Environmental	
Clients Exceeding Expectation page 36	Generate profitable growth for our clients	Contribute to improving consumer health	Reduce the consumption of packaging at source	<ul style="list-style-type: none"> • 15% reduction in saturated fats • 15% increase in fibre • 100% of sustainable palm oil • 10% of products geared towards groups with specific nutritional needs • 3% of products respond to a non-covered need • 4% reduction in packaging
People Trust and Passion page 44	Remuneration model based on objectives and results	To be a company where we would like to work	Promote our people's involvement in environmental policies	<ul style="list-style-type: none"> • 100% of our staff are on fixed contracts or candidates to be on fixed contracts • The company shares its generated value with 100% of our employees • 4% of our staff belong to groups at risk of social exclusion • 40% of our staff are women • 60% of our vacancies are filled through internal promotion • 100% of our staff benefit from variable remuneration linked to group or individual objectives • 85% of our employees are satisfied or very satisfied with the company
Suppliers Our supply chain page 54	Contribute to the efficient development of the primary sector	Guarantee and promote ethics and integrity in the supply chain		<ul style="list-style-type: none"> • 100% of suppliers adhere to our Code of Conduct • Our supplier accreditation system includes social and environmental criteria • 100% of our raw ingredients and packaging suppliers are affiliated to SEDEX • 100% of our suppliers have been audited in relation to social and environmental criteria • 100% of our raw ingredients suppliers have Food Safety standards
Society Our commitment towards society page 58		Commitment to the communities in which we operate	Minimise the environmental impact of our activity	<ul style="list-style-type: none"> • 60% of our suppliers are local • 15%-20% reduction in our carbon footprint by 2030 • 15%-20% reduction in our water footprint by 2030 • Zero waste to landfill
Capital Generating value page 30	Improve KPIs and risk control	To be a reliable partner for society	Reduce and recycle waste	<ul style="list-style-type: none"> • 80% of our waste is recovered and has an economic return • +22% minimum margin per project • +10% EBITDA/sales profitability • Maximum 6 years payback/project • Continuity plans for 100% of our businesses • The sustainability objectives impact on the variable remuneration of our staff • The protocols of the Foundation that guarantees the continuity of the company have been approved



Generating value

Consolidating our corporate project

TO GUARANTEE THE SUSTAINABILITY OF THE COMPANY IS ESSENTIAL TO BUILD SOLID BASES ON WHICH TO SUPPORT OUR EXTENSIVE CORPORATE PROJECT. AND WE HAVE BEEN WORKING ALONG THESE LINES SINCE WE STARTED OPERATIONS IN 2012. SINCE THEN, WE HAVE ACHIEVED STRONG AND CONTINUOUS GROWTH, THE RESULT OF OUR MODEL'S COMMITMENT TO OUR CLIENTS WHICH HAS CONSEQUENTLY LED TO THE EXPANSION AND DIVERSIFICATION OF OUR BUSINESS AND MARKETS.

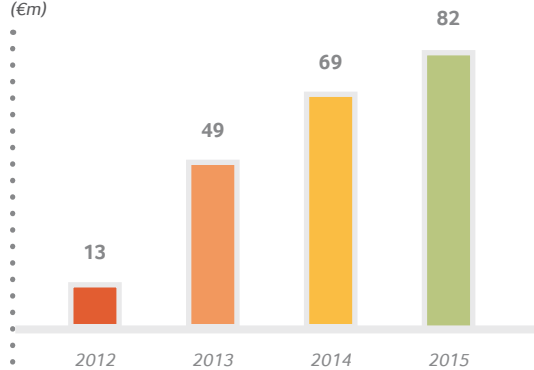
In 2015, we achieved a turnover of €82m which represented a growth of 18% compared to 2014. This was accompanied by an increase in production and in the number of employees that, at the close of 2015 stood at 62,000 tonnes and 546 employees, respectively.

Turnover
€82 m

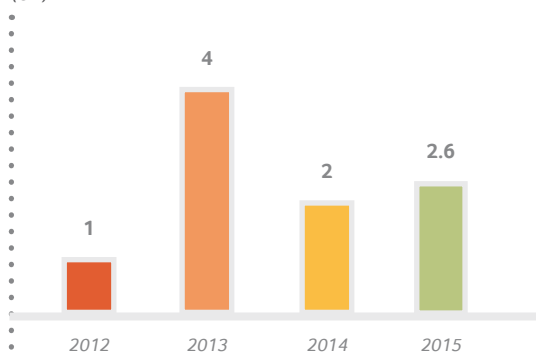
Production 2015
62,000 t

Workers
(by the end of 2015)
546

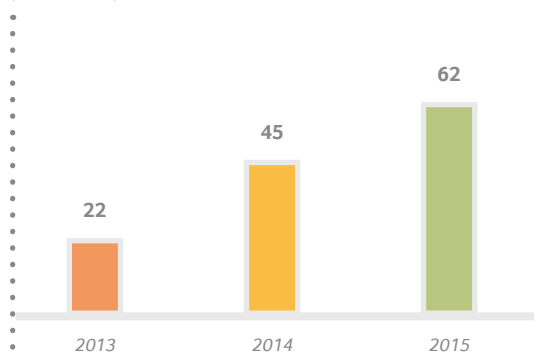
Turnover
(€m)



EBITDA
(€m)



Production
(thou. tonnes)





In parallel to the expansion strategy, the acquisition of the new production centres has represented another significant form in which Cerealto has grown. We stand behind operations to purchase companies that offer us strategic positioning. As a result, the factory in Benavente (Portugal) and the Pastificio factory in Silvano D'Orba (Italy), both of which have been run by us since 2013, are now joined by the factory in Tepeji del Río de Ocampo (Mexico), acquired in 2015.

Similarly, we are committed to the construction of our own production plants. The factory in Worksop (UK) will enter into operation during the first quarter of 2016 and the construction of the factory in Seguin, Texas (USA) will commence during 2016 with production expected to start in 2017.

To undertake these strategic projects, we have made significant investments during 2015 that have been financed using our own resources and bank loans. These investments are mainly allocated to the purchase of the factory in Mexico, the construction of the new factory in the UK and the strengthening of our local teams.

Investment
Forecast for 2016

€68 m



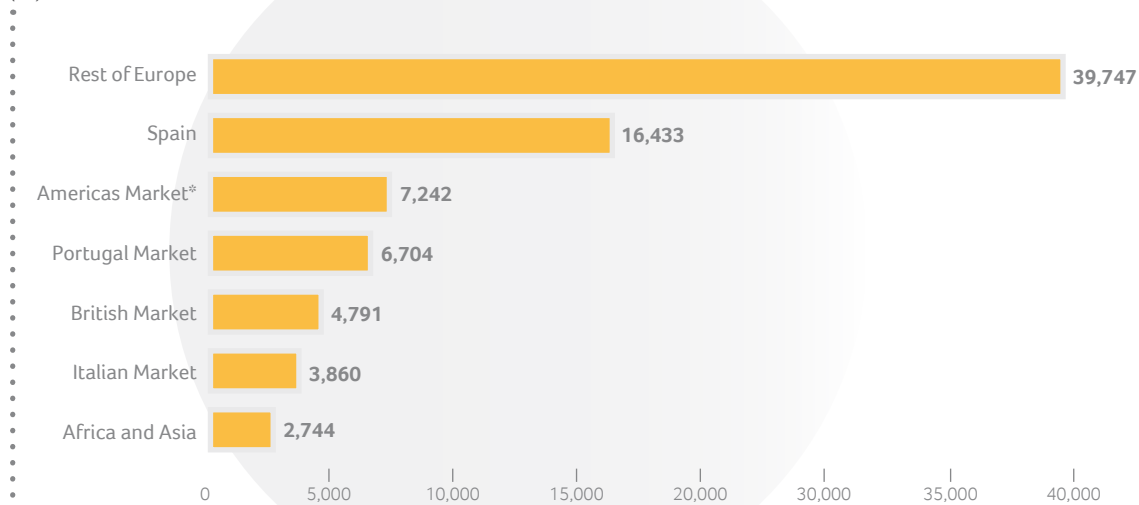
In line with our business plans, our investment forecast for 2016 stands at about €68m. Most of the investment will be concentrated in the UK and American markets.

Institutional support

Thanks to the strength of our project and the degree of trust that we are able to generate with our different stakeholders, the UK Government's Innovation Department has granted us substantial funding that aims to support the investment and job creation associated with our new factory in Worksop to produce gluten-free products and cereal bars.

Sales by strategic markets and other countries

(€K)

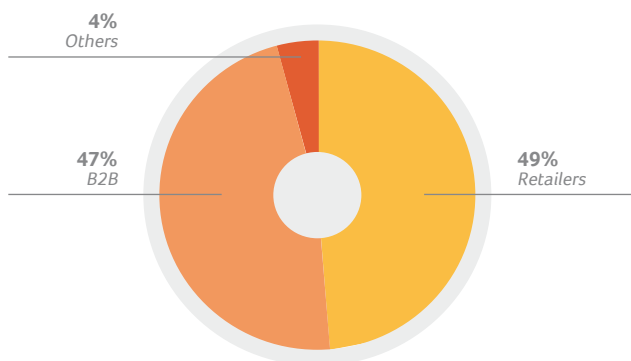


*Includes sales from Mexico since the factory's acquisition date.

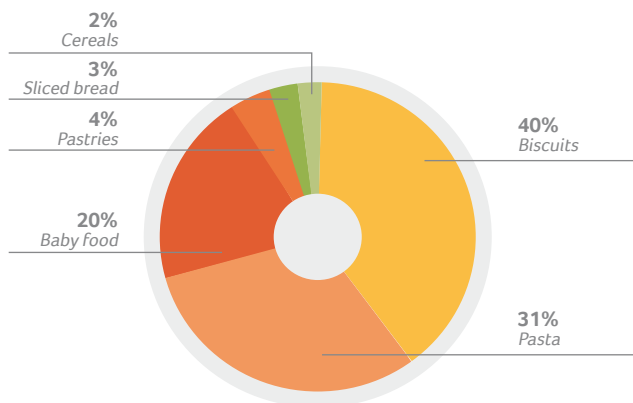
Risk management

We will work further on risk management during 2016 to identify possible causes that could give rise to an interruption in our business with the subsequent definition of action plans to minimise risk. Currently we have contingency plans in place in the UK and Portugal to guarantee the continuity of operations in the event of different types of incidents (production process, stock management, supply chain, etc.). By the end of 2019, we are committed to the implementation of contingency plans for 100% of our centres and have continuity plans in place for 100% of our business lines.

Sales by type of client (€)



Sales by product category (€)



The acquisition of new production centres has represented another significant form in which Cerealto

has grown

Creation of shared value

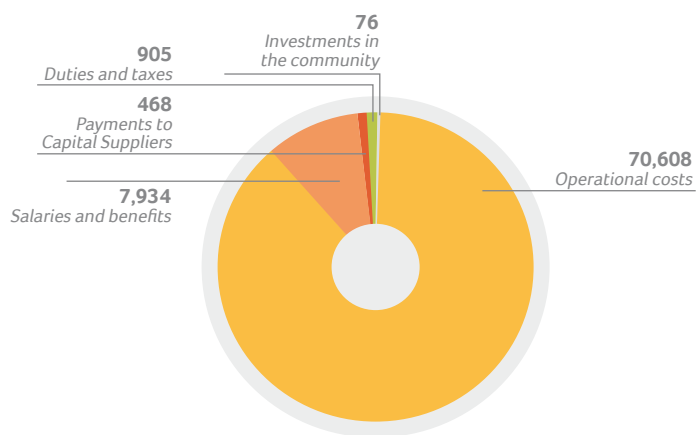
OUR BUSINESS MODEL IS BASED ON OUR ABILITY TO SATISFY EACH OF OUR STAKEHOLDERS: CLIENTS, PEOPLE, SUPPLIERS, SOCIETY AND CAPITAL. AS A RESULT, WE CREATE ECONOMIC VALUE AT THE SAME TIME WE ARE CREATING VALUE FOR SOCIETY AS A WHOLE, ESPECIALLY WHERE OUR PRODUCTION PLANTS ARE SITUATED.



Sustainability Indicator: Our Contribution (€k)

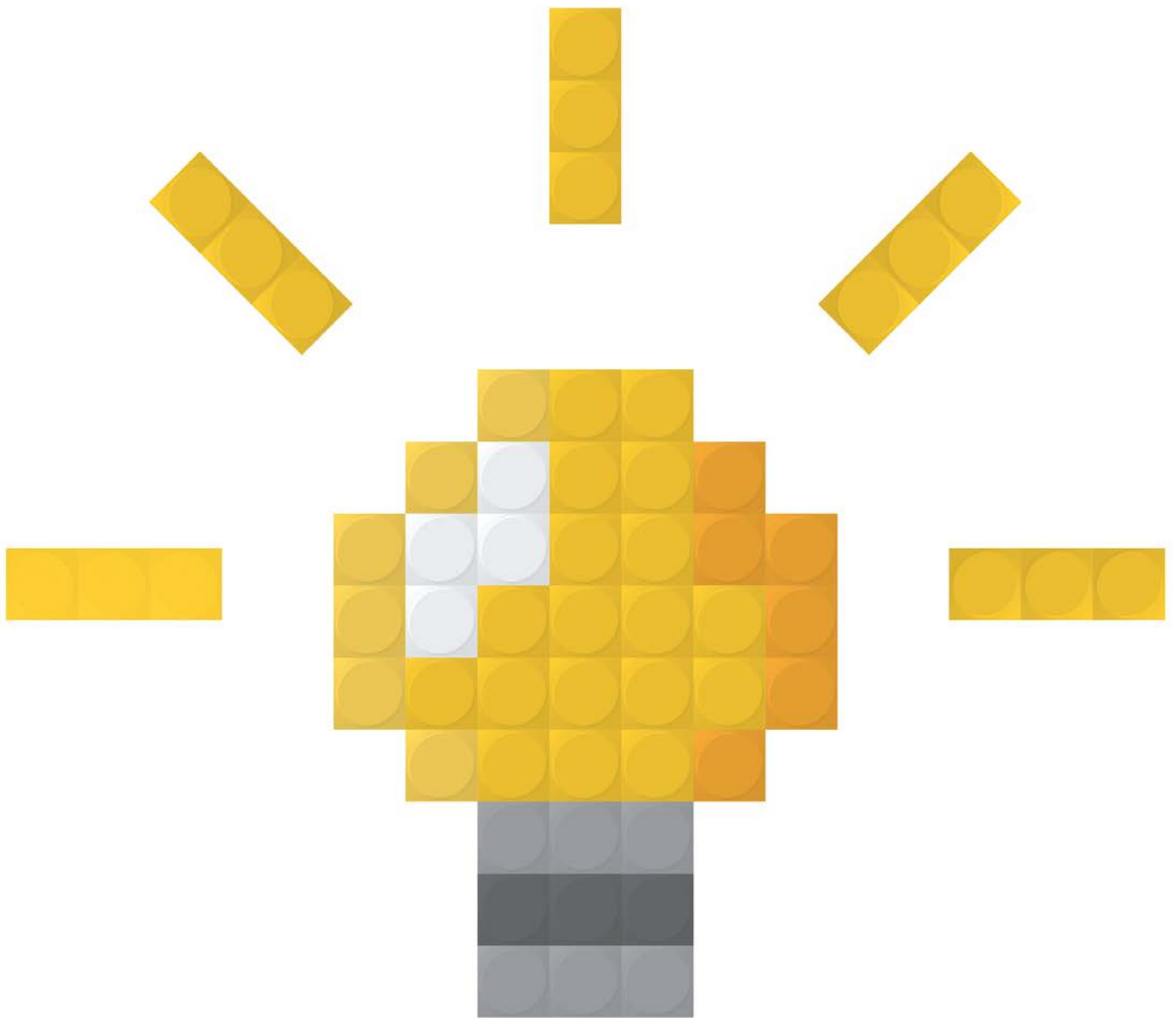
	2015	2014
Generated Economic Value	81,521	70,061
Distributed Economic Value	79,991	68,725
Operating Costs	70,608	60,637
Salaries and employee benefits	7,934	7,208
Payments to Capital suppliers	468	286
Duties and taxes	905	565
Investments in the community	76	29
Retained Economic Value	1,530	1,336

Distributed Economic Value 2015 (€k)

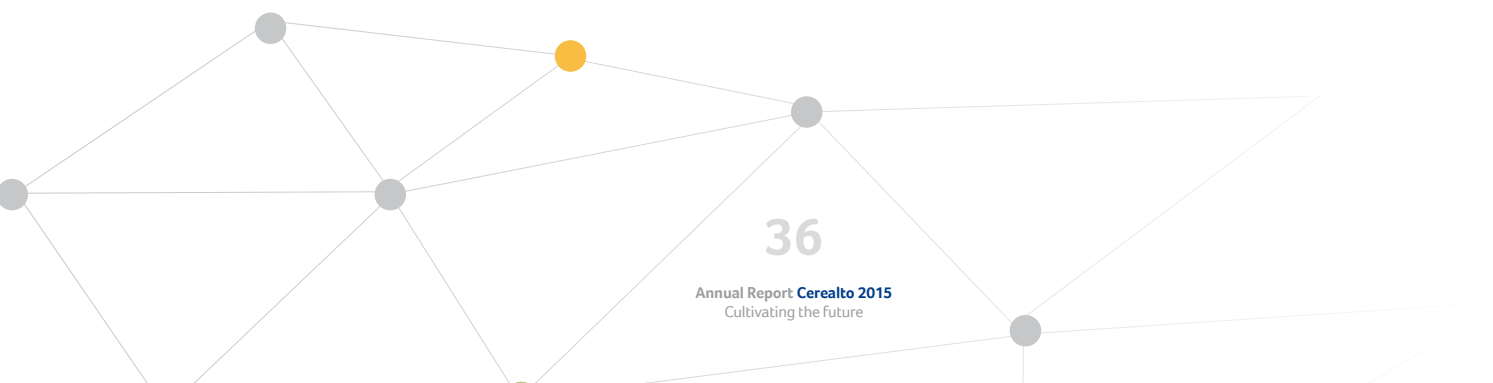


Total tax contribution (direct and indirect)

Social Security 1.34 million euros	Direct tax contribution Corporation Tax 0.6 million euros	Other taxes and levies 0.3 million euros
Social Security 0.47 million euros	Indirect tax contribution Income Tax 1.57 million euros	VAT 0.4 million euros
Total tax contribution 2015: €4.7 million		



Exceeding expectations



36

Annual Report **Cerealto** 2015
Cultivating the future

Excellence and innovation

WE AIM TO ANTICIPATE CONSUMERS' NEEDS SO AS TO CONTRIBUTE TO THE PROFITABLE AND SUSTAINABLE GROWTH OF OUR CLIENTS, AS AN INTERNATIONAL BENCHMARK IN THE AGRI-FOOD SECTOR IN THE DEVELOPMENT AND INNOVATION OF PRODUCTS AND PROCESSES AND IN THEIR INDUSTRIAL APPLICATIONS.

INNOVATION RATIOS 2015

Investment in R&D

€3.2 m

Investment /
Turnover

4%

99

new developments
in 2015

Conferral of the

European patent
by the European Patents Office
**For the low calorific
content biscuit**

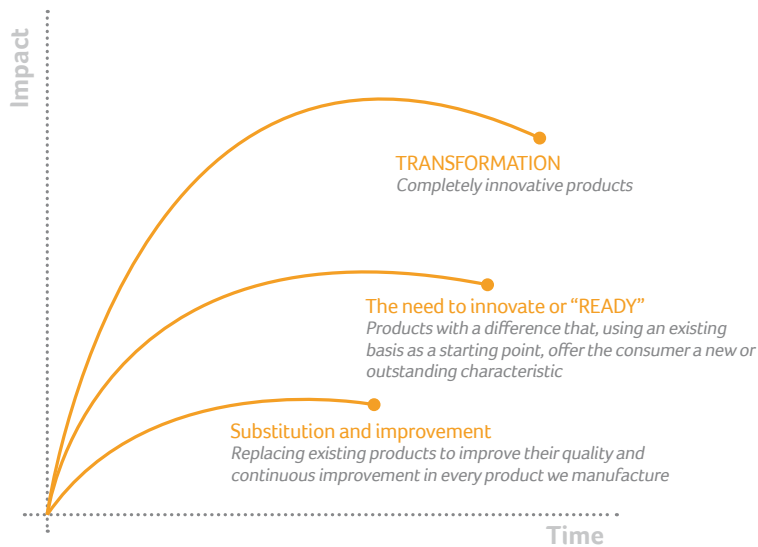
I+DEA

For Cerealto, innovation means **I+dea**, Europe's benchmark Research and Development Centre in the food sector.

I+dea comprises a total of 74 people from more than 10 nationalities and different professional profiles including Doctors, Agricultural Engineers, Holders of Degrees in Biology, Chemistry and Food Technology, Master Bakers and Pastry Chefs.

On an operational basis, the **I+dea** team is divided into three groups that broadly cover innovation, the business lines (managed by category) and the markets. They support projects in international markets, with particular emphasis on the UK and American markets, and the development of categories such as baby food and gluten-free products.

Our innovation model



Our main objective is to anticipate the future and work on long-term projects that offer greater value to the consumer. However, this starts with the consolidation of incremental and disruptive innovation and, in its first stages, in the substitution or improvement of already-existing products that are generally well-received by consumers, to ensure that they are the best on the market.

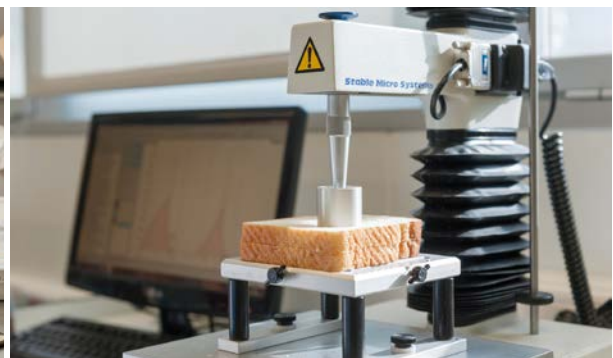
Our challenge for 2016

- Start the planning and construction of two R&D centres in the US and the UK.
We aim to be close to our factories and, in short, to our clients and consumers, in order to gain in terms of knowledge, efficiency and speed.
- Consolidation of Innovation and Co-innovation.
- 10% of new developments respond to a non-covered need.
- 10% of new developments respond to the needs of groups with specific dietary needs.

Co-innovation

I+dea launched a range of collaborative research projects in 2015 with the aim of transforming the generation of knowledge in new products and solutions that meet the needs of our clients.

Worth mention is the **ININTERCONECTA** project that aims to look for new solutions in food technology for the development of products designed for people with food intolerances. This project, due to conclude in 2017, aims to provide knowledge for the creation of new foods and ingredients (dairy and bakery products) that are proven to have an improved effect on digestion and the intestinal tract in susceptible individuals: celiacs, those who are lactose intolerant and other groups.



New product developments in 2015

In total, **99 new product developments** have been launched onto different markets in 2015, a figure that includes four new developments in gluten free products for the UK market on which industrial testing has already taken place.

99 new products



Breakfast biscuits
without artificial preservatives
nor natural aromas



*Multigrain
sandwich bread*



Granola cereal bars
without artificial preservatives
nor natural aromas



*Cherry limeade
sandwich biscuits*

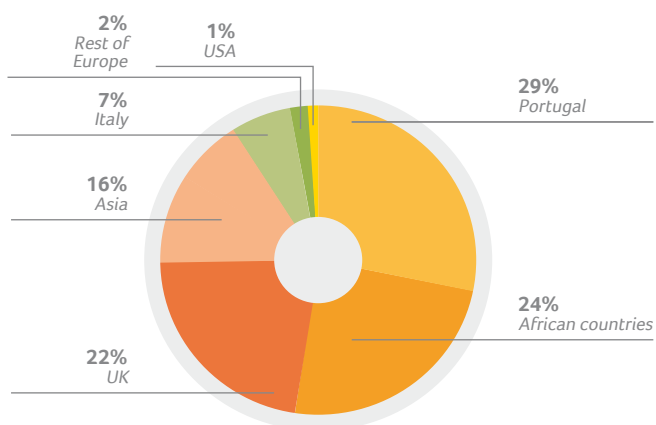


*Cereal bars
with marshmallows*

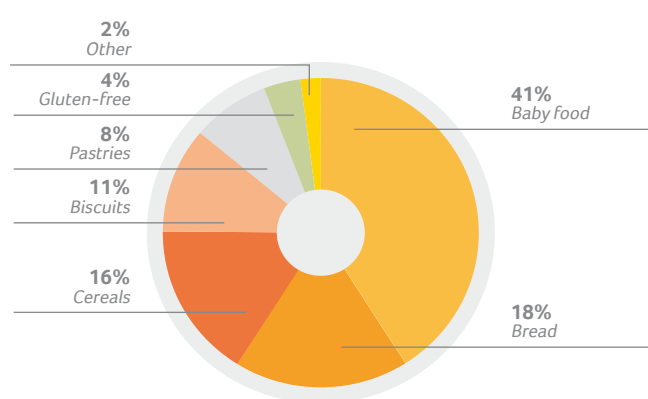


*Baby food
with goat milk*

New developments by country



New developments by category



*These graphs refer to innovations or new developments and do not correspond to the number of product launches, which would duplicate the above figures.



Maximum Quality and Food Safety

At Cerealto we are working to offer maximum quality in the products that we manufacture and in the service provided to our clients, in line with the most demanding quality management and food safety systems. In turn, we are at the forefront in consumer preferences and the new demands and requirements of each market, through our participation in global networks and in the most advanced warning systems.

As a result of our commitment to excellence and in line with the Quality and Food Safety policies of the company, we are focused on:

- **Guaranteeing and improving** the quality of our processes, products and services.
- **Complying with every legal and regulatory requirement** that applies to our products and processes.
- Ensuring that the **centres where we manufacture our products comply with the highest standards of quality and food safety**, that guarantee the identification of the risks associated with the manufacturing processes and the application of measures to minimise and control their scope.
- The systematic search to **improve the satisfaction of the end user** and our clients.
- Collaborating with every level of the food chain in order to guarantee the quality and safety of our products.

Certifications								
		ISO 9001	IFS Food	BRC Food	Organic Product*	ISO 22000	Kosher**	Halal***
Pastificio Mediterranea		✓	✓	✓	✓		✓	
Nutriceal Foods			✓		✓	✓		✓

* Accredits that the food manufactured is free from genetically-modified organisms and residue and that it has been obtained with the highest degree of respect for the environment and animal welfare. Extensively recognised throughout the USA and the EU.
 ** Accredits that the products are prepared in accordance with the standards of the Jewish religion so that it is suitable for consumption by this group.
 *** Accredits that the products are suitable for consumption by the Muslim community.

In the case of the recently-acquired Tepeji factory (Mexico), we are working to adapt its management systems to the international Food Safety standards. In this regard, our aim is to have achieved the certification under Food Safety Standard FSSC 22000 by the end of 2016.

Always looking towards the end user and our clients, we are constantly working to learn about their expectations and needs and to reduce the number of claims received as much as possible. To do this we have a system for the management and follow-up of claims and incidents as well as a client satisfaction assessment system.

Healthy nutrition

One of our main commitments is to contribute to improving consumer health which is why we aim to offer our clients and consumers alternative products that cover their nutritional, health and well-being preferences.

In this sense, we have established objectives linked to reducing saturated fats and increasing fibre in our products as well as to developing products designed for groups with specific nutritional needs.

In regards to saturated fats, we are aiming to reduce the average percentage of saturated fats and increase the average percentage of fibre in the products we manufacture.

In both cases, we have worked during 2015 to obtain data that allows us to measure the progress and monitor these objectives. We will continue to work to identify the best options in regards to ingredients to achieve this objective without compromising the quality of the product and its organoleptic characteristics.

Cerealto works hard to find solutions for those groups that have specific nutritional needs such as celiacs, diabetics, those with hypertension, etc. This is why we have established the target of 10% of all our newly-developed products geared towards these groups. In 2015, we more than complied with this objective, achieving 30%. In 2016, we will continue to promote this type of development.

One of our main commitments
is to contribute to

improving the health

of our consumers



A benchmark in the development of gluten-free products

THE FIGURES OBTAINED FROM OUR REFERENCE MARKETS REGARDING GLUTEN-FREE PRODUCTS SHOW THAT THERE ARE 44 MILLION POTENTIAL CONSUMERS (9.6M IN THE UK ALONE). WE CALCULATE THAT THE GLOBAL MARKET IS GROWING AT A RATE OF 20% AS CONSUMERS OF GLUTEN-FREE PRODUCTS HAVE INCREASINGLY VARIED PROFILES:



- Celiac disease currently affects 1% of the world's population.
- Positive cases of gluten allergies and intolerances are increasing.
- A growing trend to follow gluten-free diets due to the belief that they are healthier or through a wish to lose weight.

The visible growth in demand and the search for gluten-free foods with the best organoleptic qualities, added to Cerealto's commitment to Society to expand the product range for groups of consumers with specific nutritional needs, has resulted in us making significant investments in the search for alternatives in this category and techniques that give us a competitive edge in this product line.

In fact, we benefit from a team that is specialised in the innovation and development of this segment, headed up by experts in the sector. Its main objective is, firstly, to develop the gluten-free range through a more extensive offer than the one currently available on the market, so that it is equally as attractive to this group as products with similar characteristics and that is also suitable for general consumption. Secondly, it aims to guarantee that the new developments are affordable to consumers, at the same time as contributing to the profitable growth of both our clients and our company.

It is worth mentioning that Cerealto has **extensive experience** in the development and manufacture of gluten-free products, offering facilities that are adapted to the highest safety and quality standards.

As a result of this, we have worked on the development of almost 16 new products in 2015 that will be launched onto the market throughout 2016.

Some of these products have already been subjected to blind testings, mainly with UK consumers who have **highly rated** and categorised these products **as being of higher quality than those already on the market** and even more appetising than other products containing gluten.

In addition, the past year has also seen us successfully perform a number of industrial tests on the new developments that will allow us to gradually introduce a new range onto the market over the course of 2016.

The *gluten free* range proves significant growth

Development of
16
new gluten free
products
in 2015



Cheesecake



Pain au chocolat



Cheese croissant



Cheese crackers



Cheese twists



Seeded bread

gluten free

Trustworthiness and passion

*"Nature isn't just beautiful.
Even in small doses, it changes the way we feel"*



Cerealto is synonymous with our people, without whom this dream would not be possible. The dedication, enthusiasm and initiative of our workers allow us to build on this reality year on year and to achieve the results that, on many occasions, have exceeded even our own forecasts.

In 2015, we tripled the number of employees thanks to the acquisition of a biscuits factory in Mexico and the strengthening of the teams in that country and in the UK.

This represents significant challenges for us that are focused on establishing the bases of a solid corporate culture. Cerealto aims to guarantee the integration of new employees into the company, offering the tools and processes necessary to optimise the management of the staff of an international company such as ours, while always respecting multiculturalism and diversity.

A multicultural, international and young profile

THIS IS OUR TEAM'S PROFILE: INTERNATIONAL AND MULTICULTURAL, YOUNG AND DIVERSE; FROM 11 NATIONALITIES, WHERE 37% ARE AGED UNDER 30 AND 52% ARE BETWEEN 30 AND 50 YEARS OF AGE; AND GENDER EQUALITY IS REFLECTED THROUGH A 50/50 RATIO OF MEN AND WOMEN HOLDING MANAGERIAL POSITIONS.

2015 closed with 55% of all our staff on permanent contracts, a percentage that we aim to increase once the new production units are fully integrated. Moreover, turnover has been negligible with a total of 6 people leaving the company.

11

nationalities

37%

aged under 30

22

*training hours /
employee*

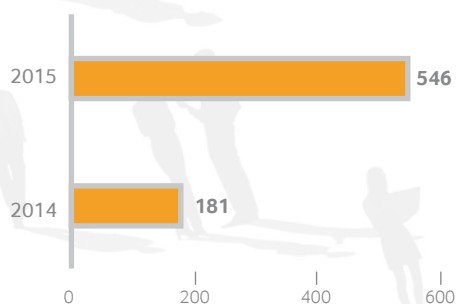
50/50

*men and women in
managerial positions*

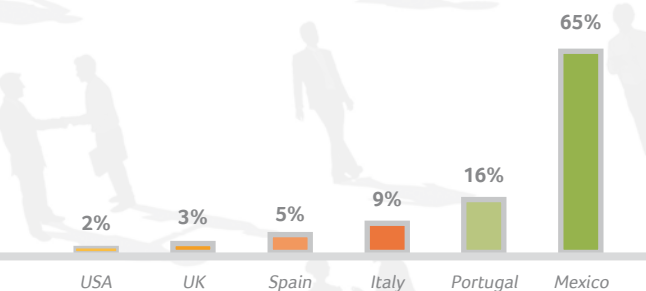


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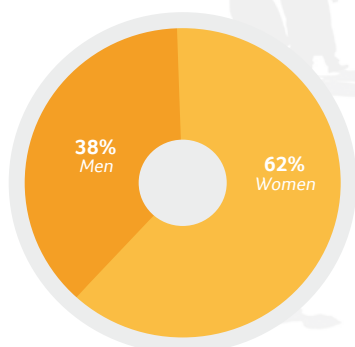
Number of employees



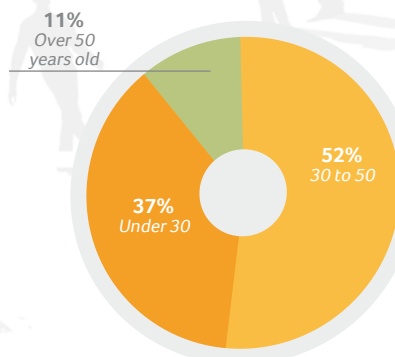
Distribution by country



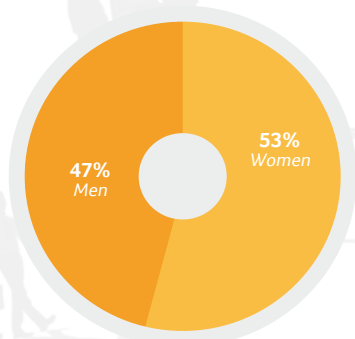
Workforce by gender



Distribution of workforce age range



New recruitments by gender *

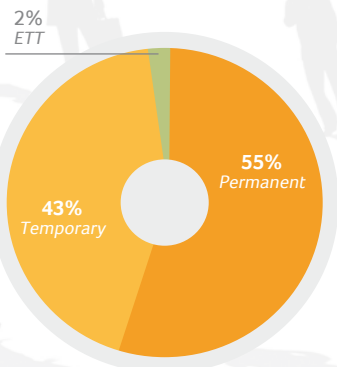


New recruitments by gender and country *

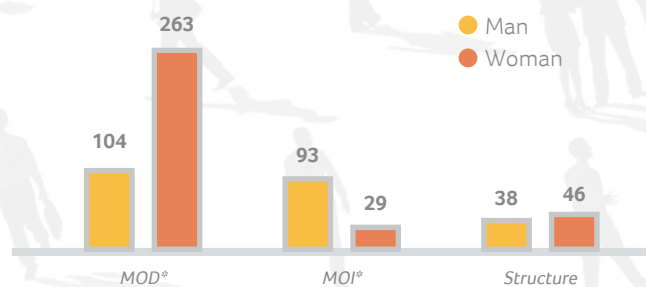
Country	Men	Women	Total
Spain	4	3	7
Portugal	8	3	11
Italy	3	0	3
UK	4	7	11
USA	3	1	4
Mexico	42	59	101
Other	0	0	0
Total	64	73	137

* The graphics dealing with new recruitment refer to newly created positions. Consequently, they do not include staff acquired through the purchase of a new factory.

Types of contract



Occupational group by gender



* MOD: direct labour
MOI: indirect labour

The characteristics of our workforce profile and the situation of growth of the business mean that the work coordinated by the Communication and Human Resources Departments plays an essential role in the processes of integrating and consolidating our corporate culture, addressing our information needs and taking into account the peculiarities of each culture and the realities of each operations centre. Accordingly, work has been carried out at various levels: corporate, market, and at operations centres.

In short, **our efforts as regards communication** have been oriented towards the following aims:

- **Making available the means and channels of communication which guarantee that the information will reach all the teams in each country**, including both the structural personnel as well as the factory workers, and adapting the information and contents to the local culture.
- **Directed towards integrating the teams so that progress is made in the pursuit of a common goal**. All of this encourages everyone to participate in the creation of content, promoting synergies between markets, businesses, and areas, as well as communicating joint achievements.
- **Promoting the values of our WOW! culture: innovation, efficiency and teamwork**; by means of the tools and the provision of spaces which encourage participation and the contribution of ideas, the communication of successful cases and good practices which can be replicated and, finally, setting up feedback mechanisms and incorporating improvements and incentives.



Especially remarkable were the two meetings that we celebrated in El Espinar, Segovia (Spain), for all our structural personnel and in Benavente (Portugal), for all employees in that country.

Cerealto Annual Meeting 2015

- More than 135 employees from all over the world
- Fair and exhibitions: another way of reporting the progress of projects
- *Team-building activities*
- We built the world's biggest biscuit assortment
- Broadcast via video-streaming

Cerealto Portugal Biannual Meeting (2015)

- Over 100 workers
- 2015 results and objectives for 2016
- Sustainability Model and video reportage of our stakeholders
- Recognition to our most distinguished leaders



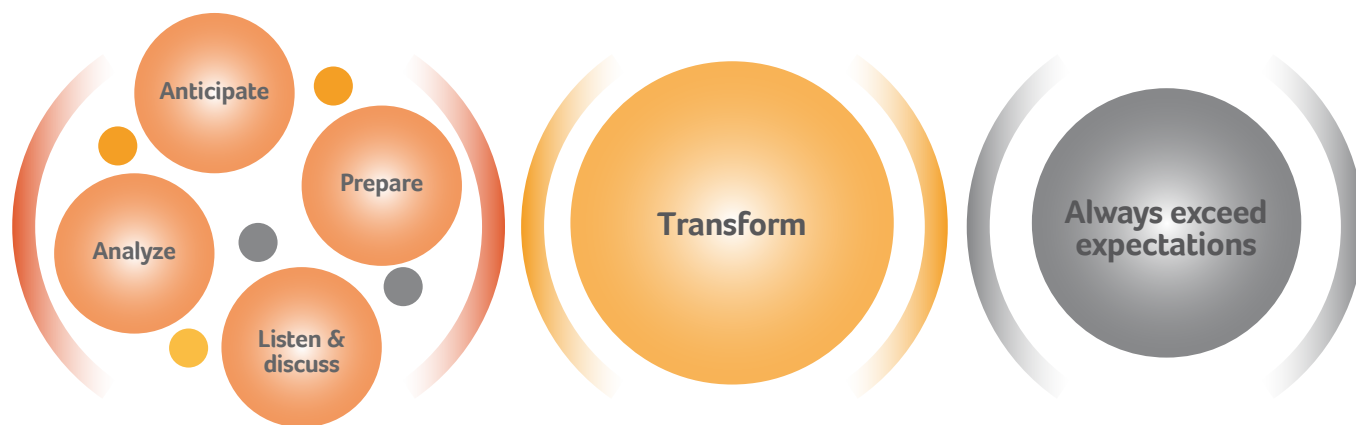


Our WOW! culture

TAKEN TOGETHER, OUR PROFILE, WAY OF WORKING AND CONSTANT USE OF THE PHRASE WOW! HAVE MADE US REALIZE WHAT HAS SHAPED OUR CORPORATE CULTURE: “TO ALWAYS EXCEED THE EXPECTATIONS OF OUR CUSTOMERS”.

Ultimately, each WOW! from one of our clients, whether internal or external, is the result of our constant efforts to anticipate, prepare ourselves, analyze, listen to them, to bring about a transformation and, finally, to always exceed expectations.

WOW! FORMULA



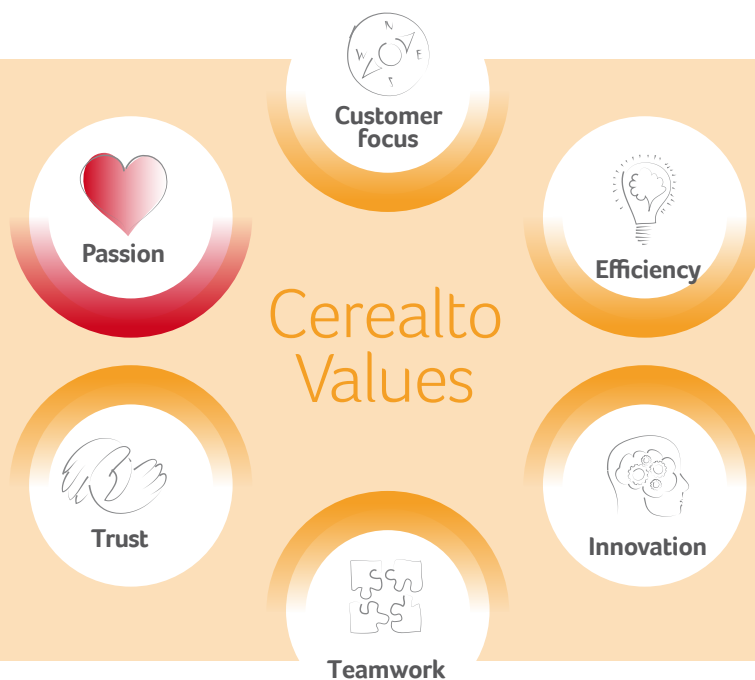
Values and leadership

LEAVING NO ROOM FOR DOUBT, A COMPANY'S VALUES MUST REFLECT THE DIFFERENT ASPECTS OF THE COMPANY CULTURE AND THE MANAGEMENT STYLE OF ITS LEADERS.

To this end, being conscious of the process of corporate maturation which we're undergoing, this year we carried out a survey reviewing our values. This survey, that was responded by 75% of our staff, followed the Barret methodology: individual values, current cultural values and target values.

The main conclusions indicate that:

- **Passion and trust** are two new values identified by our staff
- **Customer focus**, teamwork and passion are the values that best characterize our culture



This fact has made us reflect on our **VISION AND MISSION**. That is why we began a process of revising them this year.

VISION
To be a leading food group through innovation, distinctiveness and excellence, always acting in accordance with our commitment to social sustainability.

MISSION
To satisfy our stakeholders, always starting with the customers, anticipating innovative and efficient solutions that add value and guarantee the sustainable development of the company.

Furthermore, with the aim of nurturing and increasing the talent of our staff and aligning them to the Leadership and to the results that the company requires, we have developed different assessment and monitoring systems at all levels.

In the case of the organization's leaders and structural staff, we provide a **Monitoring and Assessment System** focussed on facilitating the monthly performance assessment as well as evaluating and improving the attitudes of our Leadership Model.

We also carry out a **Feedback 360°** process which we put into practice for the second consecutive year in 2015. It consists of evaluating the whole middle management of the company in relation to the Leadership attitudes, in which a wide group of evaluators takes part, amongst whom will generally be found: superiors, project teams, colleagues and internal customers.

Equality and opportunities for all

THE COMMITMENT TO INTEGRATE GROUPS AT RISK OF SOCIAL EXCLUSION INTO OUR WORKFORCE IS A DISTINCTIVE FEATURE OF OUR BUSINESS. FOR THIS REASON, IN OUR SUSTAINABILITY PLAN WE SET A MINIMUM TARGET THAT 4% OF OUR STAFF SHOULD BELONG TO THESE GROUPS BY 2020. THE CURRENT FIGURE STANDS AT NEARLY 1%.

By groups at risk of social exclusion, we are referring to groups of people who have difficulties in gaining access to the labour market. Our international character means that the reality varies between the different countries in which we operate. We are therefore working to define and identify these groups in each of them by means of current legislation and through contact with numerous civil society associations. This is described in greater detail in the section on society.

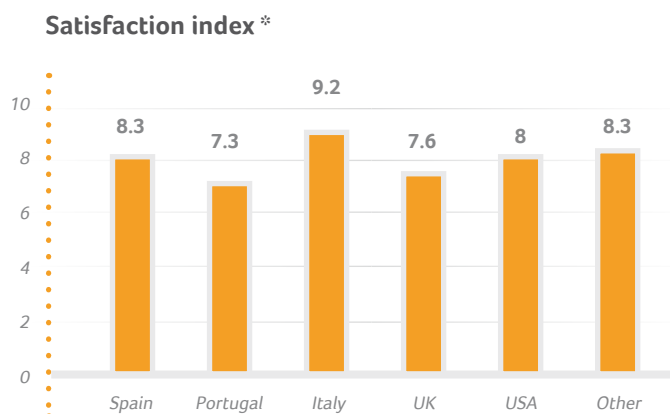


Our *commitment of integrating* groups at risk of social exclusion is a distinctive feature of our business



A good place to work

IN 2015, WE ADMINISTERED A JOB SATISFACTION SURVEY TO OUR EMPLOYEES. THE RESULTS OF THE SURVEY WERE VERY PLEASING AS CAN BE SEEN BELOW (10 BEING THE MAXIMUM NUMBER OF POINTS):



* This graph does not include Mexico because of the recent acquisition of the factory

Furthermore, this year we administered a survey to our staff with the aim of eliciting their opinions and needs as regards the work-life balance. The survey revealed that 61% of our employees had a balance between their work and personal lives. This year it is our intention to review our policies and introduce tools that will allow us to improve in this regard.

Finally, with respect to international mobility, we have a support program which covers the different situations that can arise following appointment to a post involving overseas assignments of short or long duration. This program provides support for meeting needs that our staff may encounter when they relocate: visas, cars, medical insurance, etc.

Health and safety

THE PREVENTATIVE HEALTH AND SAFETY SYSTEMS AT OUR PRODUCTION CENTRES COMPLY WITH THE CURRENT LEGISLATION IN EACH OF THE COUNTRIES WHERE WE OPERATE.

In general terms, there have been awareness-raising days about the risks of entrapment in moving parts and of health and safety in the workplace, as well as training in first aid, operating defibrillators, basic and advanced ORP, handling forklift trucks and food safety, responding to the needs and profile of our employees.

Here are the accident rate indices of our production plants:

Accident rate index 2015

Countries	Frequency rate	Degree of seriousness	Accident rate index
Portugal	1.17	25	2
Italy	0	0	0
Mexico	0.75	2	0



Our supply chain



Our business model is based, on the one hand, on developing stable relationships with each of our stakeholder groups, including our suppliers, and, on the other, on always exceeding our customers' expectations, helping them to expand their business.

Our model requires us to work in accordance with a common framework throughout our entire value chain, something that is also demanded from our suppliers, in line with our mission, vision and values, namely compliance with national and international regulations as well as with the principles that govern our business activities.

It is our intention that Cerealto's suppliers become an extension of our business because they are a key component in our mission to exceed the expectations of our customers.

Ethics and integrity in the supply chain

ONE OF OUR MAJOR COMMITMENTS IS TO GUARANTEE AND PROMOTE ETHICS AND INTEGRITY IN THE SUPPLY CHAIN. IN THIS CONTEXT, DURING 2015 WE DEVELOPED OUR CODE OF CONDUCT FOR SUPPLIERS, WHICH WAS APPROVED BY THE STEERING COMMITTEE ON DECEMBER 16, 2015, AND INTRODUCED ON JANUARY 01, 2016.

One of our sustainability aims is that 100% of our suppliers should comply with this code of conduct, which we hope to achieve before 2019, making it a prerequisite for new suppliers who start working with us.

Suppliers will be required to comply with the principles, values and standards described in the aforementioned code. An email address has been created where any infraction can be reported: gestionetica@cerealto.com.

Objectivity
Transparency
Confidentiality Equality
Trust
Commitment

Commitment to the communities where we operate



ONE OF OUR PRINCIPLES IS TO CONTRIBUTE TO THE DEVELOPMENT AND GENERATION OF WEALTH IN THE COMMUNITIES WHERE WE OPERATE. FOR THAT REASON, WE FAVOUR THE HIRING OF LOCAL SUPPLIERS, GIVEN THAT THIS UNDOUBTEDLY BENEFITS THE LOCAL COMMUNITIES.

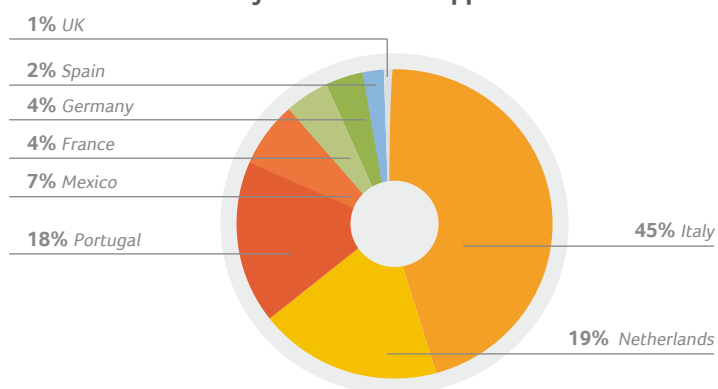
% of local suppliers*

Pastificio	100%
Benavente**	37%
Tepeji	100%

* Payments to local raw material and packaging suppliers.

** The raw materials for the manufacture of baby food must comply with the extremely demanding standards of Food Quality and Safety. It is therefore necessary to make a selection from those suppliers who provide the best guarantees.

Payment to local suppliers*



* Raw materials and packaging suppliers

Supply chain management

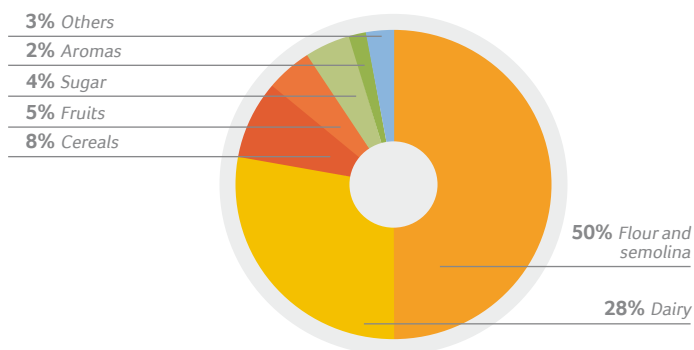
DUE TO THE NATURE OF OUR BUSINESS, OUR MAIN SUPPLIERS ARE SUPPLIERS OF RAW MATERIALS AND OF CONTAINERS AND PACKAGING. OUR AIM IS TO ACHIEVE A SUCCESSFUL WORKING ARRANGEMENT WITH A BASE OF STABLE SUPPLIERS, INVOLVING RELATIONSHIPS OF TRUST AND PROVIDING MUTUAL BENEFITS.

With the aim of supplying the best products, at the best prices and of the highest quality, at Cerealto we strive to ensure that our products are manufactured in a responsible and sustainable manner, using top-quality raw materials. To achieve this, we use a **supplier approval system** which includes a series of very demanding requirements as regards quality and food safety, as well as environmental, social and ethical criteria. .

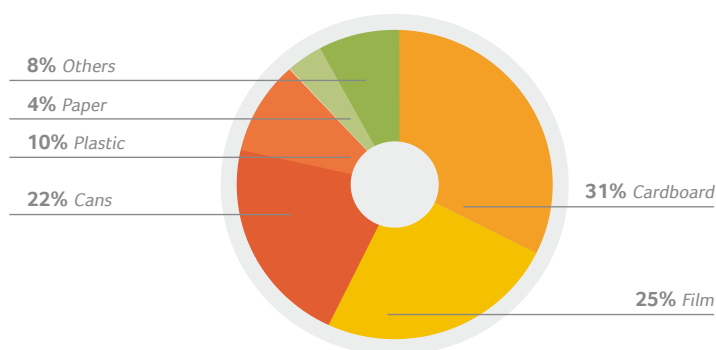
The checking of our suppliers to make sure that they comply with all of the established requirements is part of our supplier management. Thus, in 2015, 25% and 32% of the suppliers in Italy and Portugal, respectively, were audited. By the end of 2019 we are planning to have audited 100% of our suppliers, including the above-mentioned audits of ethical, social and environmental aspects.

With the introduction of the Code of Conduct for Suppliers, Cerealto will have monitored and assessed the performance of suppliers as regards ethical, social and environmental matters, by means of different tools such as the use of information platforms (SEDEX), self-testing and the undertaking of audits by third parties. The processing of this information will result in improvement plans that will benefit both parties.

Raw materials purchase (euros)



Packaging purchase (euros)



	Pastificio	Benavente*
Nº of suppliers	31 suppliers	74 suppliers
% raw materials of the total purchases (€)	76.67%	58%
% containers and packaging of the total purchases (€)	10.37%	27%
Main raw materials	Semolina	Cereals, dairy products and carbohydrates
Main containers and packaging	Film and boxes	Cardboard boxes, tins, plastic and packaging
% audited suppliers	25%	32%
% certified suppliers	100% IFS, BRC or other equivalent certification in Food Safety	<ul style="list-style-type: none"> • 100% IFS, BRC or other equivalent certification in Food Safety • 90% suppliers possess various certifications • 78% subscribed to the SEDEX platform
Sustainable procurement		100% of RSPO certified sustainable palm oil

* Registered on the SEDEX platform

** Data from the Tepeji factory has not been included due to its recent acquisition



*Commitment
to society*

Commitment to society

FOR CEREALTO, DIALOGUE WITH OUR STAKEHOLDERS IS THE BASIS OF OUR MODEL OF SUSTAINABILITY. ACCORDINGLY, EACH OF THEIR EXPECTATIONS BECOMES A CHALLENGE WHICH WE ALWAYS FOCUS ON MEETING.

For that reason, our commitment is geared to strengthening our relationships with those elements of Society in the communities where we operate, and more widely in this market, because the processes of identification, prioritisation and deciding on a suitable approach are of vital importance.

By the same token, we rely on an open-door policy in relation to our facilities that encompasses all interested members of the public, from customers and other interested companies in the sector to Public Administration bodies, associations, educational institutions, etc.

One of our major strands of work is a response to the company's commitment to appoint **4% of people at risk of social exclusion** by 2020. Due to our international nature, we need to define, in each of the countries where we work, the characteristics of these groups which are defined by the difficulties they face in accessing the labour market.

In order to achieve this, we are supporting a study of current legislation and outreach to the Administrations and Civil Society. An example of this is the work sessions which we have carried out with more than 10 associations in the United Kingdom who assist in the integration of disadvantaged groups into the labour market: people with physical disabilities, those with Autism Spectrum Disorder, ex-offenders, and minorities, among others. These meetings took place in the borough of Bassetlaw, with the support of its representatives.

Incorporation of

4%
*of people at risk of
social exclusion
by 2016*





This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

PARTNERSHIPS WHICH WE ARE INVOLVED IN

Cerealto is a signatory to the United Nations Global Compact and, as such, is committed to respecting, promoting, and aligning our operations to universally accepted principles relating to human rights, labour rights, the environment and anti-corruption. For that reason, every year we share our Progress Report through the assigned platforms.

Furthermore, Cerealto belongs to various organizations in the markets where we have a presence, ranging from those that drive aspects such as regulatory issues, synergies between businesses in the sector, and specific areas such as R+D, Quality, Management, etc.

Business and Sectorial Organizations

- National Association of Child Food and Nutrition Industries, Portugal
- Federation of the Portuguese Agri-Food Industry, Portugal
- Portuguese Industrial Association, Portugal
- Madrid Chamber of Commerce, Spain
- Latin American Business Council, Iberian market
- Spanish Institute of Foreign Trade, Export and Investment, Spain
- General Confederation of Italian Industry for Alessandria, Italy
- Italian Chamber of Commerce, Italy
- Institute of Grocery Distribution, UK
- Institute of Directors, UK
- The Free Trade Alliance San Antonio, USA

Research and Development

- Campden BRI, UK
- American Institute of Baking (AIB), USA

Educational Institutions

- EDEM Business School, Spain
- North Notts College, UK
- Sheffield Hallam University, UK
- University of Leeds, UK

Public Administrations

- Benavente Town Council, Portugal
- Centro per l'Impiego della provincia di Alessandria, Italia
- Department for Business, Innovation & Skills (BIS), UK Government
- Bassetlaw District Council, UK
- Sequin Economic Development Corporation (SEDC), USA



PARTICIPATION IN FORUMS

It is worth noting our participation in the **I Food and Beverages Meeting**, under the title “Internationalization and collaboration: Drivers of growth in the sector”, organized by IPADE and IESE, prestigious business schools in Mexico and Spain respectively. At this meeting, which took place on 5th February 2015 in Mexico, more than 160 heads of different food and beverage companies attended in order to share their experiences, key success factors and best practices. Our CEO, Luis Ángel López, took the opportunity to explain our business model and strategy in the international markets.

We also draw attention to our participation in **Food Trade Fairs**, which provide an opportunity for us to continue positioning ourselves in the international markets, make progress in our projects with customers and identify other potential customers, present our latest developments and identify market trends.



*I Food and
Beverages Meeting
IPADE & IESE (Mexico)*



PLMA Chicago 2015 (USA)



DONATIONS

At Cerealto, we contribute to the societies in which we operate through the sponsorship and promotion of certain local activities, financial donations to local organizations and, above all, by means of product donations.

In 2015, we donated approximately 10,000 kilos of products in Portugal, Mexico and Italy. Furthermore, we describe below some more representative actions.

- **Financial contributions to associations in Portugal**, for example: support for traditional celebrations in Benavente such as the “Sardinha Assada” and the “Nossa Senhora da Paz” celebrations; for the Humanitarian Association of the Benavente Fire Brigade and the Salvador Association, whose aim is to promote the inclusion of people with motor deficiency into society.
- **Financial contributions to associations in the USA**, for example: support for The Free Trade Alliance San Antonio (USA) to mark their 20th Anniversary or for the Tournament of Champions in Texas, whose aim is to raise money for the education of local children.



We have donated
approximately

10,000
kilos of product



62

Annual Report Cerealto 2015
Cultivating the future



Anniversary of the Free Trade Alliance,
San Antonio (Texas)

PRIZES, AWARDS AND VISITS.

It is worth mentioning the visit by students from the **University of Texas in Arlington** to our facilities in Spain, where they had the opportunity to get to know our company better and to visit our Innovation Centre, I+dea.

Mention should also be made of the **award for our Nutriceal Foods factory in Benavente** received from the Agency for Competitiveness and Innovation, working under the authority of the Ministry of the Economy in Portugal, in the category of SMEs Leader 2015 for the quality of its performance and risk profile. Also noteworthy is its endorsement in the leading Portuguese newspaper *Diário Económico*, which included it in its ranking of the best SMEs in Portugal.

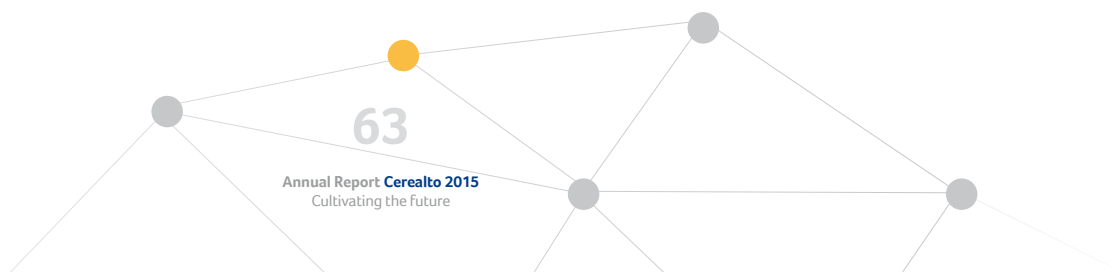
In September 2015, **The CEO Magazine** published a report based on an interview with Luis Ángel López about our company, challenges, highlights, competitors, etc.

We also made an important impact on the Mexican media through the acquisition of the Tepeji del Río factory in Mexico. All of this is a clear indication of the growing interest which we are awakening in the markets where we operate.

SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE

Within the framework of the collaboration of Cerealto and the Grupo Siro Foundation, all our employees are eligible to respond to the invitation issued by the Foundation to apply for Scholarships for Academic Excellence.

Every year we grant scholarships to the children of Group employees who have shown excellent academic achievement, with the aim of allowing them to begin or continue with their university or higher studies (masters, doctorates, their own studies and specialized courses). All applications are assessed and the selection is made on the basis of 'merits' from the best candidates. This year the announcement will be made in the middle of 2016.



OUR COMMITMENT TO THE ENVIRONMENT IS BASED ON THE PRINCIPLE OF SUSTAINABLE DEVELOPMENT. AT CEREALTO WE PROMOTE THE EFFICIENT USE OF ENERGY, WATER, RAW MATERIALS, CONTAINERS AND PACKAGING; AND THE REDUCTION OF WASTE AND EMISSIONS.

Our Nutriceal factory has an environmental management system, certified according to the ISO 14001 standard that helps us to manage and control environmental aspects of our own activities. For its part, Pastificio has begun an audit of energy and environmental efficiency with an external company.

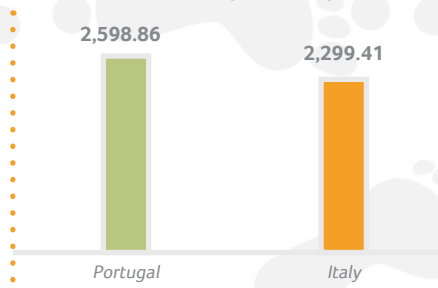
CALCULATING OUR CARBON FOOTPRINT

During 2015, we devised a tool that allows us to calculate our carbon footprint in the Scopes 1 and 2. In this way, we were able to collect information and obtain data about the emissions produced by our operations in Italy and Portugal for the years 2014 and 2015. In 2016, we will also include Mexico and the United Kingdom.

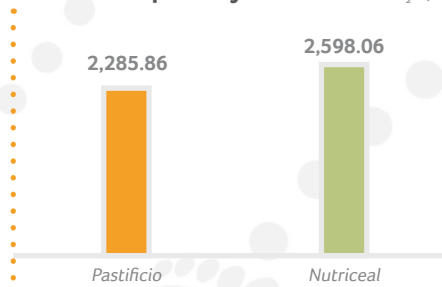


TOTAL CARBON FOOTPRINT 2015: 4,898 TN CO₂ EQUIVALENT

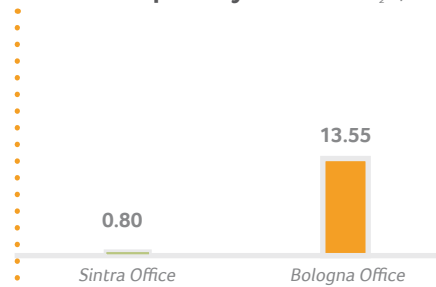
Carbon footprint by country



Carbon footprint by factories Tn CO₂eq

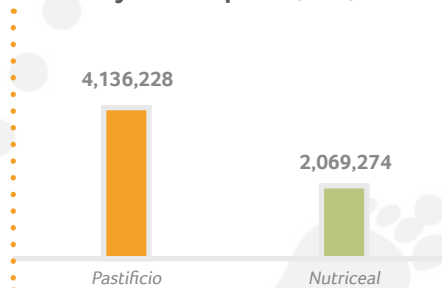


Carbon footprint by offices Tn CO₂eq

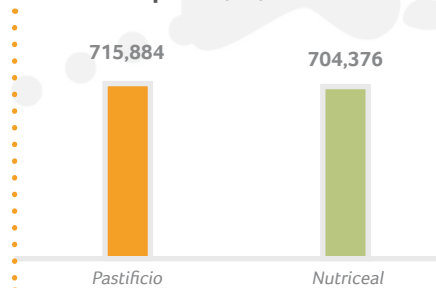


CONSUMPTION OF BASIC RESOURCES

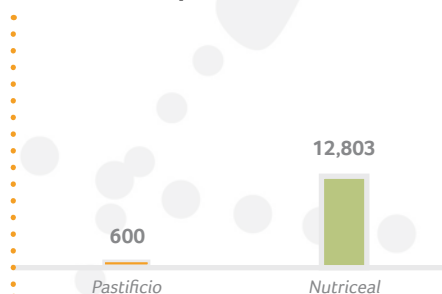
Electricity consumption (Kwh)



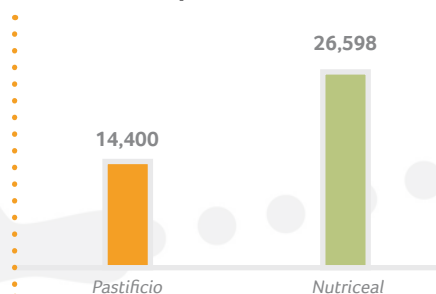
Gas consumption (m³)



Diesel consumption (Litres)



Water consumption (m³)



With the aim of minimizing the environmental effect of our activities, during 2015 we have continued our efforts to reduce basic consumption of resources such as energy and water.

We draw attention to some **energy efficiency measures**:

Nutriceal

- Installation of a new air compressor which reduces energy consumption
- Undertook a study of air leakage
- Replaced lighting with a more efficient system
- Thermal insulation of some valves

Pastificio

- Began the change to LEDs in the production area and offices
- Implementation of an energy efficiency plan

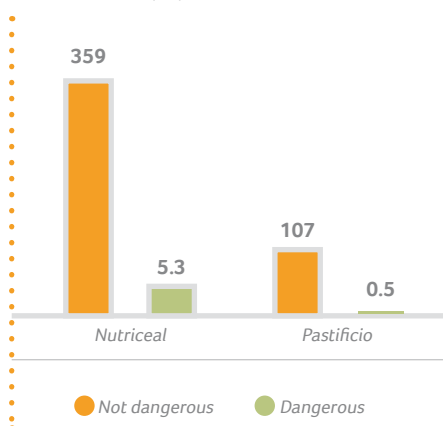


WASTE MANAGEMENT

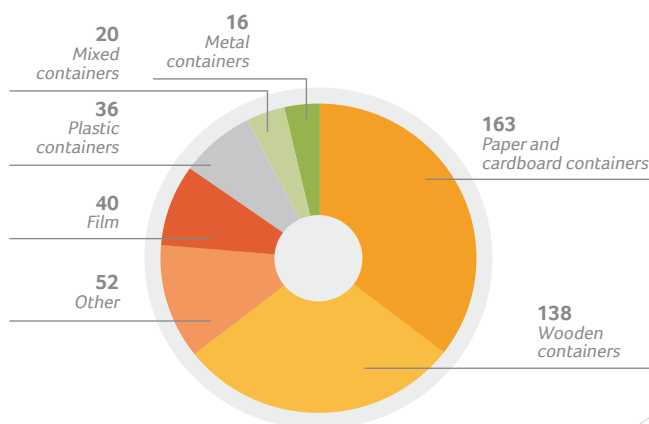
At Cerealto we made a commitment to work on reducing waste and on its recovery in order to gain an economic return, and are making efforts to achieve this. The factory in Benavente is rated as a plant that sends zero waste to landfill, with 88% of its waste being recovered in 2015.

For its part, the factory in Italy has begun to work more thoroughly on the management and measurement of waste, emphasizing that 90% of the total waste generated in 2015 was recycled. As regards packaging, we have reduced the weight of film and we have begun to control this waste.

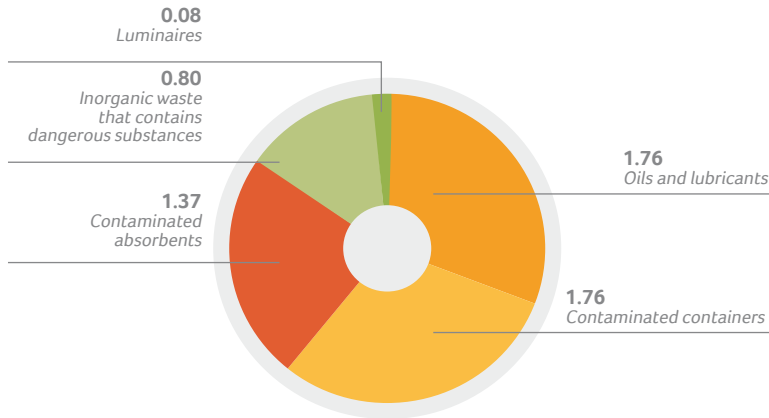
Total waste (tn)



Total of non-dangerous waste by type (tn)



Total of dangerous waste by type (tn)



The surpluses and wastage that are created during the production process in our factories are used as animal feed. In 2015 the amount of by-product created by our factories in Italy and Portugal was 227 tons.

ENVIRONMENTAL TRAINING AND AWARENESS-RAISING

Environmental education and awareness-raising of our employees are essential if we are to achieve the environmental targets which we have set ourselves. It is worth noting that in 2015 in the Nutriceal factory all employees were given training in good environmental practices and, in Pastificio, training focussed on the reduction of energy and water consumption.

At Cerealto we promote the

efficient use

of energy, water, raw materials, containers and packaging





About the Report

THIS THIRD ANNUAL REPORT BY CEREALTO HAS BEEN PRODUCED IN ACCORDANCE WITH THE INTERNATIONAL STANDARD GLOBAL REPORTING INITIATIVE (GRI), IN ITS G4 VERSION AND SECTOR SUPPLEMENT, BOTH AS REGARDS THE DEFINITION OF THE CONTENTS OF THE REPORT AND ALSO TO GUARANTEE ITS QUALITY.

The current report provides information about the various activities and the main social, economic and environmental impacts of the company during 2015, and also covers topics considered relevant to the company's stakeholders. The report also includes information about previous years, which makes it easier to track the evolution of the company.

As regards the scope of the report, the information throughout refers to all the companies that make up Cerealto. In cases where a different coverage and scope is provided to those indicated, the appropriate specifications are given.

The report has been put together taking into account the relevant concerns of Cerealto, defined in the sustainable model (established by the Steering Committee together with the Sustainability Committee), the main trends in sustainability, the G4 guide and the Sector Supplement which applies to our organization and the relevant aspects dealt with by companies in the sector.

TABLE OF CONTENTS GRI

General basic contents

	INDICATOR	page
Strategy and profile		
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.....	6, 7
G4-2	Description of key impacts, risks, and opportunities.....	6, 7, 16, 29
Profile of the organization		
G4-3	Name of the organization	12
G4-4	Primary brands, products, and/or services of the organization	10, 16-25
G4-5	Location of organization's headquarters.....	71
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.....	16-25
G4-7	Nature of ownership and legal form	12
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).....	16-25, 33, 34
G4-9	Scale of the reporting organization. No. of employees, No. of operations, net sales	11, 34, 35, 46
G4-10	a) N° of employees by employment contract and gender b) N° of permanent employees by type of contract and gender. c) Size of workforce by employees, contracted workers and gender d) Size of workforce by region and gender; seasonal hires e) Indicate if a substantial part of the organization's work is carried out by workers who are legally recognized as freelancers, or by people who are neither employees nor contracted workers, such as those employed by and subcontracted by contractors f) Provide information about any significant change in the number of workers.	45, 46
G4-12	Describe the organization's supply chain	55-57
G4-13	Significant changes during the reporting period relating to size, structure, or ownership or its supply chain.....	14
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	34
G4-15	List the externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.....	60
G4-16	Main industry association to which the organization belongs and/or national and international institutions which the organization supports.....	60, 61
Identified material aspects and boundaries		
G4-17	a) List the entities in the consolidated financial statements of the organization and other equivalent documents b) Indicate whether any of the entities in the consolidated financial statements are not in the report	68
G4-18	a) Describe the process for defining report content and the boundaries of each aspect b) Explain how the organization has applied the Reporting Principles to determine the Content of the report	28, 29, 68
G4-19	List all the material Aspects identified	28, 29, 68
G4-20	The Aspect Boundary within the organization.....	68
G4-21	The Aspect Boundary outside the organization	68
G4-22	Explanation of the effect of any re-statements	Not applicable
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.....	68
Stakeholder engagement		
G4-24	List of stakeholder groups engaged by the organization.....	28, 29
G4-25	Basis for identification and selection of stakeholders with whom to engage	28, 29
G4-26	Describe the approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group, or indicate whether the participation of a group occurred specifically during the process of producing the report	30, 36, 44, 54, 58
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting; Report the stakeholder groups that raised each of the key topics and concerns.	30, 36, 44, 54, 58
Report profile		
G4-28	Reporting period (for example, financial year or calendar)	68
G4-29	Date of most recent previous report	68
G4-30	Reporting cycle	68
G4-31	Contact point for questions regarding the report or its contents.....	71
G4-32	GRI indicator relating to the chosen option 'in accordance'	69, 70
G4-33	Policy and current practice with regard to seeking external assurance for the report.	Not applicable
Governance		
G4-34	Describe the structure of governance of the organization, including the committees responsible for decision-making on economic, environmental and social impacts	12, 13
Ética e integridad		
G4-56	Describe the values, principles, standards and norms of the organization, such as codes of conduct or ethics codes	50, 55

Specific standard disclosures

SUBJECT MATERIAL	INDICATOR	page
Economic dimension		
G4-DMA Management approach		16-25, 31-35
Producing profitable growth of our customers	G4-EC1. Direct economic value generated and distributed	17, 19, 21, 23, 25, 35
Generation of wealth for our stakeholders		
Support of the Government to the sector and the creation of jobs	G4-EC2. Economic aid authorized by government entities	33
Commitment to local communities	G4-EC8. Significant indirect economic impacts, including the extent of impacts	35, 37, 56, 59, 64
Commitment to local communities	G4-EC9. Proportion of spending on local suppliers at significant locations of operation	56, 57
Contribution to the efficient development of the primary sector	FP1. Proportion of purchases from suppliers who comply with the company policy for procurements of raw materials	57
Sustainable agrifood chain	FP2. Proportion of purchases from suppliers verified as complying with internationally recognized standards of production	57
Sustainable agrifood chain		
Guarantee of quality and safety of the product		
Environmental dimension		
G4-DMA Management approach		64-67
Sustainable agrifood chain	G4-EN1. Materials used by weight or volume	56
Control and reduction of environmental impact		
Control and reduction of environmental impact	G4-EN3. Energy consumption within the organization	65
Control and reduction of environmental impact	G4-EN4. Energy consumption outside of the organization	65
Control and reduction of environmental impact	G4-EN8. Total water withdrawal by source	65
Control and reduction of environmental impact	G4-EN15. Direct greenhouse gas (GHG) emissions (Scope 1)	64, 65
Control and reduction of environmental impact	G4-EN16. Indirect greenhouse gas (GHG) emissions (Scope 2)	64, 65
Control and reduction of environmental impact	G4-EN23. Total weight of waste by type and disposal method	66, 67
Environmental management	G4-EN27. Extent of impact mitigation of environmental impacts of products and services	64
Sustainable agrifood chain	G4-EN32. Percentage of new suppliers that were screened using environmental criteria	55, 57
Social dimension		
G4-DMA Management approach		45-53, 55-57, 59-63
Job creation	G4-LA1. Number and proportion of recruits and average turnover of staff, by age, gender and region	45, 46
Be a company where we would like to work.	G-LA9. Average hours of training per year per employee by gender, and by employee category	51
Be a company where we would like to work	G4-LA10. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	51, 52
Remuneration model according to aims and results	G4-LA11. Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	52
Leadership	G4-LA12. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	12, 13, 46, 52
Be a company where we would like to work	G4-LA14. Percentage of new suppliers that were screened using labor practices criteria	55, 57
Remuneration model according to aims and results	G4-LA15. Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	55, 57
Leadership	G4-LA15. G4-HR10. Percentage of new suppliers that were screened using human rights criteria	55, 57
Be a company where we would like to work	G4-HR11. Significant actual and potential negative human rights impacts in the supply chain and actions taken	55, 57
Commitment to integration and diversity	G4-SO1. Percentage of operations with implemented local community engagement, impact assessments, and development programs	59-63
	G4-SO9. Percentage of new suppliers that were screened using criteria for impacts on society	55, 57
Guaranteeing and promoting ethics and the integrity of the supply chain	G4-PR1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	40, 41
Guaranteeing and promoting ethics and the integrity of the supply chain	G4-PR3. Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	40
Guaranteeing and promoting ethics and the integrity of the supply chain	FP5. Proportion of production carried out in certified centres by an independent third party, in accordance with international standards of food safety	40
Guaranteeing and promoting ethics and the integrity of the supply chain	FP6. Proportion of total consumer products that underwent a reduction in their composition of saturated fats, trans fats, sodium and sugars	41
Commitment to local communities	FP7. Proportion of total sales of consumer products, by category of product, that contain an increase in nutritional ingredients, such as fibre, minerals or functional additives	41
Guaranteeing and promoting ethics and the integrity of the supply chain		
Health and safety of the consumer		
Systems for food quality and safety management		
Food safety		
Sustainable agrifood chain		
Nutrition, health and well-being		
Innovation		
Nutrition, health and well-being		
Innovation		

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