

ANNUAL REPORT 2016

GRUPO
ALIMENTARIO
CITRUS (GAC)



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ALIMENTARIO
CITRUS (GAC)

2016 in key figures

240

million euros global turnover (+6.2%)

23

farming estates in 7 provinces

128

million euros in ready-to-eat
fresh produce (+5.4%)

+5,000

hectares farming surface area

87

million euros in fresh produce
straight from the field (+1.9%)

100

million kilos in greens and
vegetables produced

24.5

million euros in nutrition
products (+31.4%)

3,600

million seeds of
300 different varieties

8.7

million euros invested in
improvements and efficiency

+2

million euros invested in R+D+i

6

production plants



2,145

employees (+12.7%)

245

approved suppliers with stable
long-term relations

600,000

euros in training

150

references in the range

2.2

million euros assigned to bonu-
ses and social welfare

50

new references in
the last year

25

persons engaged
solely in innovation

159

million units of ready-to-eat greens
and vegetables sold (+3%)

27

million tubs and pouches sold (+15%)

188

million units of greens and vegetables sold

+30

customers in 20 countries



« This year we have
endeavoured to put a
whole range of solutions
on the market for the
consumer, with some very
appealing innovations in
different categories »

I am very satisfied with the progress made this last year because I feel that 2016 was a very productive period from all angles. The economic results have been superb, but there are some less noticeable matters which also deserve mention precisely because they are not specifically reflected in this 2016 report.

One of the most relevant issues this year that may well have gone unnoticed from a more superficial glance was perhaps the frenetic work done on all levels in internal preparation for the changes about to take place, many of which were already seen in 2016, while others will come in the medium term and some even in the very near future.

The response and willingness of the entire team of human resources to face these new challenges that are about to arrive has been very positive and extremely gratifying. It is quite true to say that over the last few years all of us together have been able to create an organisation that is perfectly adapted and oriented towards constant change and continuous improvement.

Grupo Alimentario Citrus (GAC) is an organisation that is constantly seeking to add value to everything we do, in such a way that adding this value means something for our consumers, leaving them satisfied and with no need to look for alternatives.

Our consumers only need us when we are capable of meeting their needs properly, whether these be basic needs, a sudden impulse to consume or a spontaneous solution to an event or a situation that they might not have foreseen.

That is why this year we have endeavoured to put a whole range of solutions on the market for the consumer, with some very appealing innovations in different categories.

We have developed solutions in the category of snacks, complete meals and children's food, amongst others, with products that have been a great sales success, such as the smoothie family. The positive thing about this family is that it opens up some extremely positive expectations as regards innovations that will be coming out in the not-too-distant future.

But many other products have helped us to complete an overall group range which places us in a leadership position as regards innovation and on a rung apart from our competitors, such as Tabulé, or kale for example, or new complete-meal salads.

But as we are prone to saying, although innovation manifests in launching new products on

the market, this is not the only channel for innovation.

Other major innovations have been the new processing plant in Antequera, our 5th Range plant, which comfortably meets the *clean room* requirements to be able to pack any kind of food in the very strictest hygiene conditions. This enables us to devise new categories of products so as to go on adding value and satisfying our consumers.

This project has been a real example of cooperation between GAC and its suppliers of machinery and packaging, resulting in some marvellous, highly efficient installations of the very highest quality.

I would like to stress another very important milestone this year, which was getting under way our new Agricultural Research Centre (the CIA), in the town of Montserrat in Valencia. These are highly automated installations to be able to examine possibilities of "industrialising" agriculture, or at least certain types of crops.

And of course we are extremely satisfied with our international expansion, with major new customers in the United Kingdom, France, Germany, Switzerland, U.S.A. and Scandinavia...

This year 2016 has also been remarkable because our plant in Aranda de Duero had its 10th anniversary, and on 2nd December we celebrated this with a very moving event which was attended by the first president of Verdifresh, my father Joaquín Ballester Agut, to whom we paid homage and thanked him for the opportunity which he gave us all to develop such a wonderful, exciting and motivating project as is our Grupo Alimentario Citrus.

Now the moment of truth has come and after all the changes are under way, it is time to put them into practice, and really show what we are a brave, ambitious organisation. Also to show that we are a company seeking challenges to face, which wishes to grow consistently with integrity, which believes in its people, in their capacities, their initiative, creativity and innovation.

Let's focus on the future, and the story continues ...

Joaquín Ballester Martinavarro
President

ANNUAL REPORT 2016

2016 in KEY FIGURES PRESIDENT'S LETTER

WHO WE ARE

- Management Committee
- Our origins, our future
- Our principles
- Our business

7

REASONS FOR SUCCESS

1. WE ARE PRODUCERS

- With our own seedbeds
- With our own farmland in 7 provinces
- With our own production plants, ground-breaking in technology and efficiency
- With the best equipment
- With the best allies
- With a responsible strategy

18

20

2. WE ARE MEDITERRANEAN

- Our products make us unique
- We set trends
- We are variety and innovation
- We are dynamic

45

3. INNOVATIVE SPIRIT, OPERATING EFFICIENCY

- Innovative spirit
- Operating efficiency
- Food safety, our priority.
- Service and competitiveness: our customers. Continuous investment
- Sustainable growth

59



Who we are

We are experts in the production of healthy fresh Mediterranean food. We help the consumer to maintain a balanced diet with products products they can enjoy daily, in any place and at any time.

Management Committee

2016 represented year zero for GAC as a more diversified and stronger company. Ultimately, better prepared to tackle the challenges coming in the future. For this end young Management Committee, with the support of our President and the coordination of General Management, has the main role of furthering a new strategy and carrying out the follow-up and supervision required for its fulfilment.





The Management Committee is committed to developing GAC as the company for fresh and healthy products preferred by consumers, creating long-term value for our shareholders, workers, contributors, consumers and the countries in which we work, with one *raison d'être*: to grow, with a clear identity, to enable us to be sustainable and tackle this growth with integrity.

The Management Committee in a parsley field, in the district of Campanar (Valencia). From left to right: José Ramón Martínez (Operations), Luis Ureta (Sales Marketing), Fernando Bas (Family Office), Rafael Boix (General Management), Federico Ponte (Finance), Antonio González, (Corporate Social Responsibility) and Cristina Puchades (Quality).

Our origins, our future

1946

Pioneering exporter of the flavour of the Mediterranean all over Europe, thanks to the work done by the founders of the group, the Ballester – Martinavarro family.

2003-2007

We make the Mediterranean diet and lifestyle affordable for more consumers. We cover the entire territory of Spain, from our centres in Valencia, Malaga, Burgos and Tenerife.

2000

We innovate as we provide the best solution for the consumer, aware of the need to stay healthy: our practical and easily consumable salads and greens are launched

2010

Our innovative spirit and our experience lead to the emergence of a new concept of products based on nutritional balance. From Carlet, we offer specific solutions for children, sportspersons and different times of day.

2013

We start producing our own vegetables in the heart of the Mediterranean, controlling the origin, to ensure the utmost freshness, quality and variety for the consumer.

2016 We take our range of healthy products from the Mediterranean and introduce them to the rest of the world. We strengthen our commitment to healthy eating and develop new products and formats in line with the trends of today's consumption.

Our principles

A clear philosophy

Everyone at the Grupo Alimentario Citrus shares a philosophy, which can be summed up in: Our vision: to grow at a constant and on a sustainable basis.

We do this by fulfilling our mission: to satisfy our consumers.

With a clear objective: to be the leader in safety-quality, service, competitiveness, combined with innovation.

All of this is done always acting from the basis of our strategy of clear responsibility in all the areas of influence which make our daily work possible, that is, fostering relations which have a positive impact for all parties; consumers and customers, our personnel, suppliers, society as a whole and the shareholder.



United Nations Global Compact

Since 2011, Alimentario Citrus (GAC) has continuously renewed its accession to the United Nations Global Compact principles every year. This represents a commitment to human rights, employment norms, protection of the environment and



the fight against corruption. This commitment implies establishing annual objectives to move forward in the defence and development of the ten universal principles established in the Compact in order to achieve a better world.



H.E. António Guterres
Secretary General of the
United Nations Organisation
NY10017 New York U.S.A.

Valencia (Spain, 1st May 2017)

Dear Secretary General,

For yet another year I am proud to be able to present you with the annual report of the Grupo Alimentario Citrus, this time for financial year 2016, with which we are acknowledging our commitment to the United Nations Global Compact. The report includes the measures taken by the company over which I preside as regards social responsibility over a whole year.

The document displays our firm commitment to society. A commitment which forms part of our origins as a business group and which has economic, social and environmental facets which transmit our commitment to a sustainable world, close relations with the scientific and research community and social aid programmes.

Throughout 2016 our Group has set objectives and actions to ensure that its operations comply with the ten universally accepted principles in these fields.

The measures to involve our employees in the defence of the environment have been one of our main lines of action, to which we have promoted good recycling and energy savings habits. These measures, along with the investment made in updating equipment and installations and the commitment to the circular economy, have enabled us to continue making progress in our Group's sustainability and in respect for our environment.

With these aims in mind the launch of a new project in the Valencian town of Monserrat is of special interest, as this will involve our own Research and Development area to enable us to improve the biological control of pests and hydroponic crops, to allow better use to be made of resources and ensure progress towards a more sustainable agriculture.

In the field of human rights, labour relations and the fight against corruption, as laid out in the Global Compact, our company has kept up its commitment to the consolidation of stable jobs and quality, the furtherance of solidarity work to help to achieve the development objectives of the United Nations and transparency in our relations with customers, consumers and suppliers.

In 2017 we will persist with our work to grow consistently and with integrity, based on responsible business management principles. We wish to renew this commitment a further year through our accession to the United Nations Global Compact by means of this letter.

Yours truly,

Joaquin Ballester Martinanavarro
President of the Grupo Alimentario Citrus (GAC)

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Highlights for the year



Product innovation

In 2016 we launched over 50 new references, including the Masclatà de Verdifresh smoothie –the most innovative drink in the world according to Kantar World Panel- Calapasta, with a valve in its packaging, and kale, as superfood.



International consolidation

We already supply over 30 customers in 20 different countries in Europe and America. Large distribution chains in the United States, Germany, Brazil, the United Kingdom or Portugal are some of the main destinations for our products in the produce and nutrition business.



MyGAC, talent development

The MyGAC portal has been a milestone in the management of human resources. We focus on the talent and professional development of all our personnel with an integral tool. In 2016 we assigned 600,000 euros to training and 2.2 million to bonuses and social benefits.



240 million in turnover

Our turnover has made us one of the main groups in the foodstuff sector in Spain. We produce 100 million kilos of greens and vegetables, 159 million units of ready-to-eat food and 27 million tubs and pouches.



Clean room in Antequera

We have bolstered our commitment to innovation and growth by building a *Clean room* at the Antequera plant. The 3 million euro investment enables us to prepare the toppings of all our salads.



Riba-roja, peak performance

The new line for packaging trays has enabled the production capacity at Riba-roja by 70%. The automation of the warehouse and introduction of a third shift have brought this plant to a peak performance stage.



The CIA in Montserrat

The development of the Farming Research Centre (CIA) in Montserrat in Valencia has been one of our great commitments to the future. The estate, which has a greenhouse covering 12,000 square metres, means that tests can be carried out in controlled conditions.



10 years of Aranda

The Aranda de Duero (Burgos) plant has reinforced up our identity as a sustainable company. The plant started with a production of 5 million bags of salad and just a decade later has reached 45 million units.

Our business

Fresh produce

- straight from the field
- ready to eat

We grow over 40 types of greens, vegetables and aromatic herbs, which we care for and pamper right from the seed stage so that these reach the final consumer in optimum conditions.

In the ready-to-eat category, we prepare, wash and package these same ingredients straight from

the field in order to offer practical, convenient products for people who have little spare time for cooking but who wish to maintain a healthy and balanced diet. We have over 30 references ranging from salads in bags or trays to greens and vegetables in microwave-useable bags. So we can always guarantee the utmost freshness and availability of the product, we have processing plants in Riba-roja (Valencia), Antequera (Malaga), Aranda de Duero (Burgos), Granadilla de Abona (Tenerife) and Dolores de Pacheco (Murcia).



Nutrition

- tubs
- fruit pockets
- dairy desserts in pouch format

We have over 90 references in the nutrition category in order to meet the demands of our national and international clients. Due to our commitment to a balanced diet, our products have no preservatives nor colourants, and they have a low sugar and fat content. We prepare these products to the strictest quality standards at our plant in Carlet (Valencia).





A blurred background image of a kitchen. At the top, a wooden shelf holds several glass jars of different sizes and colors. Below the shelf, various fresh herbs are hanging from a rack, including a bunch of purple basil and a long green herb. In the foreground, a stainless steel pot with a lid is visible on a stove. The overall lighting is soft and natural.

Reasons for success

1. We are producers
2. Mediterranean
3. Innovative spirit and operating efficiency

1. We are producers



With our own seed bed

We grow our own greens and vegetables, right from the seed. We treat these with all the care and fondness deserved by the best products of the Mediterranean market garden, and we make sure that they reach the consumer in the condition of utmost freshness and quality.

To achieve this aim we have our own seedbeds covering ten hectares, spread over three different locations, for the seeds over three different locations, for the seeds to germinate in the best possible conditions 365 days a year.

In 2016 we grew and transplanted 182 million plants, which we handled in over 650,000 seed trays. In all we took care of over 300 varieties of seeds, edisse, continuously controlling the temperature, watering in the appropriate doses and the necessary measures, to ensure we grow the very best quality product, always in keeping with sustainability and resource efficiency criteria.

With farmland of our own in 7 provinces

To cater for our customers' needs we have over 5,000 hectares of farmland spread over a total number of 23 farming estates in the provinces of Valencia, Alicante, Murcia, Almería, Albacete, Granada and Tenerife, which enables us to guarantee farming production 365 days a year.

The location of these fertile lands, close to the

coast hectares, spread over three different locations, for the seeds specialise crops according to the optimal location of the farms, depending on the season and on their own particular temperatures and regimes of wind and rain. This exceptional factor enables us to guarantee the supply of products all year round in optimum conditions for the consumer. This is a supply guarantee which is supported by the existence of over 160 hectares of multi-span and multi-tunnel greenhouses so we can supply our customers even in adverse weather conditions.

We also have latest generation machinery for harvesting and packaging greens and vegetables on the farms themselves, which means we can reduce the supply time from the field to the distribution platforms and from there to the consumer. This situation contributes to the maximum freshness of our products.

In 2016 we reached an agricultural production of over 100 million kilos, distributed directly to our national and international customers or taken to our centres all over Spain for processing.

Our agricultural R+D department handles the research and development of new varieties and cultivation techniques, in collaboration with our suppliers, which means that we can give our customers a fresh and healthy Mediterranean product of the very best quality.

Over last year we incorporated new crops into our family of green vegetables, always attempting to offer innovative products meeting the tastes and requirements of today's consumer. We thus started to grow new greens such as kale, bimi, round courgettes, rocket and lamb's lettuce. In all we grow over 40 varieties of greens, vegetables and aromatic herbs.

The five products with largest cultivated surface area are:

Lettuce (Iceberg and Romaine)	Broccoli	Courgette	Spinach	Little Gem
34.4%	14.3%	7.8%	7.7%	7.6%



The biggest sellers

Iceberg	Romaine	Courgette	Little Gem	Broccoli
18.5%	15%	14.4%	9.4%	8.4%



KALE



ROCKET



NEW
CROPS

BIMI




ROUND
COURGETTE



LAMB'S
LETTUCE



A man with dark hair, wearing a dark blue blazer over a light blue shirt and light-colored trousers, stands on a modern, curved staircase. He is looking up and smiling. The staircase has dark grey steps and a white curved railing. The background is a bright, white wall.

"Every day we go over all the stages in our production chain, from the seed to the packaging of the products, to always stay at the top, looking to the future".

José Ramón Martínez, Operations Director, responsible for supervising all the production units.

With our own production plants, ground-breaking in technology and efficiency

We have six production plants, totalling in more than 50,000 square metres of industrial surface area, strategically located on the Spanish mainland and on the Canary Islands. From here we supply one million units of products to our customers daily, complying with the strictest controls and quality certifications.

The production volume of our plants and fields exceeded 145 million kilos during financial year 2016. In the last year, 159 million units of salad bags and trays and 27 million tubs and pouches of fruit and vegetables or dairy desserts were processed at our plants.



Riba-roja del Túria (Valencia) / Antequera (Malaga) / Aranda de Duero (Burgos) / Carlet (Valencia) / Granadilla de Abona (Tenerife) / Dolores de Pacheco (Murcia).

THE BIGGEST SELLERS IN READY-TO-EAT PRODUCTS



Spinach



4 season salad



Chard



Gourmet Maxi salad



Caesar Salad

THE BIGGEST SELLERS IN NUTRITION PRODUCTS



Smoothie
Mascletá



Assorted fruit
Pouch



Tub of banana,
orange and biscuit



Strawberry and
banana pouch



Apple and
banana pouch

The team of Directors of Operations, made up of professionals with lengthy careers at the Company, works to combine synergies and contribute comprehensive solutions to the needs of the business.

Seen in the photo: Raúl Lacalle, Director of Fresh Produce Operations; Esther Verdú, Director of Agricultural Area Operations; José Ramón Martínez, Global Director of Operations and José Daniel Bóveda, Director of Nutrition Operations.



Centres and production plants

- Over 50,000 m² of industrial surface area
- Present in 5 of Spain's Regions



VERDIFRESH Antequera (Málaga). 6,029 m²
C/ Parque Empresarial de Antequera, parcela F 29200 Antequera (Málaga). Tel: 952 706 170



NUTRICIÓN Carlet (Valencia). 12,614 m²
Polígono Industrial Ciudad de Carlet - Carrer de Garbí, 1. 46240 Carlet (Valencia). Tel: 962 532 730



AGROMEDITERRÁNEA Dolores de Pacheco (Murcia). 15,000 M²
Carretera Pozo Aledo, Km. 3, 30739 Dolores de Pacheco, Murcia. Tel: 968 173 001



VERDIFRESH Riba-roja (Valencia). 6,453 m²
C/ Baleares, parcela A-3 P.I. Poyo de Reva 46394 Riba-roja (Valencia). Tel: 961 667 301



MESTURADOS CANARIOS Granadilla de Abona (Tenerife). 2,649 m²
Polígono Industrial Granadilla de Abona, parcela Z13 SP2 02 38619. Granadilla de Abona (Tenerife). Tel: 922 778 659



VERDIFRESH Aranda de Duero (Burgos). 7,117 m²
Polígono Industrial Prado Marina. C/ Albillo, parcela M2 09400. Aranda de Duero (Burgos) Tel: 947 515 330



HEADQUARTER GAC Riba-roja (Valencia). 2,600 m²
Polígono La Reva. Sector 13. C1728. Avinguda dels Gremis s/n 46394 Riba-roja de Túria (Valencia). Tel: 961 667 034



Gloria Pérez, Production
Coordinator at
Mesturados Canarios

With the best team

The best seeds, the most fertile land and the most modern machinery would not be enough to cater to our customers' demands if we did not have the best team: a young, dynamic and ambitious staff that does its work in a setting which allows our people to grow and improve at the same pace as the company. In 2016 the good performance of the different business areas of the company meant we could increase the

workforce by 242 persons up to a total figure of 2,145 employees.

We are committed to stable and quality employment. In the industrial area, nine out of ten persons (90.6%) have a permanent contract and over 95% work full-time at the company. In our agricultural area practically all the workers (99.1%) are contracted full time and 82% of the total number have a permanent contract. In global terms, women represent 60% of the total work force.

With the best training

We are committed to training and developing talent. We are ambitious and that is why we work with innovative management and training programmes which offer our employees personal and professional growth opportunities enabling them to set new challenges for themselves every day.

In 2016 100% of the staff has been given some kind of training adapting to their post or potential for development: over 300 courses and programmes which have meant an investment of over 600,000 euros to improve their qualifications and foster the staff's development. An objective for which an innovative range of training programmes has been structured to extend the knowledge, the skills and the welfare of our people.



Jorge Pantoja,
Staff and Culture manager.

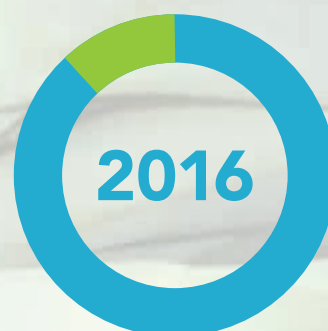


2,145 employees

60%
women



242
new jobs
(+12.7%)



training and development

600,000€
in training



2.2 M€
in bonuses for
employees



22
persons
internally
promoted



300
courses and
programmes for
development



We have the best team and are committed to their training and development. This year we have earmarked 2.2 million euros for bonuses and social welfare for our workers and have promoted 22 people who are continuing to develop their professional careers in different jobs or units of the group.

GAC Degree

In this development programme, which commenced in 2014, a total number of 16 employees from the different units carry out a learning itinerary through all the areas of the company. The programme has subjects taught by the heads of the different



An award-winning programme

The GAC Grade has been recognised as one of the most innovative initiatives in Spain to foster the professional development of employees. In 2016 the programme was awarded the prize granted by the ZEN supplement of the newspaper El Mundo

and consultant Adecco in the Social Area category, recognising the companies and directors who carry out their management work based on people.

In the first edition of these awards, given at the Casa de América in Madrid, 247 initiatives were presented by 148 companies from all over Spain. This is the second recognition obtained by GAC Degree after obtaining a second prize in the E&E awards for innovation in Human Resources in 2015.





"Improving the management of people has been a constant challenge, while the new technologies help us to change the way we achieve this aim. The MyGAC portal represents a watershed point in this management and enables us to go on placing the focus on our talent and on the professional development of our staff in an effective manner".

Elvira Sanz, Organisation and Systems (H.R.) manager.

departments and involves a final piece of work which consists in designing a new product covering all its aspects (financial, logistics, legal, marketing,...). In six months of immersion the students are given over 100 hours' practical and theoretical training including visits to the field and to the different production centres.

Junior Talent Program

This is a highly innovative programme intended for recruiting, training and developing young talent which allows the persons selected to improve their training over three years at GAC. Eight young promising candidates have already gone through this programme and are currently assuming responsibilities in different areas of the company.

Other programmes

As well as these initiatives, the training programme has been completed with other programmes of our own such as *Huésped 7*, *Embajadores de seguridad*, *La piel que no habito*, *GACInside*, *Concienciación Responsabilidad mando intermedio*, *GAContigo para gestores de equipo*, *operativa gestión Seguridad & PRL*, *Formación CAE –PRL para gestión y coordinación de actividades empresariales*.

Cortes Campos,
Labour Relations manager.



GLOBAL PROFESSIONAL DEVELOPMENT PROGRAMME: MYGAC PLATFORM

One of the challenges for the Human Resources Programme in 2016 was the digitalisation of the management of human resources. They had the best software currently available, **Succesfactors**, to do this. The project, internally known as "MyGAC", helps us to learn what the workforce's professional concerns are and how to act on changes in the employment setting. The aim is for the company to be able to grow as well as the persons who make this growth possible.

This powerful software designed specifically for management of human resources enables, through its different modules and functionalities, manages the processes connected with the assessments of performance, training, career plans and talent management. At the same time it facilitates access to a large amount of information on job posts, production centres, persons and organisation charts. The project, developed on a cloud environment with SAP and Success-Factors, technology, means access is possible anywhere and at any time through mobile devices. Successfully coordinated by the departments of Human Resources and Information Technology, the MyGAC portal represents a defining moment in the management of people, since digitalisation of the processes gives us reliability, flexibility and transparency.

Noise, posture and effort maps

The checks and measures intended to guarantee the best of safety and health conditions at work have been implemented throughout the year with other special projects at the processing plants such as drawing up a noise and reverberation map, a biomechanical map and an ergonomical map of work stations and tasks.

In cooperation with the Instituto de Biomecánica de Valencia, SEGEME and the department of Biomechanics of the Universidad Politécnica de Madrid different studies have been furthered to establish preventive and corrective measures in spaces and processes by redesigning or

modifying these, adapting tools and sequences for rotating tasks.

This will enable us to correct bad postural habits at work stations, to set stretching and muscle-enhancement routines and create individual adaptations to the work stations.



We take care of our people



Safety at work and prevention of occupational hazards is one of our priorities. That is why most of the staff have taken part in programmes and reviews intended to improve the conditions of their job and personal health.

In 2016, a total number of 1,511 persons participated in a course on safety and health at the work station, and 336 took part in practical workshops on postural risk and joint mobility. In the agricultural area, practically all the staff have taken part in specialised training in the sector and specific jobs.

Furthermore, in the industrial area a specialised course on working at heights, safe handling of fork-lift trucks and lifting platforms or intervention in cases of emergency has been given to dozens of employees who carry out special tasks.

There was an extensive programme, given to 256 people over 318 hours, in the field of safety and health

at work. This was completed with internal training on such subjects as measures to be taken in emergencies, management of prevention or awareness-raising on unsafe acts.

The prevention of occupational hazards at the processing plant in Dolores de Pacheco (Murcia) placed special emphasis, in 2016, on preventing excessive efforts, repetitive movements and risks in manual handling of loads. This has led to the creation of new safe work procedures. In cooperation with Murcia's Institute for Safety and Health at Work, prevention campaigns intended for personnel in the field have been given to prevent any possible cases of heat stroke and ensure safe use of agricultural machinery.

In order to guarantee optimum working conditions for our people, last year 70 environmental measurements were taken at the different installations, and completed with 119 safety audits.



New central offices

A place for convergence and inspiration for everyone who forms part of the company - this is the spirit in which we opened the group's new central offices in January 2016 in Riba-roja (Valencia) to that conforms to the continuous growth of the company and is able to provide central services that will adapt to the company's new needs.

The building typifies the group's values. It is a practical, modern place to work where one can share experiences. The installation has a training room able with modular room divider that is able to take 150 persons, a kitchen equipped for carrying out tests and trials of the R+D+i team with a reserved module and several meeting rooms of different sizes.



With the best allies

A stable trusting relationship involving constant cooperation with our suppliers in the primary and industrial sector enables us to create a sustainable agro-food chain, this ensuring the maximum freshness, quality and safety when taking the products from the field to the table and catering for customers' demanding requirements 365 days a year.

In 2016 we worked with 245 approved suppliers, who provided us with seeds, raw materials, packaging and other materials or ingredients required for our production.

Most of the purchases, around 40,000 tons of raw material for our supply of "ready-to-eat" products, were made from 50 farming producers. We have long-term agreements with them and allocation of planned business volumes, which allows us to guarantee a pro-

We bought over 8,000 tons of fruit purée and dairy products from a total number of 55 suppliers to prepare our nutrition products

cess of constant improvement and close cooperation, which benefits all parties. 95% of the raw material acquired from these suppliers comes from Spain. We thus make a contribution to the development and creation of wealth in our immediate environment and preserve our essence of Mediterranean excellence.

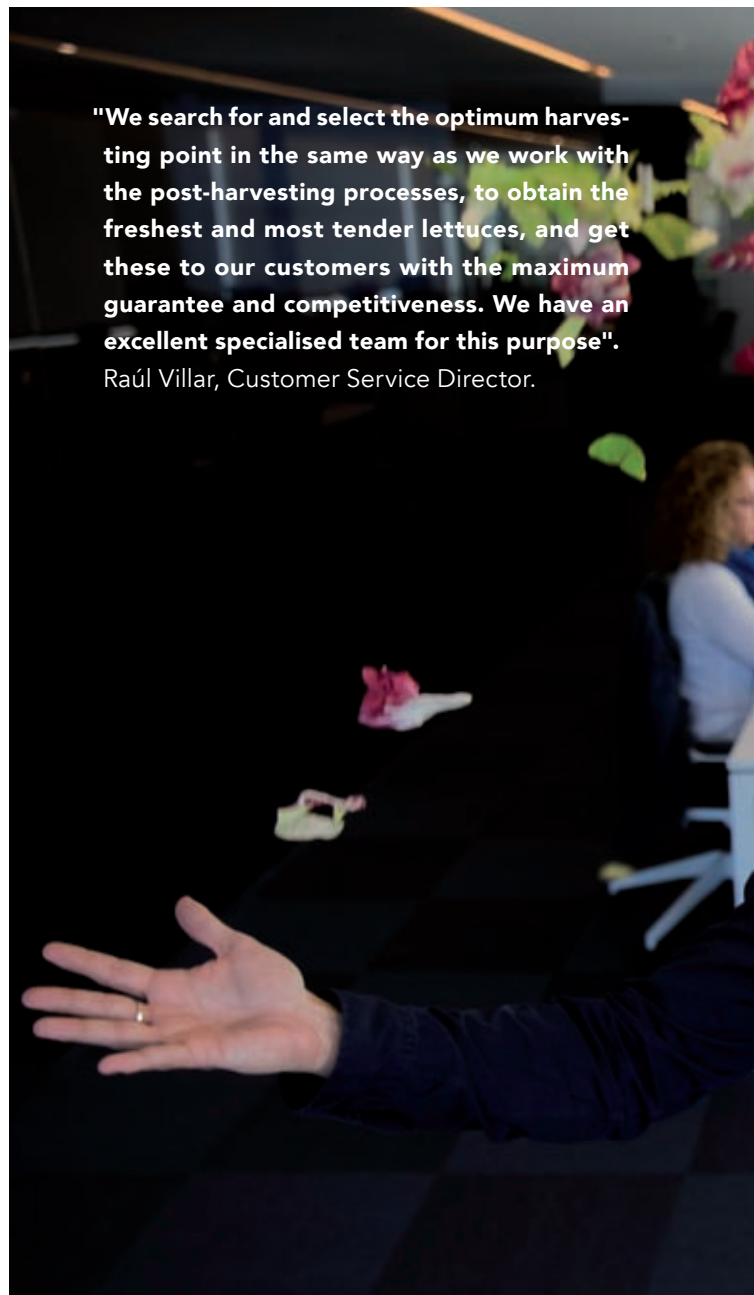
For our provision of seeds in 2016 we had secure agreements with 22 national and international suppliers which have allowed us to maintain the constant supply from the farms. This resulted in purchasing 3,600 million units of seeds and growing 300 different varieties of vegetables.

We bought over 8,000 tons of fruit purée and dairy products from a total number of 55 suppliers to prepare our nutrition products.

As regards our industrial suppliers for the different business areas, in 2016 we purchased nearly 7,000 tons of packages and other non-agricultural raw materials. Our stable and long-term continuing relationship with suppliers also acts as an incentive for improving their installations and production methods so that all of us

"We search for and select the optimum harvesting point in the same way as we work with the post-harvesting processes, to obtain the freshest and most tender lettuces, and get these to our customers with the maximum guarantee and competitiveness. We have an excellent specialised team for this purpose".

Raúl Villar, Customer Service Director.



together can offer the highest standards of quality and the greatest efficiency.

In 2016 some of our allies introduced some major improvements, such as Cuadraspania, which has robotised its seedbeds, levelled its plots by GPS and automated its irrigation system. Tabuenca has built a new washing facility, improved safety at its installations and installed a new calibrator. Hortalizas Tayma has invested over 100,000 euros on improving its installations, mainly for its cooling equipment.



From the Valencian market garden to points all over Spain

Vicente Guillot is one of the people with greatest knowledge about growing parsley nationwide. This Valencian farmer founded his company in 1978 in the market garden in Campanar (Valencia). He currently cultivates about 40 hectares, all used for sending produce to the Verdifresh processing plants all over Spain.

5 tons of parsley leave his fields every week, an amount which is doubled, up to 10 tons a week, at peak periods consumption, such as the Christmas period. With this high-quality raw material, the Verdifresh facilities prepare around 100,000 bags of parsley a week.

To ensure the utmost efficiency in the fields, the farmer uses the fallow fields for other alternative crops, such as potatoes, sweetcorn or beans, which enable him to improve and fertilize the ground naturally.

Guillot is one of the most veteran suppliers of the company and a clear example of how close cooperation between all the links in the chain provides benefits for all parties. The farmer started working with the Verdifresh team in 2000, in the early years of the company. Since then we have worked together to adapt production to the specific needs of the process used for our ready-to-eat vegetables, and so to improve the efficiency and productivity of the crops.

5 tons of parsley leave his fields every week. With

this top-quality raw material, the Verdifresh facilities prepare around 100,000 bags of parsley a week.

In the case of parsley, its processing at the plant means that the fine short stalks are more suitable, with more density and leaves, unlike those of bunches of parsley. Through continuous improvement and joint innovation, we have managed to obtain the best raw material to get the product to our consumers in its best freshness and quality conditions.

Farmer Vicente Guillot had been working with Verdifresh from the early days of the company in 2000.

The plots where the parsley intended for Verdifresh is grown are in the city of Valencia and in the surrounding areas, mainly spread over Campanar and Benimamet, Massarrojos, Carpesa, Moncada and Borbotó. From these points parsley is distributed 365 days a year to the Verdifresh plants all over Spain.

Efficiency is also a joint process for the supplier and Verdifresh. The raw material is harvested directly by Verdifresh, which speeds up the process, reducing the costs and time needed, and guarantees the product's maximum freshness of the product yet another example of the benefits that are brought by close cooperation with our suppliers.



"Every little detail counts when one is adding efficiency and innovation to the products and processes. Our suppliers are part of our daily success story".
Marco Villagordo and Laura Aragón, manager and coordinator of Industrial Purchases, respectively.



"They say that parsley likes to hear the village's church bells. It has to be close to people, and mollycoddled a lot".

Vicente Guillot has been working in farming for over 30 years. Here he is shown with his son on his parsley fields in the Campanar district (Valencia).

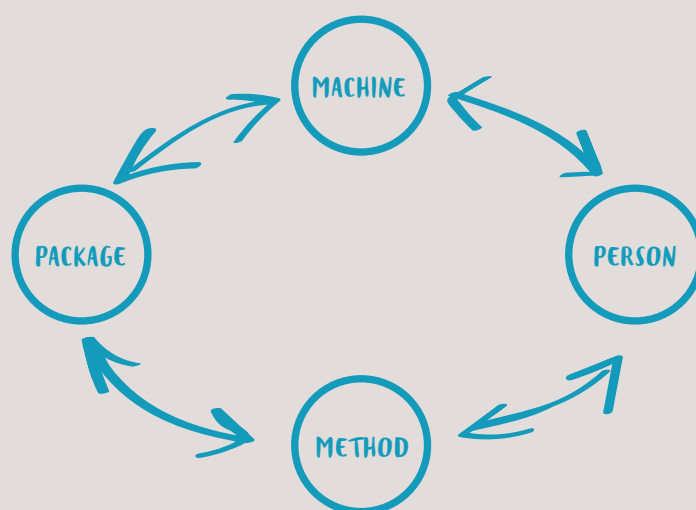
10th GAC Conference

In November we held the "10th GAC Conference", a yearly event meant for suppliers and contributors to the company. This time, the president of GAC, Joaquín Ballester, thanked the over 500 guests for sharing in the work and encouraged them to keep up the on-going effort to be "stronger, more competitive and more sustainable".

At this 10th conference, the company presented its new strategy, which aims to bolster the commitment to innovation, internationalisation and people. "It is vital to be unique, to stand out from the rest, and add value for the consumer", stressed GAC's president.

At the intensive event, which was also attended by different guest speakers, the heads of the group presented the strategy for growth and international development, the plan for developing the farming area and the commitment to innovation and the range of new products.





Prize awarded to Linpac Packaging: machine and packaging designed for quality and efficiency



Joaquín Ballester, president of GAC, handing over the Prize to the Best Supplier of the Year to José Queipo, sales director of Linpac Plastics Pravia, at the 10th GAC conference.

The value chain that we build day by day with our suppliers is underpinned every year with special recognition of a company from this group. This is not just a token of our gratitude but something meant to highlight one of the most outstanding cooperation processes which encourage us to go on strengthening ties for joint work.

In 2016 the award for the year's best supplier went to Linpac, a multinational firm that has been cooperating with Verdifresh since 2010 and whose participation has made a significant contribution to

the installation and commissioning of the *clean room* for production of salad toppings at our Antequera (Malaga) plant.

Linpac, which works in thermoforming packaging and films for the foodstuff sector, took up the challenge that was set by Verdifresh: working on a coordinated basis with the manufacturer of selected machinery, ISHIDA, in accordance with our requirements, so as to ensure a perfect match between the package and the machine with the optimum design.

The result of this has been a modern automation system providing value and safety to the packaging process for our 5th Range products and which will enable us to easily incorporate new technological advances in the Antequera installations.

The work done on the design of the product line by Linpac, which has installations in Pravia (Asturias), has thus provided an appropriate solution to the needs and challenges that we had put forward to them.

The adaptation of the machine to the package and the package to the machine gives us the greatest efficiency and quality, and enables us to be more versatile and flexible when launching new products on the market in the category of trays of salads. And all this is done with a view to be able to respond with innovative products to cater to the tastes and requirements of our most demanding customers.

With a responsible strategy

Our wish is to grow on a constant and at a sustained basis, guaranteeing our business by means of a strategy of responsibility with all parts of the company. This means generating a positive relationship in our mutual benefit with customers, consumers, employees, suppliers, society and our environment.

We are committed to the defence of the environment, fostering healthy habits and support for different charitable causes. In this spirit, the company and the people forming it have in 2016 carried out a great number of activities to reinforce team spirit and bind us to the social setting in which we do business.

Recycling habits have been fostered at the work centres throughout the year, and fruit was distributed at the production centres for a week to give the employees an alternative healthy snack, as well as convening the second edition of the Eco-design competition.

As part of this environmental commitment, over 50 persons from the company and their families took part in reforesting a hill in Pedralba (Valencia). The volunteers, who worked along with 53 beneficiaries of the Fundación Adecco, planted over 300 trees to regenerate the zone and placed a plaque there with the statement 'GAC Wood' to reiterate their own commitment and that of the company in the defence of the environment.

Solidarity with the most disadvantaged has been another of our major concerns. That was why we encouraged our employees to take part in different good causes for solidarity. Thus we have renewed the agreement with the Fundación Seur in the project entitled "Stoppers for a new life" which, since 2011 has been helping to offer medical treatment for children with no resources. We have also joined the Solidarity

Mobile project, organised by Stop Sanfilippo and Action against Hunger to fight infant malnutrition and finance research into rare diseases. And for the fourth consecutive year, we have cooperated with the La Casa de los Niños in Madagascar, which is managed by the NGO Acción Baobab.

We have donated over 150,000 product units and 40,000 kilos of fresh greens and vegetables.

Our responsibility strategy has also resulted in yet another year of cooperation with Food Banks in different cities in the Comunidad Valenciana, Catalonia, Madrid, the Canary Islands, Andalusia and Castile and León to help people at risk of social exclusion, and in particular children. We have also kept on with our cooperation with Cáritas and the Red Cross in the Murcia Region. In all we donated over 150,000 product units in 2016, 50% more than the previous year, as well as 40,000 kilos of fresh greens and vegetables.

Our employees also took part in the volunteer project for the Food Banks by cooperating in collecting food at the doors of supermarkets during the 'Great Collection'. We also participated with the Educo association in the 'Meriendas GAC' project which implemented diet workshops for children and young people.

Sport was another of the vehicles for our social commitment. During the year over 300 employees took part in solidarity runs and walks which were sponsored by the company to promote a healthy lifestyle and to support different NGOs and good causes.





The GAC Wood grows through cooperation between employees and beneficiaries of the Fundación Adecco.



Employees from Antequera and their relatives taking part in a run for Women with Mastectomies.

As part of our aim to generate a flow of transparent dialogue with society and our environment, we are active members of the main business associations in this country at both sectorial and educational levels.



In 2016 we launched over 50 new references for the national and international market, including Verdifresh Smoothies, a tasty natural mix of fruit and vegetables.

The Verdifresh Mascletá smoothie was chosen as the most successful drink in 2016, according to the "Radar for innovation 2016" by consultants of the Kantar Worldpanel.



2. We are Mediterranean



Our products make us unique

Our products are the mirror-image of our company values and the way we are, the things that make us unique and have our own personality. Excellence, passion and honesty, on one hand, and health, well-being, vitality, innovation, optimism and Mediterranean quality, on the other. All these go to make a portfolio of products conceived to meet the needs of today's consumers: from fresh greens and vegetables to ready-to-eat salads, and natural fruit and vegetable smoothies.

The result of all this is a wide range of healthy, convenient and easy-to-use products conceived to cater to the most demanding requirements of any consumer.

Verdifresh is the quality brand through which we approach consumers in Spain, and Sun&Veg's is the brand which distinguishes us on the international scale.

Flexibility to adapt to new tendencies, our accumulated experience and the imagination with which

we have faced the challenges set by our consumers have enabled us to offer our products to over 5 million households in Spain, and to reach a market share of nearly 50% in the segment of fresh and ready-to eat vegetables and 70% in the products in pouch format.

We have over 150 references, almost half of which belong to the fresh produce range, that is, straight from the field or ready-to-eat. Our healthy, tasty ranges do not cease to grow: in 2016 we launched over 50 new references on national and international markets.

We set trends

Always watchful for consumers' new needs and tastes, we responded to these demands in 2016 with innovative and quality products, with new formats and with improvements to presentation and use. Some of the most outstanding of these were as follows:

Kale This superfood, grown in our fields on the Mediterranean coast and the Canary Islands. It is rich in iron and vitamins, with a high fibre content and rich in calcium, and has been one of the great products launches of the year in the ready-to-eat category. The properties of these tasty greens, also known as curly kale, make this ideal for those who wish to follow vegetarian or vegan diets or simply for people who aspire to a healthier life in their daily diet.



Calapasta An innovative, healthy and fun alternative to traditional pasta. Suitable for vegans, consisting in spirals of courgette, with only 22 kilocalories for every 100 grams of fresh vegetable. This dish is rich in vitamin C and easy to steam, it makes it easy to eat a tasty and healthy meal. The innovative packaging, designed to be used in the microwave, includes a valve so it can be steamed very conveniently, as the film does not have to be perforated when placed in the microwave. The technology applied to the new packaging recipient guarantees all the flavour of the greens are locked in and it is a fast and simple cooking with no need to use fats or oils, contributing to a balanced and healthy diet.



Tabulé This refreshing salad of couscous with fresh greens, raisins and lemon vinaigrette comes in an innovative 240g package. The ingredients, which are not subject to any processing, freezing or pasteurisation,



mean that this is a highly innovative healthy and completely natural product. The salad, which only contains 343 kilocalories with a low amount of fat and slow- assimilated carbohydrates, can be enjoyed as a garnish or side dish items. The product includes a fork to making it possible to eat the salad anywhere.

Ensatum A new salad in the ready-to-eat category, which for the first time includes fish. with a delicious combination of different types of lettuce, cherry tomato, sweetcorn, mozzarella cheese, green olives, oil, vinegar and salt, and which only represents 156 kilocalories (for every 100 grams). An ideal option for those who do not wish to give up a healthy varied diet even though they have a hectic lifestyle.



Smoothies New natural combinations of greens and fruit with special ingredients such as agave syrup, guarana, matcha tea or pea protein. Ideal for enjoying anywhere and anytime. These smoothies come in 5 different recipes –Mascletà, Chupinazo, Flamenca, Verbena and Menorca. These prove to be a delicious combination of fruit and vegetables, ready to drink, all with no gluten or lactose. This product only has natural ingredients, with no added artificial flavours, sugars or preservatives. The package, in 250 ml. pouch format, is flexible, light and easy to carry in your pocket to the office, gymnasium or park.



We are innovators

- 2000 Launch of the 4-seasons bagged salad, which continues to be the leading product in 2016
- 2010 We were the first to produce complete salads
- 2011 Launch of fruit pocket
- 2014 We introduce the 'Wrápidos', salads wrapped in wheat tortillas
- 2016 We develop greens and fruit Smoothies
First microwave-useable packaging with a valve to steam vegetables on the market (Calapasta)



Ramón Lacomba, Project Leader; María Forcada, Project Development Director; Miriam Bdeir Ibáñez, Marketing manager and Sergio Gil, Methods and Maintenance manager, form part of the transversal innovation team for the Nutrition area.

Innovation has been a key to matter at our company providing a response to the new trends in the food sector – fostered by nutritionists, chefs and icons from the world of culture and show business - and the social changes in consumer habits.

The search for fresh, healthy products, easy to consume and cook made us the first to launch complete

salads onto the Spanish market in 2010. We marketed fruit pockets in 2011. Then we added Wrapidos –salads wrapped in wheat tortillas –, bagged greens to cook in the microwave, and greens and fruit smoothies in a flexible format in 2016. Our daily challenge is to go on providing practical and healthy solutions, which always involve innovation as the main ingredient.

"Our customers come first. We are quite willing to get our feet wet and roll up our sleeves for them every day of the year! Their satisfaction is our success".
Miguel Ángel Benavent, Market Analyst, Sales Department.



We are variety and innovation

In 2016 we increased our range to over 150 references. These are the main items launched over last year.

Spanish market



TABULÉ
Couscous and fresh greens salad



CALAPASTA
Courgette spirals in a microwave-useable package



DICED COURGETTE
100% natural diced courgette



ENSATÚN
With beads of mozzarella, and black olives



SMOOTHIES
A natural mix of greens and fruits with special ingredients such as hemp seeds, agave or guarana



KALE
Leaves of kale with an exquisite flavour, cut and washed, ready to consume



BIMI
Florets of bimi, hand-harvested and selected



RADISHES
Radishes in a bag, ready to consume



DAIRY GO
A dairy dessert in different flavours: natural, pear, strawberry and banana, also with honey and cereals

A total number of 90 references are for nutrition products which are distributed in Spain and in major international distribution chains in the United States, Germany, Brazil, the United Kingdom or Portugal.

International market



Alete



Desserts in pouch format: Jellies, custards, puddings and rice pudding



Multipack: multifruit and banana-cherry



Asda



Fruit pouches



HEB



Tubs of fruit and greens



Meijer



Tubs of fruit and greens



Milasan



Multipack 2 flavours: BIO fruit pouch

We are dynamic

We are dynamic, and in a constant process of development. We have achieved this development by extending our number of references to be able to meet the needs of consumers and clients who are demanding healthy products that contribute to their well-being.

This effort has been rewarded with an increase in sales in all areas of business. The amount of fresh products sent straight from the field to the supermarket shelf has been 6% greater than the previous year. In all 188 million units of greens and vegetables were sold.

Sales of ready-to-eat fresh products have also soared significantly by 5.4%. A percentage which

means that the bags and trays of salads sold in 2016 rose to 159 million.

The strength of our growth has also been seen in nutrition products. Only in the segment of smoothies, an innovative product that has turned into a trend, 4.6 million units were sold in the first year of their launch.

These sales also increased in the segments of tubs and pouches, in which a total amount of 27 million units were sold in one year, which represents an annual increase of 15%.

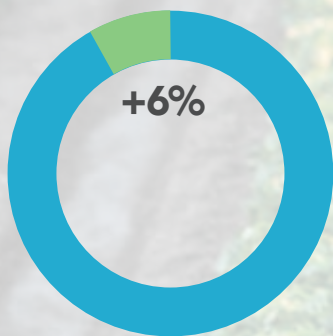
These results reinforce our commitment to the search for new healthy products to cater for consumption trends opting for healthy, varied and easy-to-consume products compatible with modern life.

"Innovation is the ingredient which allows us to respond to the trends of present-day consumption. We are in permanent contact with consumers and our environment to detect new needs and cater to the most demanding tastes".

Manuel Mellado, Fresh Produce Project Developments Director.

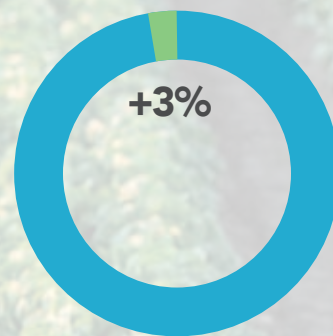


188
million units of greens
and vegetables straight
from the field to the
supermarket shelf



- Sales in 2015
- Increase in 2016

159
million units of
bags and trays of
ready-to-eat salads



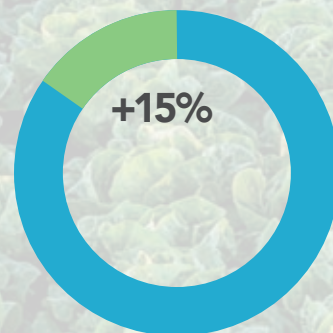
- Sales in 2015
- Increase in 2016

4.6
million units of
smoothies



- Sales in 2016

27
million tubs
and pouches



- Sales in 2015
- Increase in 2016



Fresh range

COMPLETE MEAL

SNACK

Mix and ready

Heat up and ready

Smoothies





SOCIAL FOOD

Salad

Kitchen

Cooking aids

Make your salad





TUBS

National



International





POCKET FRUIT


DAIRY PRODUCTS

National



International





"We set out to do things differently, taking advantage of all our potential and resources".

Federico Ponte,
Financial director.

R+D+i

+€2M a year assigned to R+D+i
25 professionals engaged in innovation
Solutions for **30** clients in **20** different countries

3. An innovative spirit, operating efficiency



Our focus is on the customer. That is why we set out to do things differently and are committed to constant innovation and continuous improvement to attain operating efficiency. Every day we rethink the efficiency of our formats, processes, operating methods and technology. We thus offer our customers top quality products with the best service and greatest competitiveness.

Innovative spirit

We work on innovation transversally and comprehensively with the cooperation of all the parties involved in the product: from the supplier to the customer and final consumer. That is how we attain maximum efficiency in everything we do and manage to ensure that any change takes place as quickly as possible.

Our innovative spirit goes even beyond that. We make an annual investment in R+D+i of over 2 million euros and have a multidisciplinary team of 25 people exclusively dedicated to innovation. This enables us to detect in real time the customer's needs, to bring in absolutely innovative solutions hitherto unseen on the market and cater for over 30 customers in 20 different countries in Europe and America.

Operating efficiency

We set out to do things differently, taking advantage of the entire potential and human and technical resources of the company's different units, which enables us to integrate processes and always seek the utmost efficiency.

Continuous innovation is applied in both the agricultural production and at our processing plants in order to provide quality healthy Mediterranean products at the most competitive prices.

Some of last year's more noteworthy projects that have contributed to continuous improvement and to greater efficiency in processes are, for example, the introduction of the radiofrequency system at the Riba-roja warehouse. Other projects include the new system for production control and planning of the 5th Range plant in Antequera, the introduction of the Success Factor software for management of human resources or the extension of Office 365 for the company's Windows users.

What is more, in 2016 some major projects were carried out for adapting our I.T. systems to the new requirements of the business, with the entry of new international customers as well as establishing improvements connected with management information and analysis systems for different areas of the company, such as in the Purchasing, Sales or Field departments.

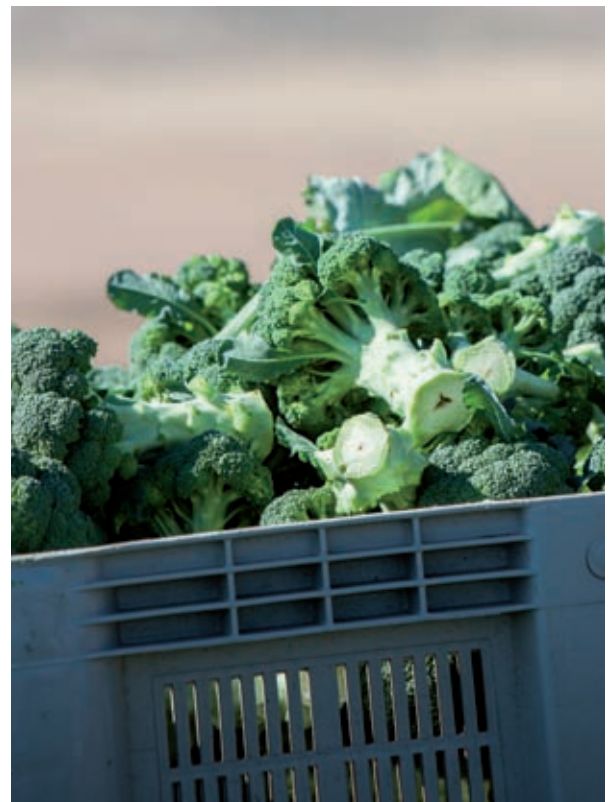


CIRCULAR ECONOMY

Efficiency also helps us to be more sustainable in our daily work. Based on the circular economy, we thus seek to optimise all our resources and processes, taking advantage of the synergies in our different business lines.

The life cycle of our broccoli florets is an example of this: any pieces of broccoli that differ in size or weight from the standard required to be sold as separate items are sent to the processing plants and used as raw material for the bags of broccoli florets. That way we make use of all our resources, become more sustainable and at the same time more competitive.

And the remains of the leaves that we remove from our vegetables for proper processing are collected by a water circuit which stores these and uses them for cattle food at installations near our plants. All of us stand to gain from efficiency and circular thinking.




Food safety, our priority

Our commitment as regards foodstuff safety and quality is constant and integrated in the company's whole production chain, through the Total Quality Model. This model, which is applied to both the company's production plants and at those of its suppliers, enables us to guarantee the utmost safety, freshness and quality from the seed to the table.

To this end we have our own auditing models adapted to the processes implemented in each business unit to ensure the maximum control of the entire production chain. Based on these referential values of our own and international standards, this year 77 audits were made on suppliers (28 more than last year), 43 industrial and 34 agricultural. 60 internal audits and 39 external certification audits were carried out in the different production units and farming estates of the company.

At present all the producers belonging to Agromediterránea have been certified as option 2 in GLOBAL G.A.P., obtaining a single certificate, assessment of risks, GLOBAL G.A.P. risk evaluation for corporate practice.



A woman with long dark hair and a bright smile, wearing a white lab coat over a dark patterned top, is looking towards the camera. She is in a laboratory or industrial setting, with various glass beakers and equipment visible in the foreground and background. The background is slightly blurred, showing shelves with bottles and other lab equipment.

**"Our commitment as regards
foodstuff safety is constant;
our quality model enables us to
control the product's production
and distribution chain and
guarantees that we have an
exhaustive traceability system
from the field to the table".**

Cristina Puchades,
Quality Director.

39 external certification audits
34 internal audits in the agricultural area
11 internal audits in the industrial area
77 audits on suppliers
100% of batches of products are analysed

In 2016, a total number of 18 external audits and 34 internal audits on GLOBAL G.A.P. BRC, standards, were carried out in the agricultural unit as part of an unannounced programme, IFS and GRASP. We have certified the QS-PRODUCTION protocol for most of our farms and have been audited as QS Coordinators so to be able to provide our suppliers with a coordination service. We are also audited by a large number of our best customers, obtaining the Field to Fork (F2F) certificate in one of these audits.

To guarantee foodstuff safety and the quality of the products of all our suppliers, we carry out standardization audits with our own framework.









The processing centres for ready-to-eat products have for another year retained the highest category of the International Food Standard (IFS) certification and the environmental management certification in

accordance with ISO 14001 standard; while the nutrition plant has retained its certificate and (A+) grade of the unannounced BRC, IFS, Ecological Certification and ISO 14001.

We analyse 100% of the patches of products that we market in accordance with the strictest norms because foodstuff safety is the company's number one priority. To this end we have our own laboratories in each of our processing plants, equipped with the most advanced technologies.

In the case of the farming processing plant in Dolores de Pacheco, its laboratory is accredited by ENAC to UNEEN ISO/IEC 17025:2005 standard. In 2016 the laboratory included 12 new matrices and new active substances in its accreditation scope, enabling the range analysed and thus service to our producers to be increased. 7,862 samples were analysed in 2016.

International Quality and Food Safety certifications

PROCESSING PLANTS				FARMING ESTATES		AGRICULTURAL LABORATORY	
							
Agromediterránea Alnut Verdifresh Mesturados Canarios	Verdifresh Mesturados Canarios Alnut	Alnut	Agromediterránea Alnut	Field and plant Agromediterránea	Field Agromediterránea	Field Agromediterránea	Laboratory Agromediterránea

Hence, last year the number of samples processed for products straight from the field was raised by 5% as compared with the previous year and we improved the safety conditions in handling our products.

In our agricultural area we prepare up to 1,600 different combined items. For this reason, at the process level we have implemented an auto-quality system for each product, both at the processing plant and in the field, which enables us to ensure that greens and vegetables meet the requirements set by our customers.

Our staff's training continues to be an important basis for achieving the results necessary at both the process and product level, which is why this must be continuous. Every year we carry out training in all spheres on both quality (BRC/ IFS / HACCP systems),

safety (Food Defense) and hygiene (good handling and agricultural practice).

We have the latest technologies and the best team to make sure that our products reach the consumer with the utmost safety and quality guarantees. Even so, as part of our aim for permanent improvement, we attempt to be constantly updated in all new models and lines of work in our sector. This was the reason why we have kept up cooperation agreements in 2016 with the Universidad de Lleida, the Universidad Politécnica de Valencia and the Universidad Autónoma de Barcelona in the field of food safety. These agreements are complemented by the cooperation agreements that we maintain permanently with the main universities and technology centres in the agro-food sector in this country.

Cooperation with:



Universitat de Lleida



Universidad Politécnica de Cartagena



Acuerdos con:

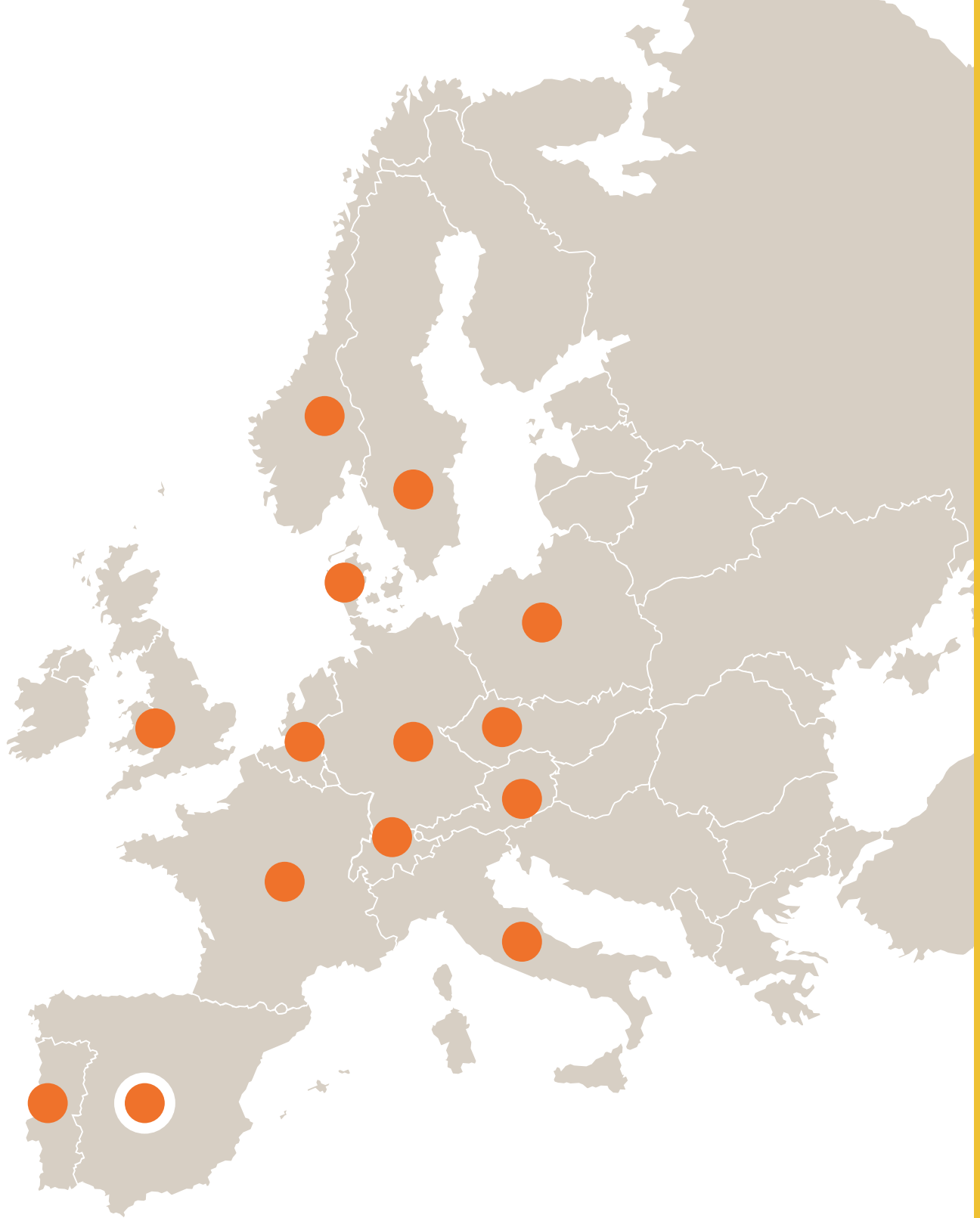






Service and competitiveness: our customers

The combination of top quality in addition to guaranteed service 365 days a year plus the guarantee of the greatest efficiency and competitiveness on the market are what enable us to go on growing and expanding our business into new territories. During the year we have continued with our international expansion, managing to supply our products with a characteristic Mediterranean flavour to over 30 customers in 20 countries.



MERCADONA

meijer

H-E-B

pingo dore

ASDA

SOCOMO

PETER GLEIMIG

coop

MIGROS

BILLA

Walmart
Brasil

Système U

E.LECLERC

Alete

CONAD

coop

axfood

E
MORLA

Netto
Marken-Discount

METRO

SPAR

LIDL

ALDI

Sainsbury's

REWE

TENNELMANN


GEMÜSERING

ICA
Supermarket

coop

L. STROETMANN

REWE

A man wearing a white lab coat and a white hairnet is standing inside a large, circular industrial machine, possibly a sterilization chamber or autoclave. He is smiling and has his arms outstretched, touching the inner rim of the machine's door. The machine has a thick, metallic door with a red seal. In the foreground, there are metal tracks and a motor. The background shows more industrial equipment and pipes.

"Excellence can only be ensured if technology and innovation are used for the benefit of the product".

José Daniel Bóveda, Production
Director in the Nutrition Area.



Continuous investment

Investment in innovation and continuous improvement have been the two foundations on which the company has been built up, investing from its beginnings around 160 million euros in production plants, croplands and research and development projects.

Over this last year we made investments reaching a sum of 8.7 million euros intended to improve the efficiency of our processes, increase productivity and renew equipment, as well as to diversify and extend our range of products.

In the agricultural area, we funded investments totalling 1.3 million euros with the aim of improving efficiency and use of resources. We thus renovated the irrigation system of our estates to make full use of water resources and maintain farmland at the optimum levels of humidity in order to obtain greater yields.

We also improved our stock of seeds through the introduction of new varieties which are better than the ones used before and have achieved a greater yield per hectare in growing lettuces, increasing the density of the transplant and reducing the density so as to get items of greater weight in brassicas.

These are a few of the other most significant investments for growth and continuous improvement in 2016:

Agricultural R+D project in Montserrat

The project for developing the Agricultural Research Centre in Montserrat (Valencia), which will have an R+D zone for carrying out tests in controlled climate conditions and in the open field, has been one of our great commitments to the future that emerged in 2016.

The aim of the new project, which involved an investment of 1.3 million euros, is to act as a laboratory for agricultural crops in an attempt to improve the varieties and the crops. In this respect, the installations located in Montserrat will enable us to make tests on new varieties, nutrition solutions or optimisation of resources.

The estate in Montserrat, with its total surface area of 90,000 m², has a greenhouse covering 12,000 square metres as its central feature. The plot also has a 1,264 m² shed where the planting and pre-germination process is carried out.

The greenhouse was designed in cooperation with experts from the University of Wageningen (Holland) and the Universidad de Valladolid, who helped to determine the optimum conditions for obtaining the best results in the implementation of the project. To this end an analysis was made of such variables as the weather conditions in the zone, the effects

What is a *clean room*?

The *clean room* at the Antequera plant is designed as a pressurised production unit, with a special atmosphere which enables reducing any possible contamination as far as possible. This ensures perfect empathy between machine and package and only specialised operators can work here, with special equipment to guarantee the maximum quality of the layers of our salads in trays.

Each person authorised to work in the white room of the Antequera plant has a set of 11 all-in-one suits with hoods which are recycled as these are used, disposable masks and boots specially marked to prevent the risk of any cross-contamination with the areas for treatment of other products made at the plant



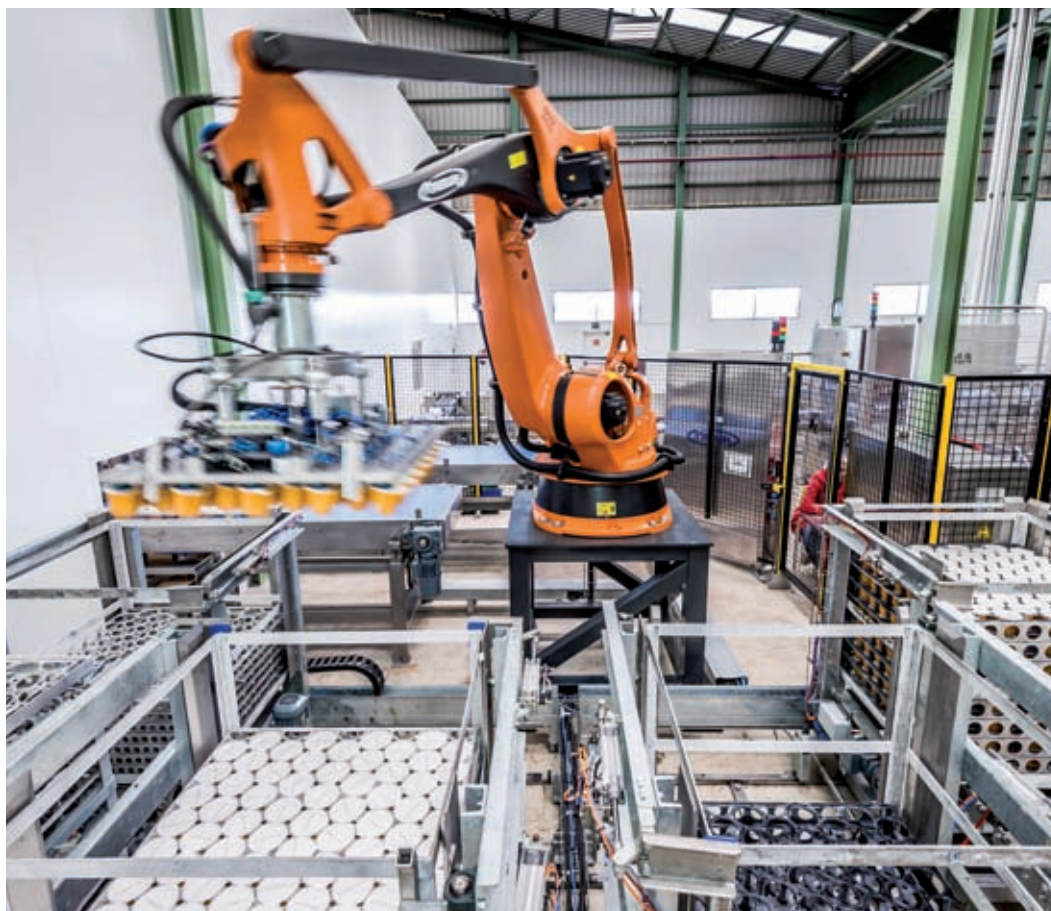
of ventilation or the orientation of the greenhouse itself, the possible heating system and its distribution, type of netting, use of water, all combined with the information supplied by the climatology station in Picassent (Valencia), to determine the winds in the area, earth movements and other variables which may have an effect on the yields of the crops.

Since mid-2016 we have been carrying out the tests enabling us to obtain the best results in each phase of the process – planting, germination, and cultivation, depending on the type of seed and variety.

The new greenhouse will allow tests to be performed, amongst others, for control of climatic variables, protection against possible external pathogens with biological factors or improving the production efficiency and sustainability of resources, such as for example, with the use of hydroponic crops.

3 million euros for furthering growth through the Antequera plant

In 2016 we backed our commitment to innovation and growth with an investment of three million euros



in building a *clean room* at the Antequera plant. With this new zone we can prepare the topping ingredients for all the trays of salad that we produce.

The new installations, designed with the latest technology to ISO 8 quality standard, enable the handling of protein and fatty raw materials (chicken, cheese). The new facilities have for the first time also allowed us to introduce new references which include fish.

As part of the development of the Antequera plant and one of the pillars for the company's growth in 2016, an investment of 250,000 euros was also made for installing a new packaging line of a new format. This has let us launch a new category of salads which includes such innovative references as Tabulé, a couscous and fresh greens salad in a plastic tub.

Extension of the production capacity of the Carlet plant

The Carlet plant, which started to operate in 2015 with two pouch lines, has had its production capacity boosted in 2016. An investment of 1.7 million euros, in addition to the 21.5 already assigned to this factory, unique in Spain, has enabled us to dedicate a new production line to the fruit references.

This investment means that the installations in Carlet already have five production lines, counting the ones assigned to flexible formats (pouches) and tubs.

The new production line for pouches allows improvements in filling and continuous cooking, and means that 80 units per minute can be prepared. The carlet extension means the plant's production can be raised by 20%.



"The renovation and automation of the Riba-roja warehouse have given the plant greater versatility and flexibility in its shipments".

Arantza Bárcena,
Head of Logistics.

The Riba-roja plant starts to run at full pace

2016 was a very dynamic year for the Riba-roja (Valencia) plant, since some major changes were introduced in on the technological and operational sides which have enabled it to attain its top performance level. The plant has the capacity to produce over 80 million bags and bowls of salad a year.

New line for packaging trays

Since late 2015 a new high capacity line has been operative for packaging salad bowls. The new equipment, which required an investment of around half a million euros, has enabled the increase in the production capacity by 70%, up to 60,000 salad bowls per day.

This has been yet another successful project thanks to the close cooperation and teamwork with our suppliers. In this case, a multidisciplinary Verdifresh team, consisting of staff from all areas of

Engineering, Maintenance, Production, Logistics and Quality, worked for several months side by side with the machinery supplier ISHIDA, a world leader in the design, manufacture and installation of solutions for weighing and packaging lines, to ensure optimum results.

The Verdifresh team went to the installations of the manufacturer of this machinery in Birmingham (United Kingdom) on several occasions, in order to define all the details together, and make the tests on moulds and to set-up the new equipment. The cooperation continued after installing the new line at the Valencian plant, with the aim of training all the employees who would be running the new machine and thus reaching full performance of the equipment. Extending the production capacity has enabled us to cope with the increasing demand for our ready-to-eat salads, which is one of the segments that has been growing the most over the last few years.

The three Verdifresh plants on the Spanish mainland receive an average of 2,500 pallets a week, that is, over 100 trucks are unloaded per week, with almost 60 different raw materials from 50 different suppliers.

New warehouse and logistics system

Over the last financial year the Riba-roja plant underwent a logistics revolution, with a project for alterations and automation which required an investment of one million euros. This has made a decisive contribution to the greater efficiency and quality of the service given at the installations.

On one hand, we proceeded to refurbish and extend the finished product warehouse, so as to give the plant a third shipping bay. Restructuring the warehouse included a system provided with dynamic shelving for preparing full loads prior to the arrival of the trucks, so as to prevent any waiting delays and improve loading times.

The installations also have a zone with push-back shelving, which facilitates storage of incomplete pallets ("leftovers"), and other zones for full pallets, with a semi-automatic system known as Movirac which increases the store's capacity up to 100% of its occupation, without losing the direct access to every space. These changes have brought in greater versatility and flexibility to the plant in its shipments, at the same time as also providing greater safety for workers.

As well as this, the extension of the warehouse went together with the automation of the whole

storage area of the plant. A modern warehouse management system (known as SGA) has been installed, which enables keeping lot-by-lot control over all the products in the installations. The new system brought about an increase in the shipping capacity of 20%, at the same time as improving the quality of the service.

Continuous production for improving freshness and quality

Along with these major changes as regards capacity and logistics, the Riba-roja plant introduced a third production shift to its work routine. Greater freshness of the prepared products is guaranteed with the new shift, as the movement of raw material in the warehouse is continuous and reduces the stock immobilised in the warehouse as far as possible. The third production shift also allows us to cut down the time required from when the lettuce or raw material is picked in the field until this reaches the plant and is processed by up to 24 hours. This is a way to improve our efficiency at the same time as complying with our main objective, which is to get the product to our consumers with the utmost freshness and quality.



Andrés Navarro, Information Systems manager, Federico Ponte y Sergio Gómez, SAP Consultant.



Seen in the photo, from left to right: the Mayor of Aranda de Duero, Raquel González; the founder of Verdifresh, Joaquín Ballester Agut; the Regional Minister for Agriculture and Stockbreeding, Milagros Marcos; the President of Grupo Alimentario Citrus (GAC), Joaquín Ballester Martinavarro; and the Territorial Delegate of Burgos Authority, Baudilio Fernández-Mardomingo.

10 years of growth at the Aranda de Duero plant

Another of the milestones that reinforce our company's value as a constantly growing business was the celebration of the 10th anniversary of the Aranda de Duero (Burgos) plant.

We celebrated the first decade of our plant in Aranda with a very special event. The institutional celebration was attended by our president, Joaquín Ballester Martinavarro, along with his father, the founder of Verdifresh, Joaquín Ballester Agut, and different regional and local authorities, such as the Regional Minister for Agriculture and Stockbreeding, Milagros Marcos, and the Mayor of the town, Raquel González.

In the afternoon the celebration was extended to all the employees, with the celebration of a meal and a team-building activity in which music and teamwork were the chief elements. Around twenty employees were given the traditional gift with which the company thanks them for their 10 years of effort and dedication.

Over the last decade, Grupo Alimentario Citrus has invested 20 million euros in the Aranda de Duero

Plant in a clear pledge to the Castile and Leon agro-food sector. The production of salads and bags of greens has multiplied 800% since 2006. Although the preparation of products at this plant started with 5 million bags and processing 1.5 million kilos of raw material, last year a total amount of 45 million salads and bags of greens were prepared and 11 million kilos of raw material were processed.

The Adanda de Duero factory, a vital part of the company, has also multiplied its staff by four, soaring from its former 39 employees to 156 in under one decade. At this factory, nine out of every ten workers has a permanent contract, which implies great stability and quality in their employment.

The Aranda plant currently produces 31 references of products, as compared with the 20 which it started with, 12 of which are still in its present catalogue. The Aranda Plant, which covers a surface area of 7,117 square metres, has the latest technology in production, quality and food safety.



Sustainable growth

Our group is a strong and profitable organisation that has consistently grown from its origins, true to its principles of integrity and transparency. In 2016 the different business units of our own and investees of the Grupo Alimentario Citrus invoiced 239.9 million euros, a figure which represents a growth of 6.2% as compared with the previous year. We have sold 374 million units of products in 20 different countries and consolidated a staff of 2145 persons.

Fresh produce represents around 90% of the turnover and nutrition food 10%. The international market represents 9% of our total turnover in our business structure.

In the different business areas, that of nutrition has sustained the most growth with a turnover of almost 25 million euros and an increase of 31.4% in respect to the previous year.

The turnover in fresh ready-to-eat produce rose to over 128 million euros, representing a 5.4% increase, while fresh produce straight from the field to the consumer (agricultural area) meant a turnover of over 87 million euros, which represents an increase of 1.9% compared with 2015.

In 2016 we reinforced a trend of sustained growth which has, since our incorporation in 2000, placed us among the main agro-food groups in this country.

