

II. Social action programmes



SOCIAL ACTION AND COMMUNITY DEVELOPMENT PROGRAMMES

Once again, Ebro Foods has contributed towards furthering socioeconomic development in the geographic areas in which it operates. During 2012, it invested €1,345,141 through its Foundation and different subsidiaries in promoting different initiatives and projects to improve the quality of life of the individuals and groups in danger of social exclusion.



As mentioned above, the development of this social commitment is channelled mainly through the Ebro Foundation, through which the Group promotes and participates in solidarity initiatives to further the development and equal opportunities of the underprivileged segments of society, in Spain and other countries.

The Foundation was set up in Granada on 9 June 1998 and is governed by its Articles of Association, the provisions of the Foundations Act 50/2002 of 26 December and other applicable laws and regulations.

In 2006, in an effort to ensure that the entities with which it collaborated upheld the same values of altruism, transparency and integrity as the Ebro Foundation, it signed a collaboration agreement with Fundación Lealtad, an independent non-profit institution that analyses and assesses NGOs on the basis of nine principles of transparency and good practices. These principles are:

1. Principle of procedure and regulation of the governing body
2. Principle of clarity and publicising of the corporate purpose
3. Principle of planning and monitoring of the activity
4. Principle of communication and true and fair view in reporting
5. Principle of transparency in financing
6. Principle of plurality in financing
7. Principle of control in the use of funds
8. Principle of presentation of the annual accounts and fulfilment of legal obligations
9. Principle of promotion of voluntary aid

Actions in 2012

The social action in 2012 was channelled mainly through the donation of food, integration of the disabled into society and employment and the promotion of projects to enhance socioeconomic development in developing countries and other geographic areas in which the group operates. Within these three areas, a total of 43 projects have been started up, improving the living conditions of at least 38,739 people and Group products have been donated to different food banks in Spain, France and the United States with a value, had they been sold on the market, of over 900,000 €.

The following tables summarise the different social action programmes developed by Ebro Foods in 2012:

DONATIONS TO FOOD BANKS: 923,141 €

Spain	161,438 €
France	73,481 €
USA/Canada	688,222 €

As leader of the food sector, one of the main channels of action of the Foundation is to donate food products from the Group's different businesses. To guarantee adequate distribution of such products among the most needy, the Foundation has signed a collaboration agreement with the Spanish Federation of Food Banks (FESBAL) to manage and distribute the products donated by Ebro among the provincial food banks. In Spain in 2012 the Foundation made donations to FESBAL of different Group products which would have had a value of 61,438 € on the market and it also made a cash donation of 100,000 € for the processing of fruit into juice, meeting two goals: meeting the demand of the most needy by converting a perishable consumer good which would otherwise have become food waste. In this regard, Ebro Foods has joined the project organised by the Association of Spanish Producers and Distributors (AECOC) to combat food waste.

Outside Spain, our subsidiaries donated 73,481 € in Europe, through Panzani. A similar initiative is developed by our subsidiaries Riviana, New World Pasta, Ronzoni and American Rice Inc. in the United States and Canada, which donate rice and pasta products to several local food banks. Last year those companies made donations valued at 688,222 €.

SOCIAL ACTION IN SPAIN: 133,000€

City	Organisation	CSR Action Developed	Beneficiaries
Seville	Asociación Aliento	Aid for buying food and nappies for children at the M ^a Ángeles Nursery in El Vacie	NS
Seville	Andex	Financing to build the new Cancer Day Unit at the Virgen del Rocío Hospital in Seville	NS
Seville	Orden de Malta	Economic assistance for the San Juan de Acre soup kitchen	250
Seville	Proyecto Hombre	Financial aid for the drug addicts refuge	108
Seville	Hermandad de la Santa Caridad	Economic aid for its store	NS
Seville	Dulces de los Conventos	Christmas Goodies for Soup Kitchens, Order of Malta and Hermandad Santa Caridad	NS
Silla (Valencia)	Cáritas	Support and assistance for families	665
Algemesí (Valencia)	Cáritas	Assistance for families, training for employment and solidarity store	185
Benifayó (Valencia)	Cáritas	Support and assistance for families	207
Madrid	Fundación Balia	Education project for children from broken homes and single-parent families	19
Madrid	Fundación Caico	Socioeconomic support for families with children with cancer at the Niño Jesús Hospital	NS
Madrid	Fundación Vianorte	Charity concert to celebrate the X Anniversary of the Palliative Care Hospital	
Madrid	Fundación Theodora	Financing of Smile Doctors in several hospitals nationwide	600
Madrid	Asociación Volán	Economic support for the volunteers' liability insurance	NS
Jerez de la Frontera (Cádiz)	Madre Coraje	Economic assistance for solidarity vegetable garden for the El Salvador soup kitchen	NS
Jerez de la Frontera (Cádiz)	Parroquia San Pablo	"Childsplay" project	70
Granada	Proyecto Hombre	Rambling and hiking activities for drug addicts and their families	30

NS: Number not supplied by the NGO developing the project



SOCIAL ACTION IN DEVELOPING COUNTRIES: 132,000€

Country	Organisation	CSR Action Developed	Beneficiaries
Cambodia	Sauce ONG	Supply of rice, seeds and farming tools	175
North Vietnam	Codespa	Project to improve rice crops in the province of Tuyên Quang	17,000
Malawi	África Directo	Food safety and agriculture programme in Mtendere	916
Malawi	África Directo	Irrigation project and support for nutritional centre in Chiphwanyana	16,000
Malawi	África Directo	Financing of agricultural office in Alinafe	NS
Malawi	África Directo	Vegetable gardens irrigation project in Alinafe	NS
Mozambique	África Directo	Vegetable garden for women with AIDS	250
Uganda	África Directo	Purchase of oil-manufacturing machinery in Yumbe	NS
Uganda	África Directo	Purchase of oxen to help with agricultural production in Lira	20
Uganda	África Directo	Micro loans for women in Yumbe	256
Kenya	África Directo	Building of well and water connections in Eldoret	1,180
Ethiopia	África Directo	Channelling of water from Wukro reservoir	350
Ethiopia	África Directo	Drip irrigation project and channelling of wells for orphanage and clinic in Meki	70

NS: Number not supplied by the NGO developing the project

INTEGRATION OF DISABLED PERSONS IN EMPLOYMENT AND SOCIETY: 142,000€

City	Organisation	CSR Action Developed	Beneficiaries
Seville	Asedown	Employment guidance and training programme for the disabled	80
Seville	Autismo de Sevilla	Financing of home for autistic individuals	26
Seville	Cáritas	San Pelayo Training Centre and Employment Project	121
Seville	Fundación Auxilia	Horticulture and Office Automation Workshops Programme	36
Seville	Mater et Magistra	Mamika & Carlos Sheltered Housing	NS
Madrid	Fundación Bobath	“Sponsor” Plan, integral treatment for a child with cerebral palsy	1
Madrid	Fundación Kyrios	Counselling and information programme for persons with borderline intelligence	NS
Madrid	Fundación Capacis	Vocational Training Project to enhance the employability of disabled persons	8
Madrid	Fundación Prodis	Promotor Project developed by the Autonomous University to improve integration into the labour market	116
Madrid	Fundación Síndrome de Down	Cátedra Family and Disability Project developed by the Universidad Pontificia de Comillas	NS

NS: Number not supplied by the NGO developing the project

COLLABORATION WITH RESEARCH ACTIVITIES: 15,000€

City	Organisation	CSR Action Developed
Seville	Ciccartuja	Funding of Research Prize
Seville	Fundación Mehuer	Rare Diseases Congress
Madrid	Fundación Cris	NK cellular therapy project in child cancer

The full contents of all the projects developed by the Foundations and the respective goals can be consulted on its website: <http://www.fundacionebrofoods.es>



RELATIONS WITH COMMUNITIES

The Group companies have appointed spokespersons to conduct and maintain contacts through regular meetings with the corresponding social partners in the communities in which they operate. The purpose of those meetings is to establish communication channels to inform on the different projects that the company has set up or is going to start, on the one hand, and for the communities to provide the company with any information they may consider necessary, on the other hand, or even social demands, in some cases, to enhance the living conditions and development of those communities. In addition Ebro, through its Foundation, strives to bring the interests of the communities in line with the social investment principles to generate compatible projects.



Disputes during 2012

After eleven years of fluent relations and peaceful coexistence, in 2012 the Mundiriz Group (made up of Mundiriz, S.A. and Rivera del Arroz, S.A.), based in Morocco, was the target of a major social uprising during which much of the company's agricultural land was invaded and occupied by neighbouring kabilas. The specific kabilas concerned were:

- ❖ Kabila SRIMA and Kabila OULED YECHOU: 500 hectares
- ❖ Kabila CHILIHAT and Kabila SHISHAT: 950 hectares
- ❖ Kabila AADARA: 400 hectares

This invasion was far from pacific, since the rioters mobilized the population to occupy the land with slogans proclaimed from the minarets and went en masse, armed with chains and slings, verbally menacing and even physically assaulting employees of both the company and subcontracted firms who were working there at that time. At least 3 complaints have been filed at the La Aoumra gendarmerie by Rivera workers who were physically assaulted, as well as 2 complaints filed by the company.

In view of this situation, the government sent a contingent of security forces in June, some 2,000 soldiers, to guarantee sowing and protect the people doing that work. Consequently, there were a number of clashes between the soldiers and the members of the kabilas that were occupying the land, in which numerous people were injured on both sides. This has been used by some social partners, who have not bothered to investigate the real circumstances of Ebro's investment in Morocco, to accuse Ebro of infringing human rights, intimidation and coercion and several other irresponsible social practices.

In this regard, we should stress first of all that the company cannot feel responsible for the injuries produced during the confrontations, since at no time in the entire duration of the conflict did Ebro take any reprisals or resort to violence, but continued meeting the demands of communities bordering on its catchment area.

Secondly, although the reasons put forward by the kabilas (occupation of land that belonged to them, proliferation of mosquitos, workers not registered with the social security or breach of agreements)

to justify those violent actions were not real and have varied over time, Ebro carried out an internal investigation to clarify and check the truth of the complaints, with the following results:

1. With regard to the legal ownership of the land, the properties at issue are farms owned by the Moroccan government, which has leased them to Ebro through two state-owned companies: Société de Gestion des Terres Agricoles (SOGETA) and the Land Department of the Ministry of Finance, Trade, Industry and Craft. The two farms have an aggregate area of 4,597 Ha and include, as stipulated in the agreement, some parts that are not arable land, corresponding to eucalyptus forests, waste ground or tracks. The company only actually farms 2,750 Ha and pays an annual sum per cultivated hectare equivalent to that stipulated within the scales established for this type of land. We have not received any favourable treatment from the Moroccan government. The land leased from Société de Gestion des Terres Agricoles (SOGETA) is situated within the rural community El Aoumra (Larache) and the rent is raised by 20% every six years. The land leased from the Land Department of the Ministry of Finance, Trade, Industry and Craft is also situated within the rural community El Aoumra (Larache) and the rent is raised by 20% every five years.
2. As regards the proliferation of mosquitos, the company has an annual fumigation plan commencing at harvest time and implemented always under supervision by the health authorities and in coordination with the local government. This plan follows the same protocols of frequency and products used as those established in other rice areas of Morocco (Gharb) and Spain (Seville, Valencia, etc.). Nevertheless, in response to complaints from local communities, the company intensified its fumigation campaign in 2012. The areas fumigated are those included within the farms and within the communities. In addition, to minimise the mosquito effect, the company agreed with the local communities to leave a strip of 150 metres wide and 10 kilometres long between the rice fields and the villages. A crop intended for neighbouring villages is always sown in that strip; this year, it was 41 hectares of fodder for animals. This agreement has been scrupulously respected at all times by the company.
3. Regarding the quality of the water, analyses are made regularly, taking samples of water from different parts of the river, rice fields and drainage channels to detect any substances that may be detrimental to health. The analyses are made by both public and private laboratories have never revealed the levels of pesticides reported by the communities. The levels detected are always below the minimums stipulated by the health authorities to be considered toxic.
4. In the area of employment-related claims, each and all of the workers employed by Ebro Foods in Morocco, in the plant or on the farms and regardless of the duration of their contracts, are registered with the social security. All of them, both men and women, have their corresponding salary, are paid any overtime they work and their salaries are in line with what is marked by law. Moreover, there is no difference in the basic wages received by men and women.

Furthermore, as stipulated in law, all the workers (men and women) are covered by a compulsory medical service (AMO) and an occupational injury insurance policy. With regard to occupational hazard prevention, all employees are issued the necessary working material to perform their work: boots, gloves, masks, protective glasses, adequate clothing, etc.

Mechanisms have been established to ensure that male and female workers are of age: to sign the employment contract each worker must present his or her birth certificate or national identity card.

As for the recruitment mechanisms for hiring women, this is not done by plant employees, but is delegated to the women acting as team leaders for hoeing, who are also temporary workers. The selection criteria applied are limited to the requirement that they live in the douards near the farms.

As far as occupational disease is concerned, the company is not aware of any rheumatic disease or breathing disorders. The only medical incidents we have found any record of occurred in 2011 when five female workers suffered an allergy to rice, for which they were treated with anti-allergy ointments and reassigned to other jobs in which they did not come into contact with rice.

We stress that the paralysation of hiring of temporary workers for the rice campaign was not a decision of the company, but was due to the invasion of the land by some of the kabila inhabitants. Ebro was the first to suffer the consequences and, although it was aware that a campaign outside its natural time would not produce a profit that year, it nevertheless opted to continue producing rice and creating jobs. The consequences of the violent actions for Ebro consisted of:

- ❖ Losses of two million euro in agriculture.
- ❖ Reduction in sales, since by postponing harvesting, it did not have enough product to sell on the domestic market
- ❖ Low crop yields.
- ❖ Losses of consumables used in the sugar cane fields.

5. With regard to the social demands of the local communities, the company cleans the village canals every year, repairs the bridges and main tracks in the farms and collaborates in the repairing of roads and infrastructures of the kabilas. It also supplies the villages with sufficient water to irrigate their fields, pumping it with its own engines. In addition, in coordination with the regional agricultural authorities (ORMVAL) it is developing another rice area on the other side of the River Lukus, implementing specific plans to modernise the crop techniques, increase yields and develop new crop varieties. As a result, the yield per hectare of those farmers rose above eight tonnes in 2012, obtaining the same yields as Ebro and even improving on them, since those of the company were impaired by the invasions. It should also be noted that the company finances, with three-year interest-free loans, any farmers who wish to voluntarily start applying the levelling techniques on their land, providing them with personal counselling during all phases of the process.

The final conclusions of the internal investigation were that Ebro operates responsibly in Morocco, respecting the idiosyncrasy and rights of its employees and complying with the laws and regulations in place:

- ❖ It has created wealth where there was none.
- ❖ It has helped Morocco to become more self-sufficient and, consequently, save in foreign currency.
- ❖ It has generated employment in accordance with the law.
- ❖ It has taught other rice-growers to cultivate rice, sharing its know-how with them.
- ❖ It has paid its taxes and social security contributions.
- ❖ It has promoted social action initiatives whenever it has found a counterparty to be able to carry them out.
- ❖ It has not received any favourable treatment. The land leases it has signed with the State are paid for according to the pre-established scales.
- ❖ It respects the environment and complies with the laws on phytosanitary products.

At the date of drafting this report, the company's relations with local communities are returning to normal. Even so, Ebro aims to approach them more and set up some kind of local entity to channel and document the social actions developed in this geographical area.