



**L A F A B R I L**

**SUSTAINABILITY REPORT**

**2013 - 2014**

**LA FABRIL**

# 1 OUR PASSION IS INNOVATION



## MESSAGE FROM THE CEO

ECONOMIC PERFORMANCE G4-DMA, G4-1, G4-14, G4-15



### Dear friends:

This Sustainability Report is an exercise of transparency and responsibility presented by La Fabril to its stakeholders over the period 2013 - 2014. It describes a reality resulting from an extended and sustained effort that began back in 1968 with a small cotton gin in Manabí.

The cotton gin grew but did not exhaust opportunities. After ten years, we embarked on a new line of work: the processing of vegetable oils and the production of edible and industrial fats, which turned us into a leading player in the Ecuadorian market. Soon after, we began the manufacturing of home cleaning and personal care products.

The exploration of new articles and processes convinced us that research is a core necessity of our industry. Market demand is varied and increasingly sophisticated; consequently, in 1991 we established the first Development Center for vegetable fats and oils in the country, thanks to which we were able to offer a range of products to better respond to the market needs of our final consumers.

The next step was to export. In 1992 we made our first overseas sale. We were soon in countries like Colombia, Peru, Brazil, Argentina, Chile, Panama, Haiti and the United States, serving clients as Carozzi, Colgate - Palmolive, Petroperu, Unilever, Avon, Cargill, Watt's, Nestle, among others.

A vital impact in our expansion process was the 2002 acquisition of the fats and oil business from Unilever Best Foods. From then on, the following steps have included biofuels, cosmetics, and strategic marketing alliances, and in some cases, the production of brands for several multinationals.

The background of such complex effort has been our concern for upholding a positive impact on society and for reducing to a minimum any impact on nature. We now provide you with this fourth Sustainability Report that in a transparent manner expresses our vision of sustainability.

Carlos González - Artigas Díaz  
CEO



## MESSAGE OF THE GENERAL REPRESENTATIVE

ECONOMIC PERFORMANCE G4-DMA, G4-1, G4-14, G4-15

Dear friends:

I have the pleasure of presenting to you the result of our sustainable and responsible work as further example of our company's determination to reduce the environmental impact of our operations, supported by the great work team constituted by thousands of employees.

This fourth Sustainability Report in a transparent manner reflects the topics and areas that are more relevant for our stakeholders to whom we respond (shareholders; employees; consumers and clients; agricultural, industrial, and service suppliers; distributors; local, provincial and national authorities) to whom we present our corporate philosophy of sustainable work.

La Fabril follows three strategic lines of work: modernizing production capacity; promoting sustainable planting of palm trees; and improving our products distribution system at the local and international levels. The company has decided to be part of the change of the country's production matrix, putting special emphasis on exports and on the substitution of imports, which has demanded multiplying technological efforts and making further investments on research and development.

In this document we illustrate how La Fabril directly and indirectly generates employment and decent work, joining efforts in the manufacturing of quality products with high added value, destined to fully satisfy our consumers.

La Fabril conducts its activities respecting its zones of influence and reducing environmental impacts throughout the entire production chain, which begins with palm-growers and ends in national and international distribution of its products. In each phase it promotes the culture of sustainability.

This is one of the first Sustainability Reports in the country that complies with the parameters of the GRI-G4 (Global Reporting Initiative), international organization that has reviewed its contents to certify its compliance with technical regulations and ethical principles.

We are confident that this Sustainability Report will contribute to a better understanding of our task, as well as to promote the vision and values we share with our stakeholders and society in general in the hope that present generations will care for the resources of future ones.

Carlos González Artigas - Loor  
GENERAL REPRESENTATIVE

## PARAMETERS AND COVERAGE OF THIS SUSTAINABILITY REPORT

G4-3, G4-18, G4-28, G4-30, G4-32

- Fourth Sustainability Report
- Principles and Contents GRI – G4
- GRI CHECK

This is the fourth Sustainability Report presented by La Fabril S.A. It contains important information on the economic, social and environmental management corresponding to the bi-annual period 2013 – 2014. This document has been prepared based on the principles and contents defined by the new version of the GRI-G4 Guide, achieving Essential Compliance with the GRI Guide, obtaining the GRI Content Index.

On this occasion, apart from information on La Fabril S.A., the Report also includes information on Extractora Agrícola Río Manso EXA S.A. and Energy & Palma S.A., members of Grupo La Fabril.

Financial information reported is based on the International Financing Reporting Standards (IFRS), established by the Superintendencia de Compañías del Ecuador (Ecuador Superintendence of Companies).

## MATERIALITY AND DIALOGUES WITH STAKEHOLDERS

G4-26

Our Report complies with principles established in the AA1000 Standard, providing information relevant for the line of business and stakeholders to whom La Fabril S.A., Río Manso and Energy & Palma respond.

The definition of materiality has allowed our companies to evaluate the vision of Sustainability and Corporate Social Responsibility to project them under a comprehensive vision of sustainability.



## OUR STAKEHOLDERS

The content and information of this Report may be viewed on our web site: [www.lafabril.com.ec](http://www.lafabril.com.ec)

## MATERIALITY STUDY

G4-20, G4-21, G4-24, G4-25, G4-26, G4-27

Materiality was conducted with the purpose of identifying, prioritizing, analyzing and validating the most important topics for our stakeholders, the company, and the industry, taking into account the country's economic, social and environmental setting. To develop this analysis, the following considerations were taken into account:

- Changes in the country's production matrix and substitution of imports.
- Business approach over the medium and long term within the framework of sustainability.
- Review of the Study on Materiality 2011-2012.
- Continued communication with our stakeholders.
- Evaluation of impacts of our activities in the value chain.
- Benchmarking of the sector at the national and international level.



G4-20, G4-21, G4-24, G4-25, G4-26, G4-27

To determine material aspects, a total of 66 individual in-depth interviews were conducted with internal and external stakeholders including directors, employees, suppliers, palm-growers, distributors, clients, the community and civil society organizations.

With the purpose of guaranteeing impartiality and independence in the procurement and analysis of information, dialogues were conducted by a third independent party.

Questions were prepared for the purpose of evaluating the level of understanding on diverse matters, priority, risk level and impact, perception, and contribution of such matters for a sustainable development.

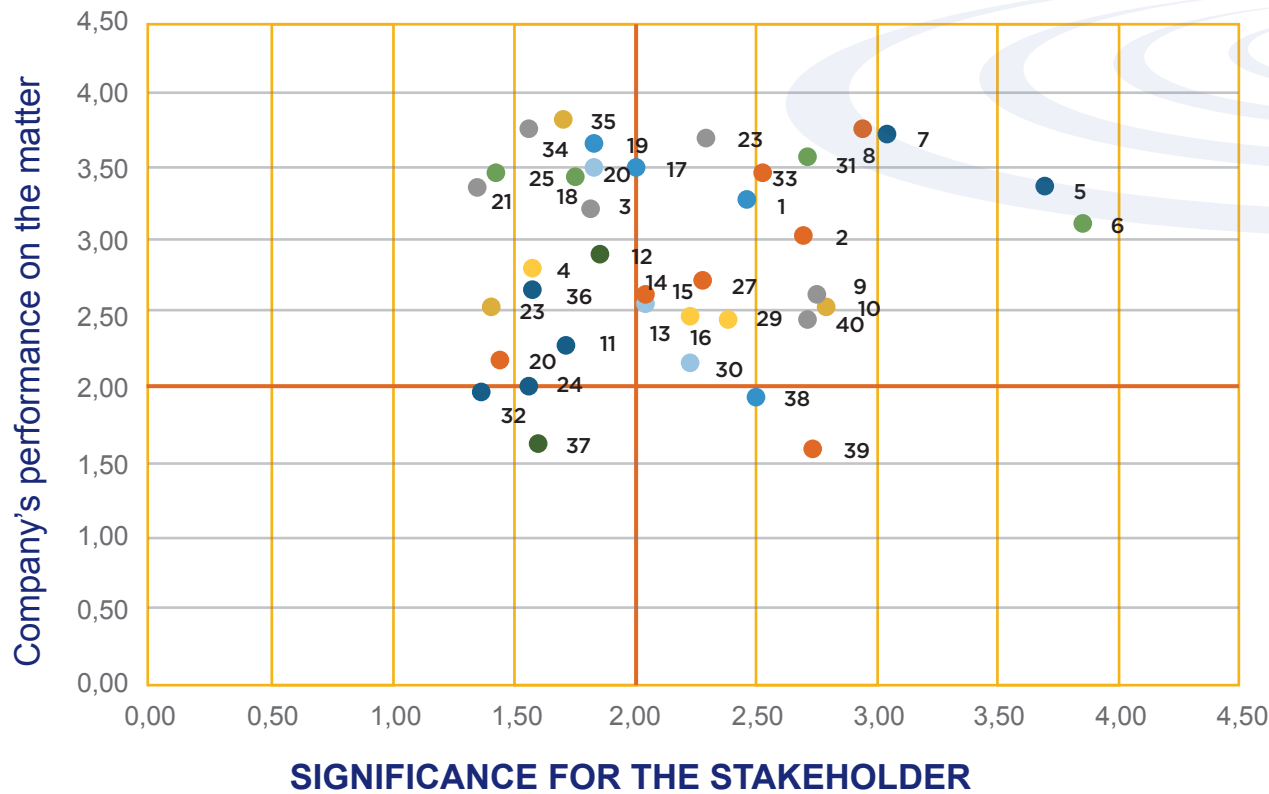
Relevant interests and areas expressed by stakeholders during the interviews were taken into account. A qualitative and quantitative analysis was subsequently conducted to determine relevant matters. The Materiality Matrix was obtained through this analysis.

## MATTERS CONSULTED

SPECIFIC TOPIC		SPECIFIC TOPIC		SPECIFIC TOPIC	
1	Legal Compliance	15	Water Management	28	Products Price and Quality
2	Transparency and Accountability	16	Waste Management	29	Social Performance
3	Anti-Corruption	17	Human Talent Management	30	Community Work
4	Human Rights	18	Work Environment	31	Employment Generation
5	Relation with Stakeholders	19	Labor Rights	32	Education
6	Communication with Stakeholders	20	Equal Opportunities	33	Care and Service
7	Economic Performance	21	Gender Equality	34	Suppliers Selection and Rating
8	Market Presence	22	Disabilities and Inclusion		
9	Environmental Initiatives	23	Home/Work Balance	35	Payment to Suppliers
10	Environmental Impacts	24	Incentives and Benefits	36	Suppliers Training
11	Climate Change	25	Employees Training	37	Distributors Training
12	Sustainable Agriculture	26	Occupational Safety and Health	38	CSR Initiatives
13	Air Emissions	27	Transparency in communication on Products	39	Communication of CSR Initiatives
14	Noise			40	Knowledge of On-Site Practices

MATERIALITY MATRIX

G4-19, G4-20, G4-21, G4-26



The matrix shows the level of significance of each matter, both for the stakeholder and the company's performance. Issues that are crucial for the company and its stakeholders were determined through the study of materiality.

RESULTS OF RELEVANT MATTERS FOR THE COMPANY AND ITS STAKEHOLDERS

CRUCIAL MATTERS	
6	Communication with stakeholders
5	Relationship with stakeholders
7	Economic Performance
8	Market Presence
10	Environmental Impacts
9	Environmental Initiatives
31	Employment Generation
2	Transparency and Accountability
40	Knowledge of On-Site Practices
33	Support and Service
1	Legal Compliance
38	CSR Initiatives
39	Communication of CSR Initiatives
28	Products Price and Quality
27	Transparency in Products Communication
29	Social Performance
15	Water Management
16	Waste Management
30	Community Work
17	Human Talent Management
14	Noise
13	Emissions into Open Air

## LA FABRIL – THE INDUSTRY OF IDEAS

ECONOMIC PERFORMANCE G4-DMA, INDIRECT ECONOMIC CONSEQUENCES G4-15, G4-56

### INNOVATION IS NOT ONLY MANUFACTURING A NEW PRODUCT BUT CHANGING THE WAY TO PRODUCE IT

In La Fabril, 2013 – 2014 have marked the consolidation of a business strategy determined to be “The industry of ideas,” turning innovation into a constant objective and therefore contributing to changes in the country’s production matrix and substitution of imports.

Being “The Industry of Ideas” entails the development of a work approach based on innovation, as well as the development of multiannual strategies that mainly involve the following:

- Modernizing production capacity
- Promoting sustainable palm-tree planting
- Improving the distribution system



We have mainly focused on working in three categories, which are the cornerstones of our line of business: oils, fats, bakery, and cleaning and toilet soaps. We have made investments in the acquisition of machinery and training of our employees with the purpose of improving our production system aimed at fulfilling our main goal: being more competitive in terms of quality and prices.

## MISSION

Producing and marketing high quality products at the lowest cost, in an effective, efficient, and flexible manner, with constant dedication to service, through the permanent reinforcement of our financial structure, working as a solid human team, outdoing our competitors on environmental management, creating indisputable leadership brands in the market.

## VISION

La Fabril will always be a flourishing enterprise, significantly and continuously increasing value for its employees, suppliers, clients, and shareholders.

## CORPORATE VALUES

G4-56



**IN LA FABRIL THE COMMITMENT IS TO MAINTAIN LEADERSHIP,  
BASED ON RESPONSIBILITY, RESPECT AND HONESTY.**

### CREED

- We believe in ourselves
- We believe in teamwork
- We believe in innovation and quality
- We believe in development and progress
- We believe in the future

## LA FABRIL's PRESENCE IN ECUADOR

G4-5, G4-9

LA FABRIL MANUFACTURES PRODUCTS THAT REACH THE HOMES OF ECUADORIANS AND INTERNATIONAL MARKETS IN THE FOLLOWING LOCATIONS:



Industrial complex in Montecristi



Industrial plant in Guayaquil



National agencies (distribution points)



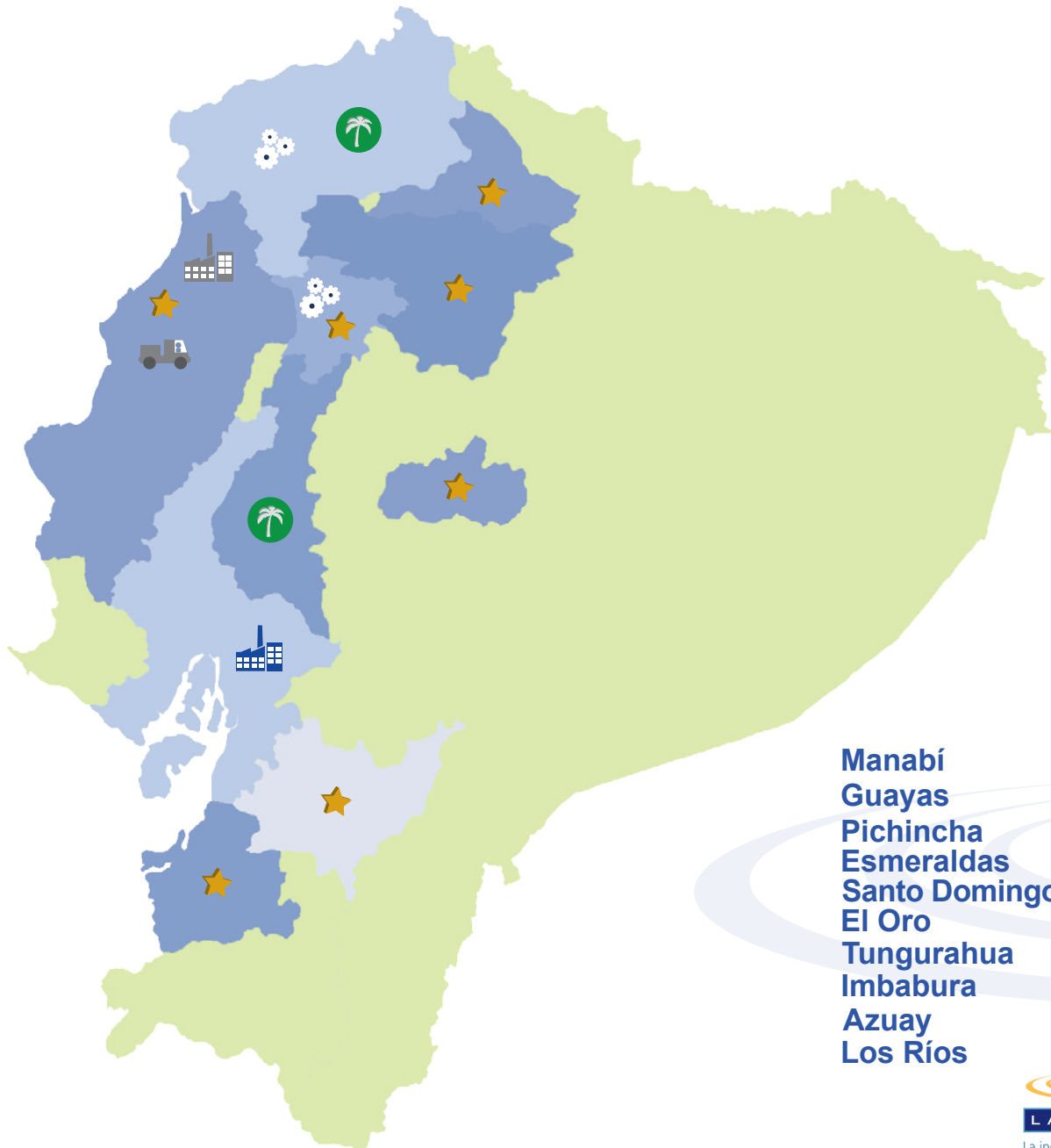
CND (National Distribution Center - Montecristi)



Palm extraction facilities



Collection centers (Agricultural Business Centers)



Manabí  
Guayas  
Pichincha  
Esmeraldas  
Santo Domingo  
El Oro  
Tungurahua  
Imbabura  
Azuay  
Los Ríos

## CORPORATE GOVERNMENT

In La Fabril S.A. the highest governance body is the Board of Directors, made up by shareholders that are legally summoned and assembled. The company's legal representation lies on the General Legal Representative, and in his absence, the company's President substitutes him. Mr. Carlos González – Artigas Díaz holds the Presidency and the General Legal Representative is Mr. Carlos González – Artigas Lóor.

By legal mandate, the Board of Directors, regulated by the company's bylaws, holds a mandatory ordinary meeting once a year, with the purpose of approving financial statements and reports issued by the Administrators, Superintendents, and External Auditors. Extraordinary meetings of the Board of Directors are held as required by the General Board by statutory mandate.

Guidelines and action plans for each one of the areas connected to our business are established through executive committees. These Committees are part of a structure designed to manage company's topics, opportunities and risks. Administrators and Managers have specific roles and functions oriented to seek operational efficiency and a management that ensures positive results for the company.

## STRUCTURE OF THE ORGANIZATION / UNIDAD CORPORATIVA LA FABRIL S.A.

G4-17, G4-34, G4-LA12

THE BOARD		
CARLOS GONZÁLEZ - ARTIGAS DÍAZ	NANCY VÁSQUEZ	CARLOS GONZÁLEZ - ARTIGAS LOOR
EXECUTIVE COMMITTEE		
CARLOS GONZÁLEZ - ARTIGAS LOOR General Representative	SANTIAGO TERÁN DAMER Corporate Financial and Planning Director	GUILLERMO BARALDO VICTORICA Corporate Organizational Development Director
PERCIVAL ANDRADE ARELLANO Corporate Innovation Director	JUAN ANTONIO FRANCO Marketing Director	CÉSAR PADILLA Sales Director
NIKOLAY ARTIEDA Corporate Internal Audit Manager	REYNA ALARCÓN Oils & Fats Operations Manager	HAROLD CORRALES HCP Operations Manager
COMPANIES IN GRUPO LA FABRIL		
RÍO MANSO JAIME GONZÁLEZ - ARTIGAS General Manager	ENERGY & PALMA FLAVIO PAREDES General Manager	

## RECOGNITIONS AND ACHIEVEMENTS

In 2013 – 2014 La Fabril obtained the following recognitions for its work and business management:

- Best Exporting Company  
BASC Awards  
November 2013
- Acknowledgment in the areas of Innovation,  
Social Inclusion and Development of New Markets - Manabí  
Price WaterHouseCoopers and Revista Líderes  
October 2013
- Award – Mention for the Strengthening of the Exporting Value Chain  
Fedexpor  
April 2014
- For the period 2011 -2015 La Fabril holds  
Fedexpor's Presidency of the Board
- Certificate Corporate Carbon Footprint Calculation  
Co2mpensa S.A.  
June 2013
- Silver Effie - Aceite Criollo Food, Beverages, and Liquor category  
in the campaign “La que sabe”
- Silver Effie - Olimpia, sustained success category for the campaign  
“Limpiador, desinfectante, repelente”.  
Effie Awards  
2013 – 2014



## NETWORKS AND ASSOCIATIONS

G4-15, G4-16

**THE COMPANY PARTICIPATES AND PROMOTES POSITIVE RELATIONSHIPS WITH ORGANIZATIONS AND INSTITUTIONS WHOSE BASIC OBJECTIVES HAVE TO DO WITH THE DEVELOPMENT OF THE INDUSTRIAL SECTOR THAT LA FABRIL BELONGS TO**

- Asociación Nacional de Cultivadores de Palma Aceitera (ANCUPA)
  - Consejo Empresarial para el Desarrollo Sostenible del Ecuador (CEMDES)
  - Manta Chamber of Commerce
  - Manta Chamber of Industries
  - Ecuadorian – American Chamber
  - FEDEXPOR (Federación Ecuatoriana de Exportaciones)
  - PRO ECUADOR
- Members of the Roundtable on Sustainable Palm Oil



## ECONOMIC PERFORMANCE

ECONOMIC PERFORMANCE G4-DMA, G4-7, G4-9, G4-EC1

### WE PROUDLY ARE AN ECUADORIAN COMPANY COMMITTED TO SUSTAINABLE DEVELOPMENT

- Generation of proudly Ecuadorian employment
- An industry that contributes to the country's development
- Innovation & Development – key of Entrepreneurial Success



The commitment of our company with the country is translated into national and local development, including all stakeholders such as shareholders, employees, suppliers, distributors, clients, consumers, and the community and state institutions.

### UNDERTAKINGS AND CONTRIBUTIONS TO THE COUNTRY'S DEVELOPMENT IN FIGURES

As an innovative company, our goal is to achieve sustained growth and to be a referent resulting from our contribution to the country's development in the economic, social, and environmental arena. Throughout 2013 - 2014 La Fabril experimented an economic growth that translated into the generation of new employment sources, both direct and indirect; investments, technological development, payment of taxes and duties to the Ecuadorian State throughout the entire value chain.

Sales of hygiene and personal care products increased at this time, given these have historically being imported. The company was able to diversify its sales portfolio, gaining greater relevance in this line of products.

As a result of a national market growth strategy, the company was able to sign agreements for the production of AVON hair products and COLGATE PALMOLIVE toilet soaps, thus increasing the local production of this type of products.

We have completed the fractionation, hydrogenation, and interesterification plants of vegetable fats initiated in 2013 to respond to export demands of value added products.

**FINANCIAL STATEMENT TO DECEMBER 31, 2013 – 2014**  
(expressed in thousand of US dollars)



	2013	2014
<b>Current Assets</b>	152.522	160.329
(+) Property plant and net equipment	92.581	102.891
(+) Other assets	40.212	48.473
<b>= Total Assets</b>	<b>285.315</b>	<b>311.693</b>
Current Liabilities	149.070	146.746
(+) Non-current liabilities and provisions	38.824	58.929
(+) Shareholders Equity	97.421	106.018
<b>= TOTAL LIABILITIES AND EQUITY</b>	<b>285.315</b>	<b>311.693</b>

G4-EC1

**COMPREHENSIVE FINANCING RESULT**  
for year ending on December 31, 2013-2014  
(expressed in thousands of US dollars)

	2013	2014
Net Sales	469.294	449.476
(-) Costs and Expenses	452.512	424.111
<b>= Profits before employees participation and income tax</b>	<b>16.782</b>	<b>25.365</b>
(-) Employees participation and income tax	7.414	8.982
<b>= NET PROFITS</b>	<b>9.368</b>	<b>16.383</b>

**TAXES PAID 2013 - 2014**  
(expressed in thousands of US dollars)

	2013	2014
Value Added Tax – VAT Due	12.613	14.397
Tariffs - Imports	2.185	2.524
Current Income Taxes	5.071	5.292
Tax on Foreign Exchange Outflows	7.026	7.038
Rural Lands Taxes	16	3
Municipal Taxes	345	390
<b>Total</b>	<b>27.256</b>	<b>29.644</b>

**SOCIAL SECURITY CONTRIBUTION**

(expressed in thousands of US dollars)

	2013	2014
Social Security Contribution - Production	1.461	1.565
Social Security Contribution - Administrative	645	725
Social Security - Commercial	971	1.149
<b>Total</b>	<b>3.077</b>	<b>3.439</b>

\* Financial information reported for 2013-2014 is based on International Financial Reporting Standards (IFRS), established by the Superintendencia de Compañías del Ecuador. Financial Statements from which this information was obtained have been audited by Deloitte & Touche in the reported periods.

**GROWTH - LINES OF BUSINESS**

LINES OF BUSINESS	2013		2014		GROWTH	
(expressed in thousands of US dollars )	Kilograms	Dollars	Kilograms	Dollars	Dollars	2013 - 2014
Foods	87.784.368	175.363	86.083.310	181.071	5.708	3%
Hygiene and Personal Care	65.569.218	96.761	69.732.759	108.467	11.706	12%
Planning	28.668.647	43.012	32.425.333	48.950	5.938	14%
<b>TOTAL COMPANY</b>	<b>182.022.232</b>	<b>315.136</b>	<b>188.241.402</b>	<b>338.488</b>	<b>23.352</b>	<b>7%</b>

**OBLIGATIONS 2015**

- A potentiation of the dishwasher soap plant will be made in 2015.
- An agreement will be signed with the Spanish firm, world leader in the production of olive oil brands DEOLEO (Carbonell Brand), for the local packaging of refined olive oil.
- Expansion of the industrial margarines plant.
- Expansion of the detergent powder and toilet soaps plant.
- Building of the new chemical material storage center to increase safety.

## ADDING VALUE IN THE PRODUCTION CHAIN

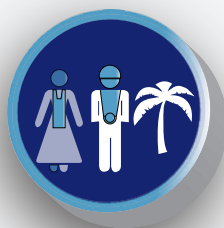
INDIRECT ECONOMIC CONSEQUENCES G4-DMA, G4 -12, G4-EN 32, G4-FP1, G4-FP2, G4-EC8, G4-EC9

### “WIN-WIN” RELATIONSHIP IS THE BASIS FOR GROWTH AND STRENGTHENING OF THE PRODUCTION CHAIN

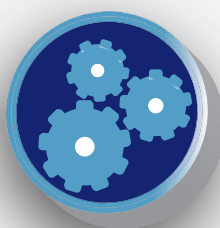
PROCUREMENT PRACTICES G4-DMA

- 78% of National Suppliers
- 72.44% SGS Qualified Suppliers
- 100% of Suppliers in the Value Chain with Fair Price and Timely Payment  
Timely Payment Agreement

## PRODUCTION CHAIN



PALM CULTIVATORS



EXTRACTING FACILITIES



MONTECRISTI INDUSTRIAL  
COMPLEX

MARKETING  
AND DISTRIBUTION



CONSUMERS



La Fabril's development goes hand in hand with its suppliers of goods and services in the entire value chain. We maintain a positive relationship with all our national and international suppliers, as they are our strategic allies.

The establishment of a fair price and timely payment policy is translated into a solid and long-term growth for those who provide raw materials and input materials, as well as technological services, food and safety, among others.

## SUPPLIERS BY REGION

### SUPPLIERS BY REGION

### PAYMENTS MADE (expressed in thousands of dollars)

Region	2013	2014	2013	2014
Coast	567	570	169.853	11.105
Highlands	74	63	176.495	15.994
Overseas	169	185	154.767	125.318

G4-EC8, G4-EC9

## PAYMENTS MADE TO SUPPLIERS

(expressed in thousands of dollars)

### TYPE OF SUPPLIER BY TYPE OF PRODUCT OR SERVICE DELIVERED

	2013	2014
Fuels	3.219	3.988
Packaging and Supplies	28.223	30.699
Generals	10.552	13.815
Mp	136.108	141.742
Services	449	114
Transportation	2.404	2.130
Overseas Suppliers	154.767	125.318

## PROCESS OF SELECTION, RATING, AND EVALUATION OF SUPPLIERS

PROCUREMENT PRACTICES G4-DMA, ENVIRONMENTAL ASSESSMENT ON SUPPLIERS G4-DMA, EVALUATION OF SUPPLIERS ON HUMAN RIGHTS G4-GMA, G4-EN32, G4-FP1, G4-FP2, G4-HR10

Through a process of selection, rating and evaluation of suppliers, the Company has optimized their performance. This is a transparent process, shared in a timely manner. SGS rates suppliers on an annual basis through an on-site audit that validates aspects that are essential in this process.

### SELECTION, RATING AND EVALUATION OF SUPPLIERS

ASPECTS TO EVALUATE IN THE ON-SITE AUDIT SITIO	ASPECTS TO EVALUATE – SUPPLIERS MANUFACTURERS	ASPECTS FOR THE CSR RATING
Activity	Good practices referred to personnel	Promotion of policies for people at risk of social exclusion
Financial Situation	Cleaning and Disinfection	Child Labor
Operational Capacity	Plague Control	Policy for payment of employees and workers overtime
Business Management and Quality	Food Safety System	Direct Social Projection Actions within the organization
Social Responsibility	Quality Systems	Social Projection Activities for the Community
Safety, Occupational Health and Environment Documentary Evaluation	Client Orientation	Legal Actions ordered by the Government, such as citations, fines, notifications for violating labor laws
	BASC Control and Security	

The most important element, following the grading by a third party, is the internal evaluation of the performance of suppliers in each delivery. This performance is measured through a BCAT indicator (well, complete and on time), resulting from a compliance percentage of the supplier.

### INTERNAL EVALUATION PARAMETER OF BCAT SUPPLIERS



PERCENTAGE	GRADE
To 74%	C
From 75% a 94%	B
From 95% a 100%	A

**TRAINING OF SUPPLIERS**

PROCUREMENT PRACTICES G4-DMA

**WE MANAGE A SUPPLIERS' TRAINING PROGRAM  
AND IN 2013 – 2014 WE FOCUSED ON THE FOLLOWING TOPICS:**

- Order management, inventory levels
- Delivery requirements
- Delivery times
- Personal meetings are held with strategic suppliers to evaluate aspects of the BCAT indicator, number of open non-conformities, claims for the same cause, and pending orders

**SUCCESS CASE**

Since 2013, the Company has worked together with the Manabí Prefecture to make direct purchases of achiote (annatto) seeds to promote economic development in the zone. An Association of Achiote Producers has been established to eliminate intermediaries throughout purchases, and to ensure that every producer receives a fair price. In 2014 we have directly purchased part of the harvest from this Association; we expect to purchase all the produce in 2015.

**2015 COMMITMENTS**

- Seeking to ensure that all our suppliers obtain a better grading and thus be able to raise their standards, certificates will be granted to those that obtain an A rating.
- Training suppliers on our work methodologies for them to learn of our management systems and policies.

## COMMITMENTS – PROJECT MANABÍ ACHIOTE PRODUCERS ASSOCIATION



PRODUCERS	LA FABRIL
Offer of first-quality achiote seeds (good agronomic practices and process of selection for marketing).	Receiving production of the Association of Achiote Producers at fair prices.
Keeping permanent volumes of achiote seeds.	Payment within maximum 8 days.
Application of knowledge obtained during training, consultancy and technical assistance.	Maintenance of a long-term business relation.
	To offer training and technical advisory.
	Delivery of achiote seeds.

## TESTIMONY

“It is an honor to be part of a human group that works to develop all elements related to innovation in La Fabril. Every day we face the challenge of being the best, not only with our products but with our people. We are proud to be part of La Fabril and to have the strength needed to be part of this constant change that generates new horizons and possibilities. We are always at the forefront and will continue creating new ideas.”



Carlos Díaz  
Head of Division  
Oils and Fats Area  
Montecristi Industrial Complex

# 2

## INNOVATING FOR DEVELOPMENT



INNOVATING FOR DEVELOPMENT

MARKET PRESENCE G4-DMA, G4-4, G4-8, G4-9

WE ARE COMMITTED WITH DEVELOPMENT AND INNOVATION OF QUALITY AFFORDABLE PRODUCTS FOR ECUADORIAN HOMES AND NATIONAL AND INTERNATIONAL INDUSTRIES

- 34 mass consumption brands
- 52 industrial products
- 750 product presentations
- Production for export of bio-diesel from palm-trees



La Fabril is characterized by being a dynamic and innovating firm. It has given priority to the development of new products, thus responding to our relentless search for our clients’ satisfaction and satisfied markets.

Currently, we are a referent in the oil and edible fats sector in the country, as well as one of the most important enterprises in the production of washing and toilet soaps. We have developed products in the food, bakery, and home and personal care segments, apart from other industrial products.

The creation of new products has increased our clients’ trust, which has strengthened our position in the national and international markets.

LA FABRIL PRODUCTS AND BRANDS

CONSUMPTION

Foods	Oils	La Favorita, La Favorita Vida, La Favorita Omega, La Favorita Achiote, Livian, Girasol, Girasol Oliva, Maizol, La Perla, Criollo, Sabrosón, Sabrofrito, Sabrosalsa.
	Margarines and Shortenings	Klar, Girasol, Ricamesa, La Sabrosa
	Concentrates	La Favorita
	Icings	Coberchoc, Coberchoc crema, Coberchoc gotas, Coberchoc gotas blancas, Coberchoc Mini Gotas

## HOME AND PERSONAL CARE

Cleaning	Washing Soaps	Lavatodo, Megablu, Machete, Perla, Perla Bebé
	Liquid Detergents	Ciclón, Perla Bebé, Perla Secret
	Washing Powder	Ciclón
	Softener	Perla Soft
	Desinfectants	Olimpia, Olimpia 3EN1
	Dishwashing soap	Brillex
Personal Care	Dishwashing soap	Defense, Duet, Jolly, Ninacuro
	Tooth Paste	Polar
Bakery And Pastry	Shortenings	Especial, Sabropan, Panpan
	Margarines	Marva, Marva crema, Fabripan, Hojaldrina
	Icings	Coberchoc gotas, Coberchoc crema
	Specialized	Desmold

## INDUSTRIAL

Oils and Fats	High Stability	Tri-refined soy oil, sunflower oil, corn oil, extra-oleic 65 oil, extra-oleic 90 oil
	Frying Oil	Olefry 30, Oleina 22, Oleina 30, Chifol 20, Sabrofrito, Popcorn oil, BK90, Shordonut
	Ice Cream	Ice fat 220, Ambrolein
	Biscuits multi-purpose	Unigal 213, Unigal 216, Unigal 8131, Oil spray, Fillerfat 80
	Confectionary and Chocolate	Chocofat 100, Caofat 100H, Caofat 50, Cobe 36, Cobe 28, Cobe 24, Sucofat 100, Cream 90
	Culinary Fats	Lacto 350S, Lacto 520
	Vegetable Fats	Cookie fat 48
	Structural Bases	Cobe 100
	Release Agent	Fat base
Functional Supplements	Functional Supplements	Toco 550, Toco 880 G, Toco 880 BA, Toco BP
Soaps And Detergents	Soaps and detergents	Base jabón de tocador, base jabón de lavar, Ciclón, Grassol
Non-edible Industrial	Product	Soya RCB 50, Palma RBD, Palmiste RBD, Estearina de palma
	Oleo-chemical	Biodiesel, Gliconer, Fertilizantes, Durko PK-35

\* Other types of derivatives are generated from all products

## INTERNATIONAL MARKET

**WE ARE COMMITTED WITH THE COUNTRY'S STRATEGY:  
TO HAVE MORE NATIONAL PRODUCTION AND INCREASE EXPORTS**

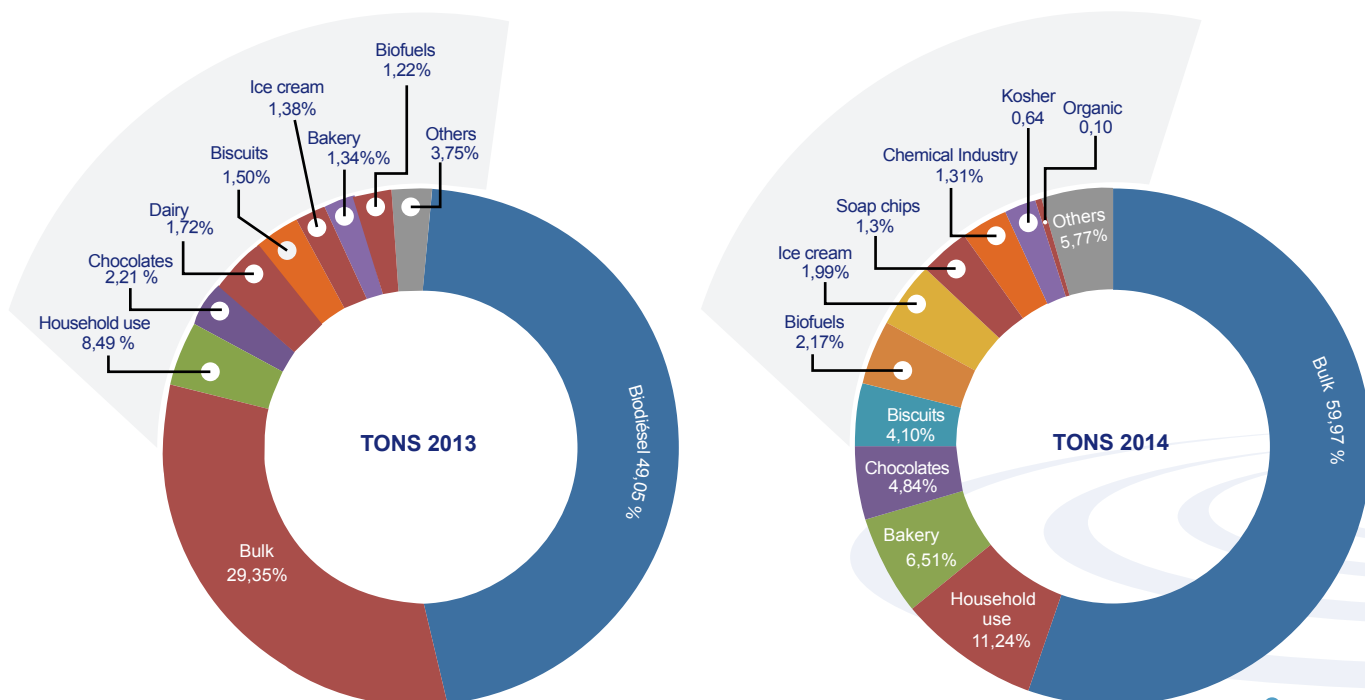
- More participation in value added products
- Generation of increased fidelity of our international clients
- Presence of organic products in the international market

Our export product portfolio mainly includes fats for chocolates, biscuits, bakery, ice creams and toilet soaps.

In 2013 we focused on selling products such as: biodiesel, commodities, household consumption, chocolate, dairy substitutes, biscuits, ice cream and bakery. These sales represented 96.25% of total export sales. Our bio-fuel sales surged on 2013 and represented 49.05% of the total of annual sales.

We have been able to introduce kosher and organic products in our portfolio. This initiative was taken to serve new markets in the US and Canada. Between 2013 and 2014 we increased our international sales of 12.6% in non-biodiesel products.

## EXPORTS DISTRIBUTION BY TYPE OF PRODUCT



## PRESENCE IN THE INTERNATIONAL MARKET

G4-6, G4-8



La Fabril reached 23 countries with over 40-kind of products. We were present in large market chains, multinationals, food industries, soaps, cosmetics, chocolates, and others.

### MAIN BRANDS AT THE INTERNATIONAL MARKET

COUNTRY	PRODUCT	CLIENT
Colombia	Oils and margarines Raw oils	Supermarkets and Industries
Peru	Fats and Bakery	Bread-making Industries
United States	Margarines and oils	Supermarkets, distributors, bread-making industries, market niches (ethnic and organic)
Haiti	Oils	Distributors
Canada	Oils	Food industry and distributors
Argentina	Shortening, fats for ice-cream and bread-making	Multinationals working on confectionary
Panama	Fats for bread-making and oils	Distributors
Brazil	Soaps	Cosmetics Industry
Venezuela	Fats for bread-making, raw oils	Bread-making and Food Industry

## NATIONAL MARKET

### WE ARE PERMANENTLY SEARCHING TO CONNECT WITH OUR CLIENTS AND CONSUMERS THROUGH OUR PRODUCTS

- We launched “*Mini gotas*”, a bakery product characterized by its preservation capacity at high temperatures, and *Fabri-Esencias termoestables* (heat stable essences) that are baking-resistant and contain deep accented aromas given their essential oil base.
- *Postre de leche Línea Maestro* (milk dessert) was launched into the market. It's ideal texture for fillings with a unique flavor made it possible to gain 30% of market participation.
- We innovated with the new flavor of concentrated broth La Favorita “*Secreto de Asia*,” a unique variant in the market.
- A new image was created for Margarina Klar, which allowed us to increase 6% volume in tons. The image of Margarina Girasol changed and this helped to position the brand with a 26% market participation in its category.
- We launched the VMI (*vendor management inventory*) for industrial clients.
- The LINE 1800 – FABRIL was implemented to improve our client services.
- Our brands Ciclón Ultra, Perla Bebé, Perla Secret, Perla Soft, Olimpia, Lavatodo and Polar were placed in the market to respond to our clients' needs with a wider variety, quality and presentations.
- The line of artisan products NINACURO was purchased and re-launched.

These innovations respond to current consumer needs in regards to quality, price, and quantity. New presentations allow consumers to obtain more benefits for the price paid.



## FEATURED PRODUCTS 2013 -2014

ACHIEVEMENT	PRODUCT	LOGO
3 New products launched in the Home and Personal Care division	Toilet Soap Ninacuro  Tooth paste Polar Jolly Capilar	  
31.5% market participation	Olimpia	
17% market participation	Ciclón en polvo	
25% market participation	Jolly	
47 % market participation	Lavatodo	
36% market participation and product leadership	Aceite La Favorita	

## CUSTOMER CARE AND SERVICE

MARKETING COMMUNICATION G4-DMA, G4-PR5, G4-PR8, G4-57

Seeking to personally serve our consumers and clients, in 2013 the Company habilitated the 1800-Frabil line. In addition to this, we have digital communication channels oriented to provide better services and information. 249 clients were obtained through these means.

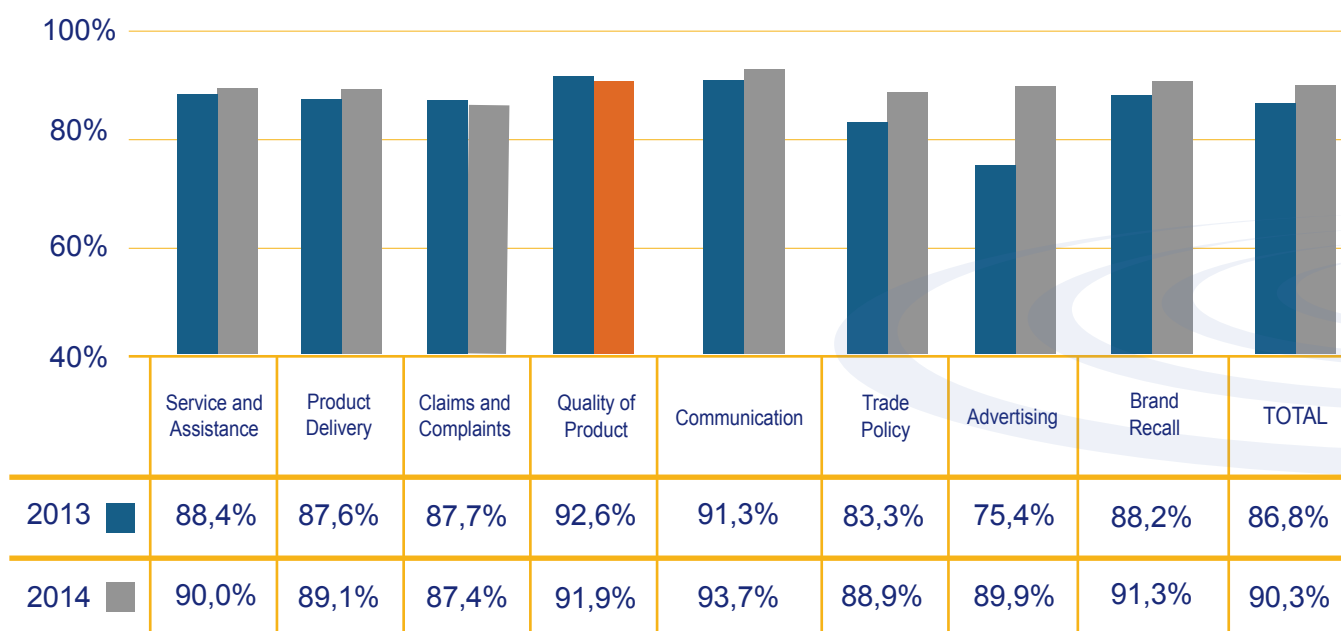
MARKETING COMMUNICATION G4-DMA, G4-PR5, G4-PR8

CLIENT SERVICE BY TYPE OF NEED	CALLS RECEIVED	CALL RECEIVED MANAGEMENT
Information on the Company	791	100%
Information on Promotions	712	
Client Requests	562	
Claims	124	
Product Information	109	
Sales Information	95	
Other Claims	105	
Total calls received 2.498		



Client satisfaction studies are conducted every year through surveys, emails and telephone calls. In 2014 we obtained 90.3% client satisfaction.

## LEVEL OF SATISFACTION BY ATTRIBUTE ANNUAL COMPARATIVE 2013 - 2014



## CONFIDENTIALITY

CLIENTS' PRIVACY G4-DMA

Grupo La Fabril respects and guarantees confidentiality in the handling of information of its employees, clients, suppliers, and distributors. No complaints, claims or reports were recorded for this concept.

## SUCCESS CASE

- We removed from the market La Favorita Light oil and introduced La Favorita VIDA, with 13% market participation in the Premium Oils category.
- In 2014 a total of 200 ideas were implemented, and 6% of total sales were generated through new products.



## COMMITMENTS 2015

CLIENTS' HEALTH AND SAFETY G4-DMA

- To increase our presence from 20% to 40% in value added products at international markets.
- To distribute healthy products through a strategic alliance with *Kunachia*.
- To launch our product *Brillex* powder to ensure our clients' convenience at the time of purchase, apart from reducing the environmental impact derived from the distribution of liquid detergent.
- To promote healthy recipes through a strategic alliance with *Carbonell*.

## QUALITY, SAFETY AND RESPONSIBILITY OVER PRODUCTS

LABELING OF PRODUCTS AND SERVICES G\$-DMA, G4-FP4, G4-FP5

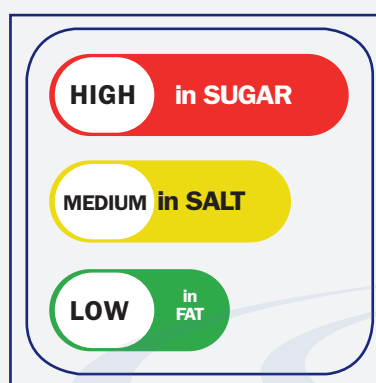
### OUR PROCESSES, STANDARDS, AND PROGRAMS GUARANTEE HIGH QUALITY AND SAFETY PRODUCTS WILL REACH OUR CONSUMERS

- 8 international certificates validated by organizations accredited at the national level.
- 100% of products manufactured at the Montecristi Industrial Complex result from processes under the ISO:9001 Quality Management System.
- 100% of food products result from Food Safety certification processes.

To this date we have obtained and maintained national and international certifications that guarantee that all products comply with strict quality and safety standards, as well as with GMP (Good Manufacturing Practices). We have been one of the first companies in the country to comply with labeling regulations.

La Fabril has conducted hazard analysis for each one of the manufacturing processes involved in the elaboration of our products to guarantee and protect our consumers' health. Chemical, physical, biological, and allergy hazards are identified in this process.

### LABELING IN MARGARINES AND CHOCOLATES NTE-INEN22



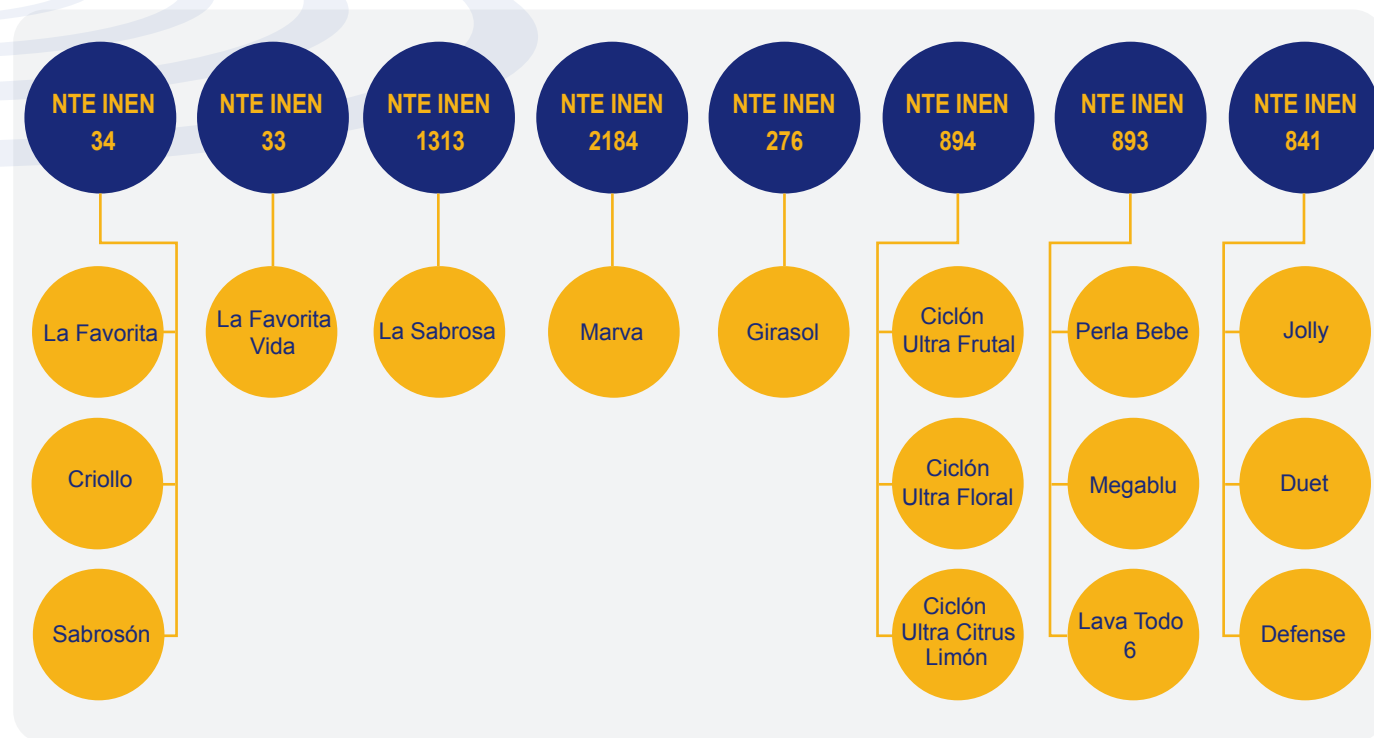
We comply with Health Food Labeling Regulations on Processed Products for Human Consumption NTE-INEN22. Our margarines and chocolate substitutes for bakery and ice-cream making provide information on content levels of fat, salt, and sugar.

### CERTIFICATIONS LA FABRIL S.A.

TYPE OF CERTIFICATE	CERTIFICATION CRITERIA	CERTIFICATION COMPANY	TERM OF VALIDITY	SCOPE
	Codex Alimentarius	SGS	2016	Manufacturing and bottling of oils, fats, margarines and chocolates which include sub-processes of reception of crude, refining and transformation from the moment of reception of raw material to the dispatching of ended product at the National Distribution Center (CND, for its Spanish acronym)
	ISO 22000: 2005, ISO/TS22002-1, FSSC22000	SGS	2017	Manufacturing of fats, margarines and oils from the moment of reception of raw materials to the distribution of the final product
	Codex Alimentarius CAC/RCP 1-1969, Rv.4	SGS	2018	Bottling of oil, manufacturing and packaging of fats and margarines, manufacturing and packaging of chocolate from the moment of reception of raw materials to the dispatching of ended products
	ISO 9001:2008	SGS	2016	Marketing, design, manufacturing, distribution and selling of oils, fats, margarines, chocolates, seasonings, hygiene and personal care products, components and derivatives, industrial lipids. Additional sites: La Fabril, Guayaquil Agency La Fabril, Quito Agency La Fabril, Santo Domingo Agency La Fabril, Ambato Agency La Fabril, Tulcán Agency La Fabril, Cuenca Agency La Fabril, Manta Agency
  	US National Organic Program Regulation (NOP) 7 CFR Part 205, Subsection (CE) No. 834/2007 Requirements: European Union	BSC	2015	Products that comply with USDA and EU regulations, as well as with national Agro-quality regulations: Shortening Intermediate Fractions of olein palm kernel Intermediate fractions of palm kernel olein Intermediate fractions of palm olein Intermediate fractions of stearin palm Palm kernel oil RBD Palm oils RBD
	Kosher products	Orthodox Union	ANNUAL	Oil: soy, sunflower, palm, canola, olive, palm kernel. RBD Oil: soy, palm, palm kernel. Industrial and table margarine Industrial fats Palm olein and Palm kernel Palm stearin
 <small>B-BUSINESS ALLIANCE FOR SECURE COMMERCE</small>	Business Alliance for Secure Commerce	World BASC Organization	2016	Exporter with access to manufacturing, marketing and exporting of oil products, its derivatives, hygiene and personal care products as mass consumption articles and ingredients for industrial use in Montecristi, Ecuador

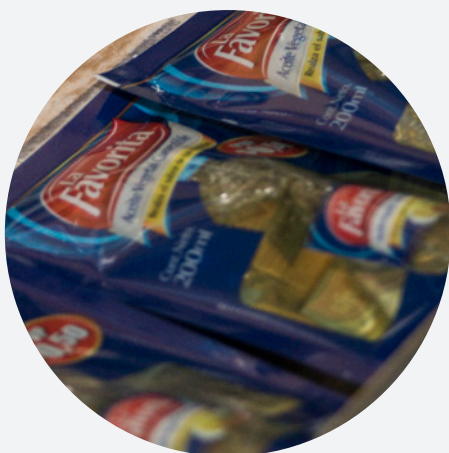
## INEN QUALITY SEALS TO THIS DATE

G4-FP4, G4-FP8



CLIENTS' HEALTH AND SAFETY G4- DMA, G4-FP8, G4-FP6

## WE HAVE FOCUSED ON CREATING HEALTHIER PRODUCTS FOR OUR CONSUMERS:

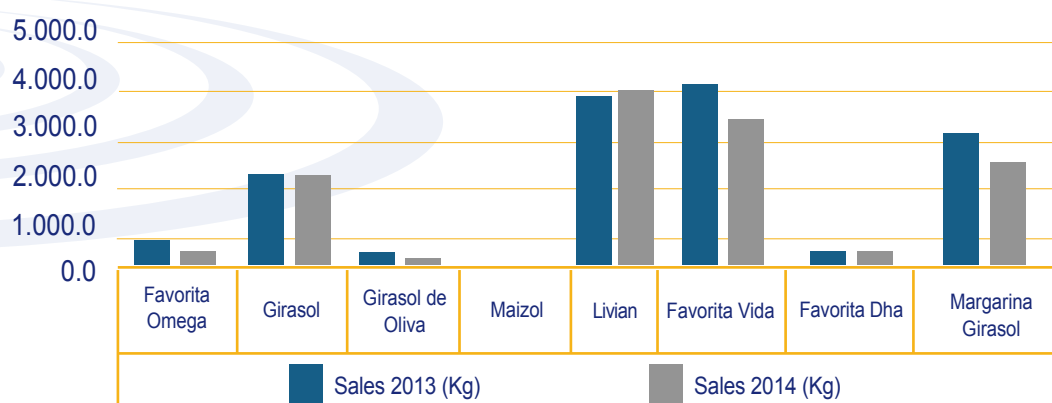


- The content of sodium has been reduced in our cheese-flavor seasoning.
- Reduction of TRANS fatty acids in oils and fats.
- Reduction of saturated fats in Favorita Omega.
- Addition of Vitamin E in our product Maizol.
- Addition of 1400 ppm of DHA of seaweeds in Favorita DHA.
- Margarina Girasol with Vitamins A, D, E.
- Margarina Marva with Vitamins A, D, A.

The following chart shows the composition of fats, sodium, sugars, vitamins, fiber, and minerals in our products:

PRODUCT	Saturated Fats (%)	Polysaturated Fats (%)	Monounsaturated Fats (%)	Trans Fat (%)	Sodium (Mg)	Sugars (Mg)	Vitamins	Fiber	Minerals	Functional Additives
Favorita Omega	9	34	57	1.2	0	0	0	0	0	-
Girasol	11	55	34	0.6	0	0	0	0	0	-
Girasol de Oliva	13	46	41	0.4	0	0	0	0	0	-
Maizol	14	58	28	0.5	0	0	E	0	0	-
Livian	16	57	27	1.2	0	0	0	0	0	-
Favorita Vida	16	57	27	1.2	0	0	0	0	0	-
Favorita Dha	20	51	29	1	0	0	0	0	0	DHA
Margarina Girasol	34	18	17	0.3	1.200	0.2	A, D y E	0	Calcio	-
Caldo de Queso	17	0.8	7	0.3	8.373	26	0	0	0	-
Coberchoc	94	4.5	1.5	0.3	17	51.4	0	0.3	0	-
Marva	34	18	17	0.3	1.200	0.2	A, D y E	0	0	-

## SELLING OF PRODUCTS WITH CHANGES IN THEIR COMPOSITION TO IMPROVE THE HEALTH OF OUR CONSUMERS



## SUCCESS CASE

In 2014 La Fabril was able to obtain the certification under the Food Safety Certification System FSSC22000 and HACCP (Hazard Analysis and Critical Control Points), which identifies, evaluates, and controls hazards significant for food safety.

## COMMITMENTS 2015

- The CAPA system will be implemented in 2015; this consists on establishing a multi-disciplinary team to conduct analysis of causes and to evaluate the root of a problem with the purpose of determining effective corrective or preventive actions to solve *non-conformities and clients' claims*.
- To establish a validation and control procedure on changes in processes, products, equipment, methods, facilities, among others.
- To obtain GMP certifications in our plants in the hygiene and personal care plants, under the Andean Decision Rule (Norma Decisión Andina) to 2016.

## TESTIMONY

“ In La Fabril we seek to satisfy our consumers; in the process of elaboration of our products we take into account all parameters that allow us to guarantee their quality and safety. The company is able to design the highest quality products, not only in the country but also in all Latin America. We have both the technology and knowledge required, and are recognized as leaders.”



Cecilia Ulloa  
Processes Engineer – Oils and Fats  
Research and Development Department

# 3 GENERATING DEVELOPMENT IN AGRICULTURE



PALMER GROWER IN ESMERALDAS, SAN LORENZO

OUR COMMITMENT TO WORK IN THE VALUE-ADDED CHAIN BEGINS WITH PALM GROWERS

G4-EC1

THE PRODUCTION CHAIN IS MADE UP BY INDEPENDENT PALM GROWERS, OUR OWN PALM PLANTATIONS, OIL EXTRACTING PLANTS, COLLECTION CENTERS, AND INDUSTRIAL PLANTS

- 3027 farmers involved in the value-added chain
- 5873 jobs generated
- 92 % in average are small farmers

One of the great development challenges in this industry is reaching sustainability in palm oil plantations and in palm oil and palm kernel extraction plants. The work of palm growers, as well as entrepreneurship initiatives and joint practices, are the elements that shape an industry that generates economic development in the country.



OUR OPERATIONS

EXTRACTORA AGRÍCOLA RÍO MANSO	ENERGY & PALMA
Ecuadorian company, member of Grupo La Fabril, dedicated to the production and selling of red palm oil, palm kernel oil, palm kernel expeller, and compost based on residues of the extraction process.	Ecuadorian company, member of Grupo La Fabril, dedicated to agro-industrial activities for the generation of renewable energies based on the cultivation of palm oil trees and biomasses.
OPERATION DATA	
<ul style="list-style-type: none"><li>• 4 palm oil extraction plants.</li><li>• 2 palm oil kernel plants.</li><li>• 11 purchase centers.</li><li>• Located in Quinindé, La Concordia Puerto Quito, and Quevedo.</li></ul>	<ul style="list-style-type: none"><li>• 1 28 MT RFF/HR extraction plant.</li><li>• 7.205 gross hectares of palm oil. de 7.205 Ha brutas</li><li>• 148.40 gross hectares forest plantation.</li><li>• Located in Esmeraldas, San Lorenzo Canton, Carondelet parish.</li></ul>
BUSINESS STRATEGY	
Employment generation, community development, environmental protection, health and safety of employees, suppliers, contractors, and visitors.	To supply crude palm oil to the Montecristi Industrial Complex. Social and community development, environmental protection, agricultural investment, employees' health and safety. Planting of the Melina tree species for the production of pallets.

## EXTRACTORA AGRÍCOLA RÍO MANSO AND ENERGY & PALMA

G4-EC1

The number of new farmers dedicated to the production of palm trees, as well as the total of cultivated hectares increased between 2013 and 2014; these elements account for an industry that grows steadily.

### WIN – WIN VISION



MANAGEMENT INDICATORS	RÍO MANSO		ENERGY & PALMA	
	2013	2014	2013	2014
Palm tree growers involved in the project	2.743	2.922	116	105
Small palm tree growers 1-50 Hectares	97.40%	96.70%	90.14%	87.50%
Medium palm tree growers 51-200 Hectares	2.10%	2.70%	8.45%	10.94%
Large palm tree growers 201 Hectares on	0.50%	0.60%	1.56%	1.56%
Employment generation / jobs (approximate salaries)	4.576	5.443	465	430
Families Involved	3.056	3.628	266	255
PRODUCTIVITY				
Hectares cultivated by palm tree growers	25.628	30.482	30	30
Average productivity (Ton/Hectare. annual)	12 – 14	12 – 14	13	14
Sales (thousands USD)	72.049	83.452	8.444	7.339

MANAGEMENT INDICATORS	RÍO MANSO		ENERGY & PALMA	
	2013	2014	2013	2014
MONTHLY INCOME USD				
Small palm tree growers	883	950	1.500	1.200
Medium palm tree growers	13.300	14.155	9.120	7.359
Large palm tree growers	49.000	55.335	340.000	265.200
TECHNICAL ASSISTANCE				
Technical Assistance (average hours of training/year/farmer)	8	8	20	22

\* Human Talent data, SSO, and Environment is included in the corresponding chapters of this Sustainability Report.  
 Estimated preparation FEDAPAL; Projected based on the 2005 Census ANCUPA – FEDAPAL- MAGAP.

G4-EC1

We have consolidated our commitment to work with farmers, suppliers of palm trees, under a win-win relationship. The strategy has consisted on a set of highly valuable services for farmers.

## PALM TREE AGRICULTURAL DEVELOPMENT FIGURES

1

Immediate payment at time of delivery.

2

Technical assistance and free personalized visits to farmers' plantations.

3

Provision of inputs on credit and at lower costs.

4

Personalized attention by a business consultant.

## PALM TREE AGRICULTURAL DEVELOPMENT FIGURES



## DISTRIBUTION OF PAYMENTS

(Expressed in thousands of dollars)

		2013	2014		2013	2014
Payment to suppliers of palm fruit	Río Manso	53.304	57.275	Energy & Palma	8.444	7.339
Social Security Employer Contribution		483	552		424	443
IRS Payments Income Tax and VAT		758	711		490	542



## PRODUCTION AND DISTRIBUTION

70% of palm oil obtained is sent to the Montecristi Industrial Complex, the remaining 30% is distributed to other buyers. In the case of palm kernel, 92% is sent to La Fabril, and the remaining 8% to third buyers.

## PRODUCTION BY TYPE OF PRODUCT

PRODUCT	TM 2013	TM 2014
Red Palm Oil	69.750	63.440
Palm kernel expeller	12.930	12.708
Palm kernel oil	11.840	9.804
Compost – Rachis	7.750	17.692
Exports red palm oil		15.169
Nut extraction services	-	14.411
Acid palm oil	-	171

DEVELOPMENT OF FARMERS AND THEIR FAMILIES

G4-EC1

Community work is a fundamental element for the development of the value-added chain, where farmers and their families are immersed. Río Manso and Energy & Palma work with respect for the community, maintaining positive relations with its members.

WORK AREAS

RÍO MANSO	ENERGY & PALMA
1.070 training hours for the community.	Projects to improve infrastructure in cooperation with the sectional government.
New personnel selection process based on parameters of competence and place of residence near the plants.	Processes of consultation and citizens' participation for new projects.
Diagnosis of training needs with instructors.	Training and advisory of farmers and their families.
Training in Non-Violence against Women.	A large number of employees come from communities in the company's direct area of influence.
Talks on values addressed to parents of the "Manuel Córdova Galarza" school in La Comuna – Quinindé	Training sessions on industrial safety, topics related to Social Security, affiliations, membership contributions and credits granted by this body to benefit the families. Training in operations and timely response in emergencies.
Donations and delivery of food and groceries	
Visits of universities to our plants with the purpose of contributing to the development of students, and to stimulate their interest on agro-industrial topics and the learning of palm oil extraction processes. Participating universities: ESPOCH, UTE Santo Domingo, ESPE – IASA 2, Universidad Técnica de Ambato.	

SUCCESS CASE - RÍO MANSO  
WORKING WITH THE COMMUNITY  
CERRANDO BRECHAS PROJECT

LOCAL COMMUNITIES G4-DMA, G4-SO1

The project "Cerrando Brechas" was implemented with the participation of ANCUPA, oriented to improving productivity of plantations, farmers, suppliers of palm trees, through the implementation of good agricultural practices. The project used a special methodology for technical support. Productivity increased between 25 – 30% among participating producers, which represents a 10% reduction in production costs.

## WORKS AREAS CERRANDO BRECHAS PROJECT

- Diagnosis and formulation of an action plan
- Technological implementation in the field and in extraction plants
- Organization of an information-exchange regional network
- Project organization and administration

G4-S01

## PARTICIPATING ORGANIZATIONS

- Asociación de Palmicultores de San Lorenzo
- Asociación de Palmicultores de Eloy Alfaro
- Asociación de Palmicultores del Oriente
- Asociación de Palmicultores de La Unión
- Confederación Nacional de Seguro Campesino
- ANCUPA (Ecuador)
- FEDEPALMA (Colombia)
- ACUPALMA (Venezuela)
- Financial support of The Common Fund for Commodities CFC, organization belonging to the FAO (UN Food and Agriculture Organization).



**SUCCESS CASE ENERGY & PALMA**

LOCAL COMMUNITIES G4- DMA,

The company made efforts to maintain the generation of jobs, despite that it had to face the lethal 'bud rot' plague in its entire plantation. Commitments and environmental, legal and social goals were maintained, and the company gave way to an internal control restructuring, supervision, and crop management.

**COMMITMENTS FOR 2015**

COMPLIANCE WITH REGULATIONS G4-DMA

RÍO MANSO	ENERGY & PALMA
To reach a 50% increase of productivity for 30% of our suppliers.	To consolidate our environmental performance.
To incentivize the planting of 8.000 Hectares of new palm	To reduce occupational hazards.
To obtain the RSPO certification.	To improve occupational health, human management and CSR.
To reduce water consumption by 50%	To comply with the palm oil tree planting renovation program.
To improve efficiency of our extraction capacity in 92%	To continue with our commitment in the commercial area and in compliance with legal regulations.
To consolidate leadership and be a relevant actor in the exporting of crude palm oil and palm kernel oil.	

**TESTIMONIAL**

"I inherited this plantation, and with sacrifice and a bank credit I have continued working the land. My work experience has been very beneficial, there is a very good relationship between personnel that provides services and palm tree growers. I am very pleased with immediate payment, the tools and other benefits offered by the Company."



Viviana Narcisa Palma  
Small Palm-tree Farmer  
Santo Domingo de Los Tsáchilas  
La Concordia, San Miguel de  
Guabal Community

# 4 REDUCING OUR ENVIRONMENTAL TRACE



## IN GRUPO LA FABRIL WE ARE COMMITTED WITH ENVIRONMENTAL PROTECTION AND SUSTAINABLE DEVELOPMENT

EMISSIONS G4-DMA, TRANSPORTATION G4-DMA, COMPLIANCE WITH REGULATIONS G4-DMA, G4-EN30, G4-EN19

- Reduction of SO<sub>2</sub> emissions in 68% and NO<sub>x</sub> in 54%
- Reduction of wastage of inputs in 17.175 Kg.
- Reduction of greenhouse effect gases in 560 CO<sub>2</sub> tons due to improvement of logistics



A responsible management of resources is a fundamental element of our work culture in Grupo La Fabril. With the purpose of mitigating environmental impacts, our companies have applied specific policies and related procedures aimed at preventing environmental damages. In 2013 – 2014 all companies worked following legal and environmental care standards in force.

Our environmental performance is based on five strategic areas: sustainability in agriculture, water, waste, energy, infrastructure and technology. In the case of the Montecristi Agricultural Complex, management is performed under the Environmental Management System and the ISO 14001:2004 Standard.

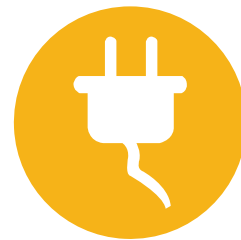
### ENVIRONMENTAL MANAGMENT AREAS



WASTE



WATER



ENERGY



INFRASTRUCTURE AND TECHNOLOGY



SUSTAINABILITY IN AGRICULTURE

## INFRASTRUCTURE AND TECHNOLOGY

MATERIALS G4-DMA, PRODUCTS AND SERVICES G4-DMA, G4-EN27, G4-EN 28

We are permanently innovating our infrastructure and technology; this approach has led us to improve our processes to reduce the environmental impact caused by the manufacturing of our products.

### IMPROVEMENT OF PROCESSES AND ENVIRONMENTAL PRACTICES

PRACTICE	RESULT
Reduction of waste of raw material.	Placing of heating coils and agitators with the purpose of preventing matter solidification, change of characteristics and subsequent waste. From 2013 - 2014 we were able to prevent the waste of 17.175 Kg. of inputs.
Recovery of expired, damaged, and out of specification products.	Expired and out of specification products are recovered from agencies at the local level; these are returned to the Montecristi Industrial Complex to enter a process of recovery and reprocessing. This prevents the disposal of these products and new useful life is given to them.
Return of packaging materials of industrial and mass consumption products.	Packaging material of industrial and mass consumption products returned by clients at La Fabril's agencies are sent to the Montecristi Industrial Complex for their final disposal with authorized environmental managers.

## GENERATED EMISSIONS

G4-EN21

Contaminant	MONTECRISTI INDUSTRIAL COMPLEX (Concentration (mg/Nm <sup>3</sup> ))		RÍO MANSO (Concentration (mg/Nm <sup>3</sup> ))		ENERGY & PALMA (Concentration (mg/Nm <sup>3</sup> ))	
	2013	2014	2013	2014	2013	2014
CO	-	89.5	ND	6.856	ND	ND
SO <sub>2</sub>	700.6	221.7	ND	384	ND	ND
Nox	301.3	139.2	ND	124	ND	ND
Particulate Material	24	10.8	ND	306	ND	ND

\*Monitoring conducted during reported periods comply with limits provided by law.

NA: Not Available Information. Amounts correspond to an annual average of all power boilers.

## WATER MANAGEMENT

WATER G4-DMA, G4-EN10

We know water is one of the most important elements in our operations; therefore, we have made it our concern to maintain a sustainable consumption:

- Approximately 20% of wastewater from the cooling towers is reused at the facilities of the Montecristi Industrial Complex, which means 5 631.4 m<sup>3</sup> were saved in 2013 and 4 941.36 m<sup>3</sup> in 2014.
- We have focused on securing a better organization and storage of raw materials to avoid continued washing of tanks, wasted water, and discharge of effluents.



## WATER CONSUMPTION

G4-EN 8

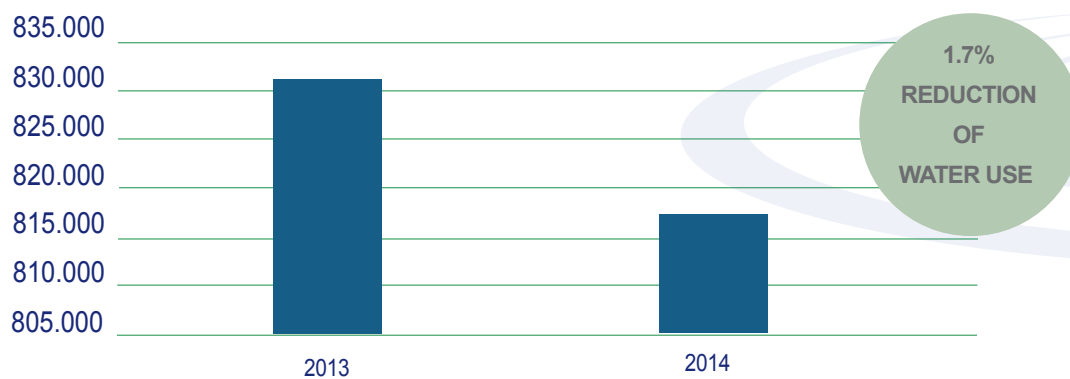
Source	MONTECRISTI INDUSTRIAL COMPLEX		RÍO MANSO		ENERGY & PALMA	
	Quantity (m <sup>3</sup> )		(m <sup>3</sup> )		Quantity (m <sup>3</sup> )	
	2013	2014	2013	2014	2013	2014
Groundwater	302.000	270.000	189.090.2	184.761.85	-	-
Surface water	-	-	101.817.8	994.87.15	69.902	62.417
Rain water	-	-	-	-	-	-
Municipal water	168.916	200.504	-	-	-	-
Total	470.916	470.504	290.908	284.249	69.902	62.417

\* The Montecristi Industrial Complex has all permits granted by Senagua for the use of water wells. These waters are subsequently treated and used by La Fabril.

YEAR	GOAL (m <sup>3</sup> /Ton)	RESULTS OBTAINED (m <sup>3</sup> /Ton)
2013	0.67	0.91
2014	0.92	1.06

\*Montecristi Industrial Complex

### Water Consumption (M3)



\* Montecristi Industrial Complex

### WASTEWATER

EFFLUENTS AND RESIDUE GR-DMA, G4-EN22

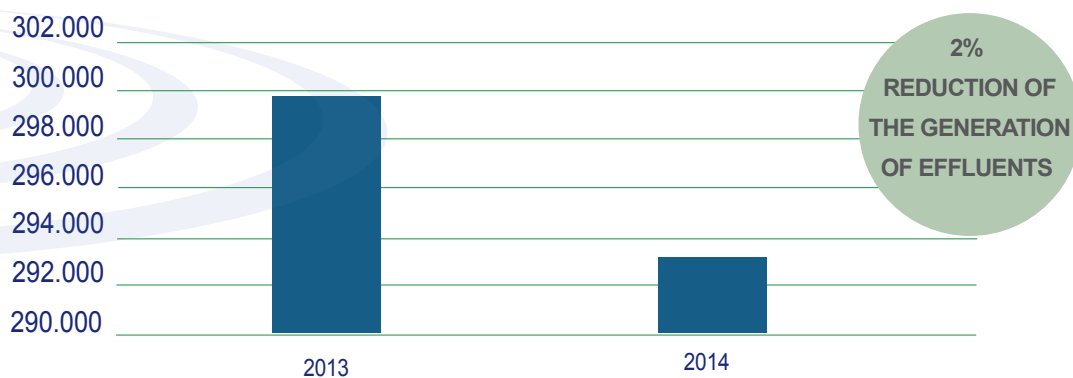
Our plants and extraction plants have water treatment systems that are continuously monitored; we have an internal laboratory to conduct daily analysis of our effluents.



FACILITY	QUANTITY OF EFFLUENTS (M3)		DESTINATION OF WASTEWATER	PARAMETERS MONITORED IN WASTEWATER 2013-2014	COMPLIANCE WITH NATIONAL LEGISLATION (YES/NO) 2013-2014
	2013	2014			
Montecristi Industrial Complex	28.158	24.707	Sewerage and internal reuse	S.T.D, SS, Oils and Fats, DQO, DBO5, pH,	YES
Energy & Palma	55.922	49.934	Composting and plots	S.T., Oils and Fats, DQO, OD, PH, Organochlorates, Organophosphates	YES
Río Manso	215.573	218.653	Water Bodies	DQO < 250, Ph 6-9, Oils and Fats < 30ppm	YES
Total	299.653	293.294			

\* In the case of the Montecristi Industrial Complex calculations are made based on the tank's capacity

## GENERATION OF EFFLUENTS (M3)



\* Montecristi Industrial Complex

## WASTE

EFFLUENTS AND RESIDUES G4-DMA, G4-EN23

We have a waste separation system to ensure its proper management. Hazardous waste and reusable materials are sent to authorized environmental managers for their corresponding treatment. We maintain records of hazardous waste to monitor and reduce their generation.

TYPE OF WASTE	MONTECRISTI INDUSTRIAL COMPLEX QUANTITY (TONS)		RÍO MANSO QUANTITY (TONS)		ENERGY & PALMA QUANTITY (TONS)		TYPE OF TREATMENT
	2013	2014	2013	2014	2013	2014	
NON-HAZARDOUS							
Scrap Metal	268	154	52.15	91.2	6.0	8	Recycling
Plastic	108	126	>0.5	>0.5	>0.5	>0.5	Recycling
Cardboard	325	411	>0.5	>0.5	>0.5	>0.5	Recycling
Organic	1.362	1.054	10.378	112.970	19.432	17.352	Landfill in Río Manso and Energy & Palma – production of organic fertilizer and compost
Annatto Bran	201	310	-	-	-	-	Recycling
Lands	7.701	5.922	-	-	-	-	Landfill
HAZARDOUS							
Used Oil	4	3	3	4	2.200	2.700	Co-processing and/or incineration by qualified environmental manager
Contaminated containers	4.374	6.858	>0.5	>0.5	>0.5	>0.5	Weight in units – Recovery through qualified environmental manager
Others (lab samples, batteries, fluorescents, tonners, others)	30.93	36.52	>0.5	>0.5	>0.5	>0.5	Incineration through environmental manager

## ENERGY MANAGEMENT

ENERGY G4-DMA, G4-EN3, G4-EN4, G4-EN5

We have established measures to ensure the optimization of energy consumption by setting objectives and programs that are reviewed on a monthly basis to achieve annual goals.

In 2014 we were not able to fulfill the goals set out given continued power cuts that interrupted machinery operations at the Montecristi Industrial Complex.

## ENERGY CONSUMPTION

SOURCE OF ENERGY	MONTECRISTI INDUSTRIAL COMPLEX QUANTITY (GJ)		RÍO MANSO QUANTITY (GJ)		ENERGY & PALMA (GJ)	
	2013	2014	2013	2014	2013	2014
Bunker	309.149	0				
Diesel	188.307	527.857	237.704	241.570	310.335	337.463
Gasoline	3.032	3.027			15.205	19.459
GLP	5.736	6.370				
Burning of biomass	-	-	226.352	229.586	63.000	56.250
Purchased Electric Power	153.230	164.188	20.228	20.517	2.773	2.353
Total	659.453	701.441	484.284	491.673	391.312	415.525

\* Data does not include the Guayaquil Industrial Plant

YEAR	GOAL SET (kwh/ton)	RESULTS OBTAINED (kwh/ton)
2013	139	131,57
2014	139	153,53

\* Montecristi Industrial Complex

## SUSTAINABILITY IN AGRICULTURE AND DURING PALM OIL EXTRACTION

Agriculture is a source of income, work, and development for the country; nonetheless, there are negative impacts associated to this activity such as soil degradation, water contamination, forced labor, unfair payment, among others. It is our mission to develop the industry and the cultivation of palm trees, in an environmentally and socially responsible and sustainable manner.



## ACTIONS UNDERTAKEN RÍO MANSO AND ENERGY &amp; PALMA

- A program for the *production of compost* from waste generated during the red palm oil extraction process is maintained at the Río Manso facilities. This compost is delivered to suppliers, which allows reducing the use of mineral fertilizers and improving the structure of soils.
- Palm waste is used at extraction plants for the generation of energy.
- Investments have been made on 4 *tricanter*s, which has allowed us to save 50% of water during palm oil extraction processes. This initiative was recognized by the Ministry of the Environment in April 2013, which allowed us to obtain the Environmental Authorization Certificate for the additional reduction of 100% machinery depreciation given the implementation of cleaner production mechanisms.
- In 2013 we sold PKS ( ) to a cement factory to avoid the use of bunker oil, and thus reduce its environmental impact.
- Studies on environmental inclusion have been conducted for RSPO and watershed care.



## USE OF MATERIALS

G4-EN1

MATERIAL	UNIT	QUANTITY (TONS) 2013	QUANTITY (TONS) 2014
Processed Palm fruit	Ton	69.916	62.487
Palm Nuts	Ton	4.756	3.873
Fertilizers	Ton	722	1.034
Agrochemicals	Ton	189	194
Seeds	Ton	97	197
Lubricants	Gallons	4	3.430
Plastic bags	Units	7.084	7.288
Packing tapes, plastic sheets, plastic rolls	Tons	16.899	18.456
Others (RFF raw materials, additives margarine, various inputs, methanol, caustic soda, potassium hydroxide, fragrance, silicon, colorants)	Tons	19.485	25.552
Preforms	Units	12.091.353	13.136.265
Packaging material (cardboard, containers, tanks, lids)	Units	191.164.598	212.236.100

**ENVIRONMENTAL INVESTMENT**

GENERAL G4-DMA, G4-EN31

**ENVIRONMENTAL INVESTMENTS AND EXPENSES**

(expressed in US Dollars )

YEAR	RÍO MANSO	ENERGY & PALMA	MONTECRISTI INDUSTRIAL COMPLEX
2013	1.982.749	6.835.385	331.956
2014	429.222	9.365.267	315.983

**SUCCESS CASE**  
**REPLACEMENT OF BOILERS**  
**MONTECRISTI INDUSTRIAL COMPLEX**

We have replaced low-pressure boilers that used bunker oil and generated contaminating emissions through the use of low-pressure diesel aqua tubular vapor generators. The implementation of this technology has resulted in significant reductions of SO<sub>2</sub>, NO<sub>x</sub>, and noise emissions.

**68%**  
**LESS SO<sub>2</sub>**  
**EMISSIONS**

**54% LESS**  
**NO<sub>x</sub>**  
**EMISSIONS**



## COMMITMENTS FOR 2015

- To achieve the logistic efficiency necessary to reduce environmental impact. The goal is to reduce by half fuel consumption and the number of trips.
- To implement the cleaner production program focused on optimizing and reducing the use of resources at the source of waste and consumption.
- To improve storage facilities of finished products, with the objective of avoiding poor stacking and loss of resources.
- To change fluorescent lamps for LED lights in the entire plant.
- To replace low-efficiency motors and old power transformers.
- To implement the energy monitoring system in areas with the highest consumption to obtain good quality monitoring.
- To update the measurement of the carbon footprint and continue with the implementation of measures to mitigate climate change.
- To obtain the RSPO Certification.

## TESTIMONY

“The company has implemented measures to minimize internal and external environmental impacts. We have focused on the establishment of programs and policies that secure environmental sustainability. In these two years we have focused on investing in technology and machinery to reduce the environmental impact of our operations.”



Ing. Freddy Cañar  
Occupational Safety, Health,  
and Environmental Coordinator  
Montecristi Industrial Complex

5

# PROMOTING HUMAN DEVELOPMENT



EMPLOYEES INDUSTRIAL COMPLEX MONTECRISTI

## OUR PRODUCTS ARE PROUDLY MANUFACTURED BY ECUADORIAN WORKERS

G4-9, G4-10

- 3.473 direct jobs
- Permanent training and high performance teams
- The Montecristi Industrial Complex maintains one of the best provincial compliance records in SART Auditing (Work Risk Audit Program).



Grupo La Fabril is an important participant in the development of the country, this is reflected in the creation of dignified jobs at the local and national levels. Ethical and transparent relations delimit the performance of our companies. Human Rights define our actions in terms of equality, job security, labor rights, anti-corruption, and relations with the community.

We are aware that the commitment of our people depends on the positive environmental environment we may offer. Therefore, policies that promote favorable performance conditions and encourage professional growth have been developed.

Initiatives and innovating ideas that result from work teams constitute an added value to all industrial processes because our employees are the ones that commit themselves to participate and reach positive results at their work place.

## THE CODE OF ETHICS INTEGRATES LEGAL, BEHAVIORAL, AND CORPORATE SOCIAL RESPONSIBILITY ASPECTS

### CODE OF ETHICS

G4-14, G4-57

La Fabril, Río Manso and Energy & Palma have a Code of Ethics, which regulates and establishes ethical practices to reach a balance in our relations with the stakeholders to which we respond.



G4-57, G4-58

In the period 2013 – 2014, Grupo La Fabril managed its policies, practices and mechanisms in a transparent fashion, which evidences the ethical behavior of the stakeholders that make up its business. Response was given to 100% of claims and fraud related cases, as well as with conduct and audits.

Río Manso maintains faithful compliance agreements over a Code of Ethics and Conflict of Interests with all its employees. This mechanism has the objective of communicating, preventing, and enforcing ethical norms that rule the organization.

### FORENSIC AUDIT REPORT - LA FABRIL

FORM AND TYPE OF DETECTION	2013	2014	Total
Fraud claims	7	8	15
Conduct claims	3	2	5
Audits and procedures for fraud detection	1	5	6
Financial, operation/ processes and other audits	41	50	91
<b>RÍO MANSO</b>			
Annual external financial audit	1	1	2
Fraud claims	0	0	0
Conduct claims	0	0	0
<b>ENERGY &amp; PALMA</b>			
Annual external financial audit	1	1	2
Fraud claims	0	0	0
Conduct claims	0	0	0

### OUR MANAGEMENT FIGURES

#### EMPLOYEES AT THE NATIONAL LEVEL

GRUPO LA FABRIL	2013	2014
La Fabril	2.298	2.312
Río Manso	412	431
Energy & Palma	573	526
<b>Total</b>	<b>3.283</b>	<b>3.269</b>

\* Employment generation in Río Manso and Energy & Palma varies throughout the year given seasonal demands. This figure corresponds to an annual average.

### EMPLOYEES BY TYPE OF JOB 2013

	EXECUTIVES	OPERATIONS	ADMINISTRATIVE	INTERNSHIPS
La Fabril	27	1.513	582	18
Río Manso	2	285	125	-
Energy & Palma	7	384	172	10

### EMPLOYEES BY TYPE OF JOB 2014

	EXECUTIVES	OPERATIONS	ADMINISTRATIVE	INTERNSHIPS
La Fabril	34	1.455	788	35
Río Manso	2	291	138	-
Energy & Palma	7	342	167	10

## DIVERSITY AND EQUAL OPPORTUNITIES

MARKET PRESENCE G4-MA, DIVERSITY AND EQUAL OPPORTUNITIES G4-DMA

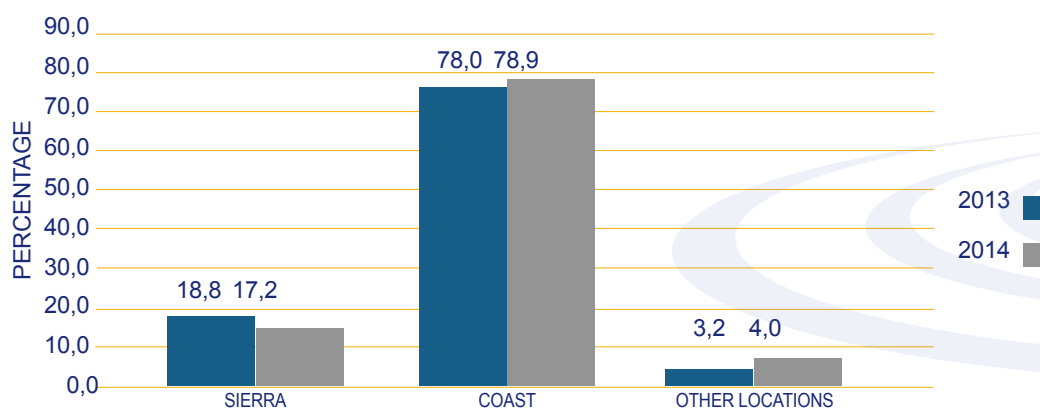
We have very valuable employees in different regions in the country; they have all been selected based on their competence, personal skills, education, and requirements of the position they occupy.

Equal opportunities can be evidenced starting by the recruiting, selection and hiring processes. This procedure is designed to prevent discrimination based upon race, gender, socio-economic position, creed, political ideology or ethnical background, as is established in the Company's Rule of Procedure and Code of Ethics.

Salaries are competitive within the industrial sector to which we belong. A large number of our employees live in areas of influence of our operations. We comply with the law in regards to the inclusion of disabled individuals.

## COMPOSITION OF THE WORK FORCE BY REGION

G4-EC5, G4-EC6



Employees mainly come from the provinces of Tungurahua, Azuay, Imbabura, Pichincha, Carchi, Santo Domingo de los Tsáchilas, Guayas, El Oro, Manabí, Esmeralda, Los Ríos.

\* Data includes Río Manso and Energy & Palma

## EMPLOYEES BY GENDER NATIONWIDE

LA FABRIL	2013		2014	
	MEN	WOMEN	MEN	WOMEN
La Fabril	84.30%	15.70%	84.68%	15.32%
Río Manso	92%	7.52%	92%	8.12%
Energy & Palma	92.84%	7.16%	94.68%	5.32%

## SALARY VARIATION ACCORDING TO LAW

GENERE	2013			2014		
	INITIAL SALARY	MINIMUM SALARY	VARIATION %	INITIAL SALARY	MINIMUM SALARY (SBG)	VARIATION %
Men	319.04	318.00	0.33	340.00	340.00	0.99
Women	319.04	318.00	0.33	340.00	340.00	0.99



## ANNUAL TURNOVER

## ANNUAL TURNOVER

	2013	2014
La Fabril	0.53%	0.75%
Río Manso	2.51%	2.13%
Energy & Palma	8.30%	9.27%

\* Average men and women. In the case of Río Manso and Energy & Palma, turnover takes into account seasonality in palm plantations.

## CONTINUOUS TRAINING

TRAINING AND EDUCATION G4-DMA, EQUAL OPPORTUNITIES G4-DMA, COMPLIANCE WITH REGULATIONS G4-DMA

Our employees have access to regular training and coaching programs. These programs offer equal opportunities to men and women to help them grow personally, and acquire more knowledge and skills to enhance their talents.

### TRAINING

	2013			2014		
	No. Trainees	Total hours	Number of man/hours Training/Coaching (Annual average)	No. Trainees	Total hours	Number of man/hours Training/Coaching (Annual average)
La Fabril	18.623	67.230	132.32	19.456	65.299	113.55
Río Manso	412	12.972	31.49	431	42.080	36.12
Energy & Palma	563	46.128	81.9	526	13.466	80



## MAJOR TRAINING INITIATIVES

LA FABRIL	RÍO MANSO	ENERGY & PALMA
<b>Internal Training Schools:</b> Their objective is to enhance skills on issues related to management systems on quality, requisites and legal regulations, new technologies, productive work methods and procedures (TOC) and high-specialization issues.	<b>Adult Education Program:</b> Allows employees who have not been able to complete their formal studies to reach basic education and high-school levels in a swift manner.	<b>Health and Safety at Work:</b> Training focused on issues of industrial safety that are conducted with the support of expert firms.
<b>High-performance team programs:</b> <i>develops "efficient and effective high-performance teams to serve innovation projects that generate exceptional results."</i>	<b>Training on Occupational Health and Safety:</b> focused on promoting occupational health and safety, with emphasis on ergonomic risks.	<b>Training on regulatory and legal issues:</b> contributes with specific knowledge on Social Security affiliations, contributions, credits and procedures.
<b>Internal Schools for Operators:</b> Contribute with training that allows for the personal growth of operation personnel. Classes on basic electricity, vapor generation, physical and chemical water treatment, and metrology are provided.	<b>Training on Development and Implementation of Strategic Plans:</b> Provide know-how and capacities to develop and implement efficient and effective strategic plans. As a supplement, training has been provided on new scopes to reach personal and professional success.	<b>Occupational health, operations, and response to emergencies:</b> Provide know-how to prevent and handle operational accidents.

## PERFORMANCE EVALUATIONS

G4-LA11

We conduct annual performance evaluations that seek to measure the human potential of our employees in the development of their tasks, as well as their productivity levels.

## EMPLOYEES EVALUATED

COMPANY	2013		2014	
	STAFFING	% EVALUATED	STAFFING	% EVALUATED
La Fabril	2.140	43%	2.317	44%
Energy & Palma	573	68.21%	526	66.41%

\* The percentage in La Fabril focuses on manufacturing personnel directly involved in production. In the case of Río Manso data is not available.

## FREEDOM OF ASSOCIATION

G4-11

According to law, we respect the right of association of our employees, as well as their right to express their criteria, necessary for the improvement of relations between employees and the Company.

### AT PRESENT, THERE ARE THREE UNIONS IN LA FABRIL



- Employees Association
- National Workers' Association
- Company Workers' Committee

UNION	AFFILIATES 2013	AFFILIATES 2014
Employees Association	360	355
National Workers' Association	178	182
Company Workers' Committee	347	336
<b>Total</b>	<b>885</b>	<b>873</b>

\* The objective is to provide opportunities for employees to freely and voluntarily join the unions, to support improvements in social, professional, and cultural areas, as well as to defend their interests.

\* Río Manso and Energy & Palma at this time do not have a Company Workers' Committee

## BENEFITS

Apart from what has been established by current regulations in force, additional benefits are granted to workers:

### OTHER BENEFITS - EMPLOYEES

LA FABRIL			
TYPE	EXECUTIVES	ADMINISTRATIVE	OPERATIONS
Loans and salary advances	X	X	X
Discounts on purchases of the Company's products	X	X	X
Credit in the chain of pharmacies and cooperative stores (special value products)	X	X	X
Bonus for work anniversary	X	X	X
Bonus for maternity – women and men	X	X	X
Private accident insurance policy	X	X	X
Uniform and/or work clothes dotation	N/A	X	X

## OTHER BENEFITS - EMPLOYEES

TYPE	EXECUTIVES	ADMINISTRATIVE	OPERATIONS
<b>RÍO MANSO</b>			
Loans and salary advances	X	X	X
Credit cooperative store (special value products)	X	X	X
Private accident insurance policy	X	X	X
Uniform and/or working clothes dotation	X	X	X
<b>ENERGY &amp; PALMA</b>			
Mobilization	X	N/A	N/A
Rent	X	N/A	N/A
Allowances and others	X	N/A	N/A
Uniform and/or working clothes dotation	N/A	X	X
Private life insurance policy and help with mortuary	X	X	X
Credit cooperative stores chain (special value products)	X	X	X

### SUCCESS CASE ADULT EDUCATION PROJECT RÍO MANSO

G4-S01

The establishment of a school for continued education was established together with the Provincial Board of Education, which allows for employees working at the extracting plants who have not had the possibility of concluding their formal education, to complete their basic education level and high school studies in a swift manner.

Once the four 2-year modules have concluded, employees complete their Basic Secondary School cycle, and obtain the corresponding certificate.



### CONTINUED EDUCATION PROJECT

MODULE	NUMBER OF PARTICIPANTS	OPERATION CENTER
First module Literacy March – June 2014	27	Plant E.X.A-Km. 41 Via Quevedo Monterrey Plant Agroplan Tysai S.A. Plant-Km. 50 Via Quinindé
October 2014 – January 2015	23	Collection Center Cupa Provasa Plant La Comuna Plant
<b>ALL EMPLOYEES</b>		<b>50 CONCLUDED THE FIRST MODULE</b>
Second Module Post Literacy (with extension to 2015)	59	Collection Center Cupa Provasa Plant La Comuna Plant Monterrey Plant Rio Manso Plant Tysai Plant

## OCCUPATIONAL HEALTH AND SAFETY

### SAFETY IS A PRIORITY IN OUR OPERATIONS

OCCUPATIONAL HEALTH AND SAFETY G4-DMA, G4-LA6

- Installation of a fire protection system in the entire Montecristi Industrial Complex.
- High-visibility warning signs inside and outside office and process areas.
- Improvement of storage of ended products through the use of racks.



We are committed to our employees' safety and health; this factor is a central component of the way in which we manage our operations. The provision of a safe work environment is a responsibility we have undertaken as a priority in order to prevent and avoid deaths, accidents, lesions, and illnesses that may affect our employees.

Safety is secured thanks to the commitment between workers and the companies, through the identification and control of risk factors present in each post, and at all levels of every organization.

G4-LA6

## OCCUPATIONAL HEALTH AND SAFETY

COMPANY	2013	2014
<b>RATE OF ABSENTEEISM (1)</b>		
La Fabril	435.98	529.43
Río Manso	340.04	415.17
Energy & Palma	960.2	819.1
<b>ACCIDENTS RATE (2)</b>		
La Fabril	0.9	0.95
Río Manso	3.79	5.66
Energy & Palma	0.8	4.5
<b>DAYS LOST (3)</b>		
La Fabril	194	319
Río Manso	184.52	151.12
Energy & Palma	99.2	93.6
<b>POSSIBLE OCCUPATIONAL ILLNESSES (4)</b>		
La Fabril	0	0
Río Manso	0	0
Energy & Palma	0	0

- (1) The absenteeism rate is calculated based and all days that health issues and accidents generated absenteeism.
- (2) The accident rate is calculated based on accidents that generated more than a complete day of absenteeism.
- (3) The lost days rate is the sum of days lost for work accidents.
- (4) The rate of possible occupational illnesses is the number of cases of possible occupational illnesses.

## ESTABLISHMENT OF COMMITTEES AND JOINT SUBCOMMITTEES

G4-LA5

Committees and Joint Subcommittees have been established to make sure the Company and its employees jointly detect and evaluate occupational risks of accidents and illnesses. Through these committees we are able to obtain benefits for all, take advantage of better ideas and practices for the prevention of accidents, which lessens the number of days lost for work accidents and helps shape a preventive culture at all levels of the organization.



### COMMITTEES AND JOINT SUBCOMMITTEES

	2013	2014
La Fabril	1 Central Committee, 7 Subcommittees, 96 employees between main and alternate out of 2155 employees	1 Central Committee, 7 Subcommittees 96 workers between main and alternate out of 2322 employees
Río Manso	1 Central Committee and 5 Subcommittees represented by 3 members representing the workers, and 3 members representing the employer out of 412 employees	1 Central Committee and 5 Subcommittees represented by 3 members of the employees and 3 members representing the employer out of 431 employees
Energy & Palma	1 Committee represented by 6 members representing the workers and 6 members representing the employer out of 573 employees	1 Committee represented by 6 members representing the employees and 6 members representing the employer out of 526 employees

## SART AUDITS

As part of our companies' Safety and Health Management System, we have Internal Audits SART (Labor Risk Audit System) performed each year to help take corrective and preventive actions, as well as to organize plans for the permanent improvement of our processes. We have complied with SART national legal requisites, Resolutions 333, 390, Decree 2393, and the Labor Code.

La Fabril, Río Manso and Energy & Palma have a medical department that is an extension of the Ecuadorian Social Security Institute (IESS), represented by medical doctors and nurses. In the case of Río Manso and Energy & Palma, clinics provide free medical services, not only to our employees and their families, but also to the community in general.

### SUCCESS CASE

In December 2014 La Fabril received the SART Audit with a 70.357% compliance percentage, which verified that the Occupational Health and Safety Management System complies with all requisites established by Ecuadorian laws, and also serves to evidence the commitment of executives to their employees in regards to prevention issues.

La Fabril was considered as one of the companies with best compliance at the provincial level.

### COMMITMENTS 2015

- To increase the percentage obtained in the 2014 SART Audit in 2015, through the closing of observations detected and the implementation of action plans.
- To implement the blocking and labeling project, as well as to provide training on safety prevention based on the STOP sign program.
- To participate in accidents-prevention campaigns at the provincial level.
- To legalize the new revision of the Internal Rules of Procedure 2015-2017.

### POSITIVE RELATIONS WITH STAKEHOLDERS

Between 2013 – 2014 Grupo La Fabril maintained positive and respectful relations with the communities that are part of the areas of direct influence of its operations centers. We worked hand in hand with local authorities and a timely response was given to requirements and inquiries from the community in La Fabril, Río Manso and Energy & Palma.

### SOCIAL WORK

LOCAL COMMUNITIES G4-DMA, COMPLIANCE WITH REGULATIONS G4-DMA, G4-SO1

Along the axis of sustainability, Grupo La Fabril proposes and develops action plans that allow positively influencing the way of life of the communities. We have generated employment, responsible industrial development and cooperation with over 20 social projects, under strict compliance with the law.

We maintain cooperation programs with the community, and provide financing for social work and cultural plans, health protection projects, education plans, and support cultural and civic activities in the communities where we are present.

### CLEAN HANDS CAMPAIGN “MANITOS LIMPIAS”

The “Manitos Limpias” Program is an expression of our commitment to children and their families. This seeks to raise awareness in the community over good cleaning habits to improve hygiene, prevent diseases and infant mortality, apart from improving their quality of life.

We have visited the provinces of Esmeraldas, Santo Domingo, Loja, Los Ríos, Guayas and Manabí, reaching over 35 thousand children with this healthy habits message.

Starting August 2008 we started with the first phase of the “Manitos Limpias” Program, through an alliance with Grupo La Fabril and the NGO CARE International, within the framework of the Municipal Development Integrated Program (PIDEM), which at this time is the flagship program of La Fabril.



In 2014 we focused on the celebration of the October 15 International Day 'Wash your hands with water and soap' organized in Manta with the presence of 550 children with whom we shared this positive message to promote children's health.

## CLEAN HANDS CAMPAIGN

### "MANITOS LIMPIAS" (CLEAN HANDS) 2013

CITY	SCHOOL	NUMBER OF STUDENTS
Quinindé - Esmeraldas	Manuel A. Calderón	130
Monterey - Santo Domingo	Special Education Institute "Corazones"	190
Parroquia Patricia Pilar – Buena Fe (Quevedo)	Fiscal Coeducational School JAPON	378
Montecristi	CEGAD	240
Manta	Playa Murciélago Stadium	340
San Lorenzo - Esmeraldas	Energy & Palma Extraction Plant	600
Manta	Patronato Municipal	400
Quito	Quito - Pichincha	8.000

## TESTIMONIAL

" I began as a intern at La Fabril and had the opportunity to remain in the Company; this has allowed me to grow personally and professionally. I concluded a graduate program as part of an internal program that complemented my studies. I became a mom and have been able to continue working. I greatly value this aspect of human development because I have found respect, consideration and opportunities for women.



Nataly Bravo  
Human Rights  
Administrative Assistant


**GRI INDEX OF CONTENTS**

GENERAL BASIC CONTENTS	PAGE	EXTERNAL VERIFICATION	OBSERVATION
<b>STRATEGY AND ANALYSIS</b>			
G4-1	2,3	NO	
<b>PROFILE OF THE ORGANIZATION</b>			
G4-3	4	NO	
G4-4	22	NO	
G4-5	10	NO	
G4-6	25	NO	
G4-7	14 GRI Index of Contents	NO	Legal name of the companies: La Fabril S.A., Extractora Agrícola Río Manso EXA S.A., Energy & Palma EnergyPalma S.A. All these companies are publicly held companies
G4-8	22, 25	NO	
G4-9	10,14,22,51	NO	
G4-10	51	NO	
G4-11	56	NO	
G4-12	17	NO	
G4-13	GRI Index of Contents	NO	In October 2013 La Fabril S.A increased its share capital in \$ 3,450,010 In December 2014 La Fabril S.A increased its share capital in \$ 2,964,810 Extractora Agrícola Río Manso EXA S.A. did not experiment significant changes in the reported period. Energy & Palma EnergyPalma S.A. in August 2014 increased its share capital in \$ 3,161,000
G4-14	2,3,51	NO	
G4-15	2,3,8,13	NO	
G4-16	13	NO	
<b>MATERIAL ASPECTS AND COVERAGE</b>			
G4-17	11 GRI Index of Contents	NO	Financial information reported corresponds to: La Fabril S.A., Extractora Agrícola Río Manso, EXA S.A., Energy & Palma EnergyPalma S.A.
G4-18	4	NO	
G4-19	7	NO	
G4-20	5,7	NO	
G4-21	5,7	NO	
G4-22	Índice de contenido GRI	NO	There have been no reformulations for the reported periods .
G4-23	GRI Index of Contents		There are no significant changes
<b>PARTICIPATION OF STAKEHOLDERS</b>			
G4-24	5	NO	
G4-25	5	NO	
G4-26	4,7	NO	
G4-27	5	NO	

## GRI INDEX OF CONTENTS

### PROFILE OF THE REPORT

G4-28	4	NO	
G4-29	GRI Index of Contents	NO	The last report was made for the biannual period 2011-2012
G4-30	4	NO	
G4-31	GRI Index of Contents	NO	Santiago Palacios Communication - La Fabril comunicación@lafabril.com.ec
G4-32	4	NO	
G4-33	GRI Index of Contents	NO	No external verification was conducted

### GOVERNMENT

G4-34	11	NO	
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### ETHICS AND INTEGRITY

G4-56	8,9	NO	
G4-57	28,51	NO	
G4-58	51	NO	

### BASIC SPECIFIC CONTENTS

MATERIAL ASPECTS	INFORMATION ON THE APPROACH OF MANAGEMENT OF INDICATORS	OMISSIONS	EXTERNAL VERIFICATION
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#### CATEGORY : ECONOMIC

Material Aspect: Economic Performance	G4-DMA Pages: 2,3,8,14		
	G4-EC1: Direct and Distributed Economic Value Pages: 8,15, 35,36,39		NO
Material Aspect: Market Presence	G4-DMA Pages: 22,53		
	G4-EC5: Relationship between starting salary broken down by gender and local minimum salary in places where significant operations are conducted  Page: 53		NO
	G4-EC6: Percentage of high executives coming from local communities in places where significant operations are conducted  Pages: 53		NO
Material Aspect : Indirect Economic Consequences	G4-DMA Pages: 8,17		
	G4- EC8: Significant indirect economic impacts and their scope  Pages: 17,18		NO
Material Aspect: Procurement Practices	G4-DMA Pages: 17,18,20		
	G4-EC9: Percentage of expenditures in places with significant operations that correspond to local suppliers  Pages: 17,18		NO

## BASIC SPECIFIC CONTENTS

### CATEGORY: ENVIRONMENT

Material Aspect: Materials	G4-DMA Page: 43		
	G4-EN1: Materials by weight or volume Página: 48		NO
Material Aspect: Energy	G4-DMA Page: 47		
	G4-EN3: Internal Energy Consumption Page: 47		NO
	G4-EN4: External Energy Consumption Page: 47		NO
	G4- EN5: Energy Intensity Page: 47		NO
Material Aspect: Water	G4-DMA Page: 44		
	G4-EN8: Total water catchment according to source Page: 44		NO
	G4-EN10: Total percentage and volume of recycled and reused water Page: 44		NO
Material Aspect: Biodiversity	G4-DMA  Comment: The company has no facilities in protected areas		
	G4-EN11: Own, rented, or managed operating facilities that may be close to, contained, or located in protected and non-protected areas of great biodiversity value .  Comment: The company has no facilities in protected areas		NO
Material Aspect: Emissions	G4-DMA Page: 42		
	G4-EN19: Reduction of emissions of greenhouse effect gases Página: 42		NO
	G4-EN21:NOX, SOX and other significant atmospheric emissions Page: 43		NO
Material Aspect: Effluents and waste	G4-DMA Página: 45,46		
	G4-EN22: Total water discharge, according to quality and destination Page: 45		NO
	G4-EN23: Total waste weight, according to type and treatment method Page: 46		NO

## BASIC SPECIFIC CONTENTS

Material Aspect: Products and Services	G4-DMA Page: 43		
	G4- EN27: Degree of mitigation of environmental impact of products and services  Page: 43		NO
Material Aspect: Compliance with Regulations	G4-DMA Page: 42		
	G4-EN29: Monetary value of significant fines and number of non-monetary sanctions given lack of compliance with legislations  Comment: No significant fines have been imposed for lack of compliance with environmental legislations		
Material Aspect: Transportation	G4-DMA Page: 42		
	G4-EN30: Significant environmental impacts derived from the transportation of products and other goods and materials stemming from the organization's activities, as well as from transportation of personnel		NO
Material Aspect: General	G4-DMA Page: 49		
	G4- EN31: Breakdown of expenses and environmental investments  Page: 49		NO
Material Aspect: Suppliers' Environmental Evaluation	G4-DMA Page: 18		
	G4- EN32: Percentage of new suppliers examined based on environmental criteria.  Page: 18		NO
Material Aspect: Complaint mechanisms on environmental aspects	G4-DMA  The Company has letter boxes for the community to deposit claims		
	G4-EN34: Number of environmental claims that have been filed, tackled and resolved through formal claiming mechanisms  Comment: No claims have been filed during the reported period		NO

## CATEGORY: SOCIAL PERFORMANCE

### SUBCATEGORY: WORK AND DIGNIFIED LABOR PRACTICES

Material Aspect: Occupational Health and Safety	G4-DMA Page: 59		
	G4-LA5: Percentage of workers represented in formal joint safety and health committees for executives and employees, established to help control and advise on occupational health and safety programs  Page: 60		NO
	G4-LA6: Type and rate of lesions, professional illnesses, days lost, absenteeism and number of fatal victims related to work by region and by gender  Pages: 59,60		NO

## BASIC SPECIFIC CONTENTS

### CATEGORY: SOCIAL PERFORMANCE

#### SUBCATEGORY: WORK AND DIGNIFIED LABOR PRACTICES

Material Aspect: Training and Education	G4-DMA Page: 55		
	G4- LA11: Percentage of employees that undergo regular performance and professional development evaluations, broken down by gender and professional category .  Page: 56		NO
Material Aspect: Diversity and Equal Opportunities	G4-DMA Pages: 53,55		
	G4-LA12:Composition of government bodies and breakdown of personnel by professional category, gender, age, minority and other diversity indicators  Page: 11		NO

#### SUBCATEGORY: HUMAN RIGHTS

Material Aspect: Evaluation of Suppliers on Human Rights	G4-DMA Page: 18		
	G4- HR10: Percentage of new suppliers that were examined based on criteria referred to Human Rights  Page: 18		NO

#### SUBCATEGORY: SOCIETY

Material Aspect: Local Communities	G4-DMA Pages: 32,33,51		
	G4-SO1:Percentage of centers where programs on development, evaluation of impacts and local community participation have been implanted		NO
Material Aspect: Compliance With Regulations	G4-DMA Pages: 39,41,55,62		
	Monetary value of significant fines and number of non-monetary sanctions for lack of compliance with legislations and regulations  Comment: No significant fines have been imposed in the reported period		NO

#### SUBCATEGORY: RESPONSIBILITY OVER PRODUCTS

Material Aspect: Health and Safety of Clients	G4-DMA Pages: 29,32		
	G4-PR1:Percentage of significant categories of products and services whose impact on health and safety have been evaluated to promote improvements  Comment: 100% are continuously evaluated		NO
	G4-PR2: Number of incidents derived from lack of compliance with regulations or voluntary codes related to impacts on health and safety of products and services during their life-cycle, broken down by type of result of such incidents  Comment: There have been no incidents		NO

### SUBCATEGORY: RESPONSIBILITY OVER PRODUCTS

Material Aspect: Labeling of products and services	G4-DMA Page: 30		
	G4- PR5: Results of surveys to measure client satisfaction  Page: 28,29		NO
Material Aspect: Marketing Communication	G4-DMA Page: 28,29		
	G4-PR6: Selling of prohibited products or products under litigation Comment: There have been no sales of prohibited or under litigation products		NO
	G4- PR7: Number of cases of lack of compliance with regulations or voluntary codes related to marketing communications, such as advertising, promotion or sponsorship, broken down by type of result  Comment: There has been no lack of compliance with regulations		NO
Material Aspect: Clients' Privacy	G4-DMA Page: 29		
	G4- PR8: Number of claims based on violations of privacy and leaking of clients' data  Page: 28  Comment: There have been no claims on this arena		NO

### FOOD SUPPLEMENT

Material Aspect: Economic	G4-FP1: Percentage of volume of purchases from suppliers that comply with our procurement policy  Pages: 17,18		NO
	G4-FP2: Percentage of volume of purchases that is verified in accordance with international recognized regulations linked to production responsibility standards, described by type of standard  Pages: 17,18		NO
Material Aspect: Society	G4-DMA (G4- FP4)  Pages: 30,32		NO
Material Aspect: Product Responsibility	G4-FP5: Percentage of production volume of products manufactured in sites certified by a third independent party, under internationally recognized regulations on food safety of the management system  Page: 30		NO
	G4-FP6: Percentage of volume of total sales of consumer products, by category of product that was reduced to saturated fats, trans fats, sodium, and added sugar  Page: 32		NO
Material Aspect: Labeling of products and services	G4- FP8: Policies and practices over communication to consumers regarding ingredients and nutritional information beyond legal requisites  Page: 32		NO

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This document contains relevant information on the economic, social and environmental performance of La Fabril in the period 2013 - 2014.  
We have used reporting and measurement techniques in accordance with parameters of the Global Reporting Initiative GRI - G4.



**L A F A B R I L**

La industria de las ideas