

Climate Change

Climate change poses a serious threat for the Group's business activities as it directly affects essential aspects such as the production of raw materials, the availability of critical resources (e.g. water), the viability of product transport, logistics and distribution operations and increased energy needs of our production processes, among others.

Accordingly, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have identified the potential risks, impacts and opportunities that climate change may have on our organisation, establishing the appropriate mitigation and/or adaptation measures for each one. This will shortly be taken further, with the financial quantification of those risks and impacts.

Some of the mitigation measures are already contemplated in our Sustainability Plan HEADING FOR 2030, including: 1) making a more efficient consumption of water and energy; 2) reducing, recovering and re-using waste; 3) recycling packaging; 4) optimising logistics; and 5) using new sustainable agriculture models and technologies. The details and monitoring of each of these measures is available on the website caringforyouandtheplanet.com.

In 2020 we developed a Greenhouse Gas Emissions Inventory procedure for all the Group companies under standard ISO 14064-1:2019. Through the reporting under this standard we have been able to calculate the Scope 1 and 2 of the Group's Carbon Footprint. The next stage will be to measure Scope 3, with a view to designing a plan to reduce emissions. We have already started to develop initiatives that contribute towards that goal.

So with regard to Scopes 1 and 2, some of our companies, particularly those in Italy, have started installing photovoltaic (PV) energy generation units at their production plants. Similarly, cogeneration is used as one of their energy sources by the subsidiaries Garofalo and Ebro Frost Germany, and biomass, by Ebro Frost Denmark, Herba Ricemills, Mundiriso and Ebro India.

With regard to Scope 3, through our accession to the Lean & Green Programme for the calculation-reduction-offset of emissions produced in national overland logistics (Spain), we are close to concluding the reduction plan (20% in 5 years) that we will present in the second quarter of 2022.

Also in Scope 3, the Ebro Group takes an active approach to the promotion and investigation of environmentally sustainable growing techniques for application to the rice crop in different production areas, to contribute towards greater preservation of the environment, promote biodiversity and mitigate the effects of climate change. This work is done through own initiatives and specific collaborations with stakeholders and sectoral associations, particularly the Sustainable Agriculture Initiative Platform (SAI Platform) and the Sustainable Rice Platform (SRP).

In 2021, the most important examples of this work were:

THAILAND: SUSTAINABLE AROMATIC RICE INITIATIVE OF THAILAND (SARI-T)

This is a programme developed jointly with Mars, GIZ and the Thai Rice Department to enhance the economic viability of 1,200 rice growers in the province of Roi Et and the sustainable production of high quality Hom Mali aromatic rice.

The programme organises numerous activities, such as teaching farmers about the Sustainable Rice Platform (SRP) standard and agronomic technologies, providing access to high quality seeds, improving growers' skills and enhancing gender equity. The SRP audit is also made of the crop. The project completed its fourth year of rice production in 2021.

SPAIN: ORYZONTE PROGRAMME

This programme has been developed in the Guadalquivir Marshes (Seville) jointly with Mars Food and Danone.

The project, which began in 2018, seeks to improve the sustainability of the rice crop in the province of Seville (Andalusia, Spain), focusing on three key areas: water, GHG emissions and biodiversity.

- With regard to water, the programme has assessed the potential of different practices to reduce the use of water in the rice fields on a commercial scale. In 2021, we worked with several Irrigation Associations to improve their understanding of the evolution of salinity within the water circuit during the rice campaign and its relationship with the production yield. In addition, in cooperation with the Institute of Sustainable Agriculture of the National Council for Scientific Research (CSIC), Oryzonte has developed a water and salinity model to assess the situation on the entire right-hand side of the rice-growing region of Seville.
- With regard to GHG emissions, the project checked that the implementation of specific practices aligned with the guidelines of the Intergovernmental Panel on Climate Change (IPCC), such as Alternate Wetting and Drying (AWD) techniques, actually reduce GHG emissions from land on both banks of the River Guadalquivir, without producing an adverse effect on the agricultural yield.
- Biodiversity. The programme has installed vertical structures and nests for bats and birds of prey of special interest, such as the barn owl or the lesser kestrel. Encouraging the presence of these birds of prey and bats is a promising strategy to reduce the use of pesticides and increase the sustainability of the agricultural production systems.

PROGRAMMES DEVELOPED BY EBRO INDIA

During 2021, it added a new programme to reduce the water consumption and emissions and encourage the use of biological plague control methods.

This new project teaches 50 growers how to use biological plague control methods (spider bundles and pheromone traps). The pheromone traps are a very visual method to see whether or not there is a plague of insects, thereby reducing the indiscriminate use of pesticides. Spider bundles provide a natural habitat for spiders, which are natural predators of insects. By reducing the population of insects, the quantity of pesticides needed is also reduced. Finally, they have been trained to use AWD tubes, with which they can check when it is necessary to irrigate, thereby eliminating any excessive use of water and, therefore, emissions.

EKTA, which has been in progress since 2015, continues to provide support for over 5000 growers. It is a training for growers, instructing them in the best agricultural practices and the optimum use of pesticides and fertilizers, and helping them to increase the yield from their crops and lower costs.

One of the greatest challenges in India is compliance with the MRL (maximum residue limits) permitted in the European Union. Through the Control Farming programme, Ebro India works closely with the growers, monitoring all the agricultural practices they use from sowing to harvesting and educating them in the correct use of pesticides and fungicides in terms of quantity, quality and timing.

The Organic Farming programme consists of working jointly with around 830 growers for the production of organic basmati and non-basmati rice.

We should also point out that in order to address the challenges of climate change and follow any changes in law in this area, the Ebro Group is a member of the Climate Change Cluster promoted by Forética (www.foretica.org). In that Cluster, a group of large companies work together to lead the strategic positioning addressing climate change in the business agenda, discuss and exchange views and good practices, participate in the global debate and become key players in the decisions made at the administrative level.