



DFGRUPO

Corporate Social Responsibility Report

**We pursue efficiency through
control and continuous improvement**



September 2020

DFGRUPO

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DFGRUPO

DFGRUPO
TALENT AND
KNOWLEDGE

1. Message from the Chairman

Dear stakeholders,

As the Chairman of DF Grupo, a leading integrated company in the fertiliser sector, I am pleased to present you with the company's first sustainability report. This report, which is of a voluntary nature for the group, corresponds to 2019, one in which we celebrated 40 years of success for everybody involved.

The group's culture has always been imbued with the essence of sustainable development and community wealth building. Today we can claim that we are a more sustainable and socially responsible company than we were yesterday, but less than we will be tomorrow.

The 2019 Corporate Social Responsibility Report sows the seeds for the annual reporting of our performance in the field of sustainability in order to demonstrate our commitment to transparency and accountability as regards all matters our stakeholders consider to be of importance.

This report aims to inform you of our extra-financial performance during 2019, and at the same time present in a single document our business model, the practices that ensure our good governance and integrity, our strategy for long-term sustainability, and our contribution to achieving the sustainable development goals set out in the United Nations 2030 Agenda for Sustainable Development.

As you know, the fertiliser sector is crucial for alleviating hunger in a world with a constantly growing population, rising volumes of food waste and primary increasingly limited essential resources. In this context, fertilisers are vital if we are to meet the growing demand for food, which even now is not fully covered.

Africa is the geographical region suffering from the greatest scarcity of these types of resources, and this is where DF Grupo operates and intends to increase its activity. Fertilisers allow and will continue to allow the productivity of the land to be improved, i.e. to considerably increase the amount of available food and its quality, while reducing costs of production. This is vital for millions of farmers all over the world and to give many millions of people access to food.

DF Grupo realises that not only do we contribute to reducing hunger in the world, but also to other global goals set by the United Nations, such as creating decent work, contributing to economic growth, fostering industry in a way that is both sustainable and innovative, creating sustainable communities, encouraging responsible production and consumption, taking climate action, caring for land ecosystems and biodiversity, and collaborating with third parties to ensure that the goals set by the United Nations are met. This is why we are investing in a number of these countries, where we create value and contribute with sustainable working practices.

I cannot miss this opportunity to thank all the people who make up DF Grupo for the professionalism and dedication they show every day. There is still a long way to go, but I am convinced that we are on the right track to ensure our future is sustainable in the long run.

I invite you to read the DF Grupo 2019 Corporate Social Responsibility Report to learn more about the efforts we are making in order for the company to lead the fertiliser sector in sustainable and socially responsible performance.

Yours sincerely,

Carlos Delso

Chairman and Managing Director of DFGRUPO



IDENTITY



2. Who we are



2.1

DFGRUPO
at a glance
2019 in figures



€**401**M
TURNOVER OF



1,472Mt
SALES



210.000 m²
OWN WAREHOUSES



180.000 t
OWN PRODUCTION



5 Offices in
countries
SPAIN, PORTUGAL, FRANCE,
MOROCCO AND ANGOLA



23
FACILITIES



2
FACTORIES



11
BLENDING PLANTS



298
PROFESSIONALS



89%
EMPLOYEES WITH
PERMANENT CONTRACT



100%
EMPLOYEES WITH COLLECTIVE AGREEMENTS
IN SPAIN, FRANCE AND PORTUGAL



2.812
TRAINING HOURS PER EMPLOYEES



91%
WORKFORCE TRAINED
IN HEALTH AND SAFETY



6.005,9 MWh
ELECTRICITY CONSUMED



20%
PALLET'S RECYCLED



878.000 €
INVESTED IN R&D



14
COLLABORATIONS FOR
SOCIAL PURPOSES



>4 out of 5
CUSTOMERS
ATISFACTION



2.681
SUPPLIERS



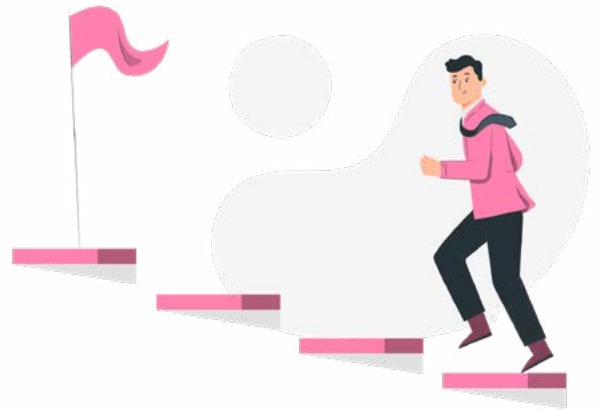
93%
OF LOCAL SUPPLIERS



2. Who we are

2.2

Milestones in the history of DFGRUPO



1978

Start of marketing activity in Calatayud

The business begins to develop and the Delso family found the first fertiliser distribution company in the current group, Central Agrícola del Jalón S.L.

1988

Continued regional expansion

Founding of Fertilizantes del Noreste S.L. (Fertinor), which acquires its second warehouse in Calatayud.

1998

Expansion into Portugal and enhancement of the group's logistics activity

Partnered with a local company, ADUBOS DEIBA Lda. This leads to the founding of DELADUBOS Lda., which is now the main logistics hub for the distribution of fertilisers and agrochemicals in Portugal. The group bolsters its logistics activity by building facilities at the ports of Santander and Sagunto.

2007

The group's first factory in Palencia

Creation of Fertilizantes Compactados de Castilla y León S.L. (FerticcyL), the group's first fertiliser manufacturing facility, located in Osorno (province of Palencia).

2013

Leaders in Andalusia and total coverage of the Iberian Peninsula

Creation of Via Fertysem S.L., allowing the group to lead the fertiliser industry in Andalusia and provide service to the entire Iberian Peninsula. At the same time, the group acquires Tránsitos Via Sur S.L. (Travisur), with warehouses near the port of Seville.

2015

Start of operations in Morocco

Construction of Euro Marocaine D'Engrais et Logistique SARL (EMEL), with a warehousing facility in the Moroccan port of Jorf Lasfar, providing vital infrastructure to allow entry into this market. At the same time, the Moroccan distribution company, Société Agricole et Logistique Maroc SARL (SALM) is founded.

2019

Foundation of DF Blue Agro

DF Grupo and Blue Agro join forces to create DF Blue Agro. This action bolsters the group's business in northern Spain and southern France, as well as its RD&I activity.

1984

The group's first warehouse in Calatayud

Construction of the first fertiliser distribution warehouse, located in Calatayud.

1992

Solid Spain-wide distribution network

The Delso brothers developed their distribution network in Spain, enabling them to meet all economic, organisational and logistics requirements through the creation of Fertcenter S.L.

2003

Strengthening distribution in Catalonia and the leap into Angola

Creation of FERTILIZANTES CATALANES S.L. (Ferticat). In the same year, a move is made into the Angolan market with a local partner, leading to the creation of Fertiangola Lds., currently the leader in the market for solid fertilisers in Angola.

2011

Expansion of the manufacturing division into Extremadura

The group completes its manufacturing division by founding Fertilizantes Compactados de Extremadura S.L. (Ferroex), with a facility built in Talavera la Real (province of Badajoz). Like FerticcyL, it manufactures fertilisers by compaction, enabling it to produce custom formulas.

2014

Creation of Delso Fertilizantes Holding

The group undertakes a major corporate restructuring for the purpose of strengthening the organisation and raising professionalism, providing all stakeholders with an image of greater stability.

2017

Creation of DF Innova

An organisation focusing on the speciality fertiliser segment and whose objective is to be at the forefront of new fertilising techniques, thanks to its specialist team of professionals.



2. Who we are

2.3

DFGRUPO

Context

Delso Fertilizantes Grupo, S.L. (DF Grupo) is a group of leading companies that span the entire fertiliser value chain, from import and production to distribution, including logistics.

This family-owned group of companies has more than 40 years' experience in the sector, which has allowed it, among others, to become the leading fertiliser distribution company in Spain and Portugal.

DF Grupo adopted a tree as their logo in 2000 to represent the group's strength, to provide a visible association between the group and the land, and as a show of the company's commitment to stable, robust and sustainable growth.

The group - with own offices in Spain, Portugal, France, Morocco and Angola, and headquarters in Madrid - relies on a dynamic team of professionals to guide customers through each of their purchasing decisions and adapt new, profitable and efficient fertiliser solutions to farmers' needs.

DF Grupo believes in innovation as the way to cement its position at the leading edge of the sector and to promote modern, innovative and sustainable agriculture. Consequently, the group has entered into agreements with leading RD&I companies specialising in new fertiliser technologies (inhibitors, biostimulants and algae, among others) and enabling it to incorporate the most modern technologies that allow it to improve the efficiency of its products, satisfy the needs of its customers, and respect and preserve the environment.



2. Who we are



2.4 | Business model

The company's business model, with integrated development of all stages of the fertiliser value chain, has become a role model for the fertiliser sector. Moreover, DF Grupo performs third-party logistics activities for both fertilisers and other types of products, such as coatings. In addition, the company entered into a joint venture with Sismoha, a specialist engineering firm, to respond to the needs for all types of housing, through an innovative system of prefabricated modules that are highly accessible and functional, particularly for developing countries.

DF Grupo's business model is based on the group's mission, vision and values, whose aims are to satisfy the company's stakeholders and meet their expectations at all times. DF Grupo understands that its activity serves as a strategic means to promote the social welfare of the communities in which it is present by generating employment in populations where investment is scarce and creating opportunities for new businesses.

MISSION Comprehensive management of fertiliser distribution

To be the main distribution group in the Iberian Peninsula and to increase the company's participation in the African market.

VISION

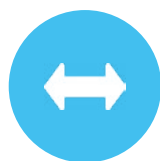
VALUES



THE PURSUIT OF CONTINUITY AND LEADERSHIP



INTEGRATION WITH CUSTOMERS AND SUPPLIERS



ABILITY TO EMBRACE CHANGE



PRUDENCE AND EFFICIENCY



TALENT AND KNOWLEDGE

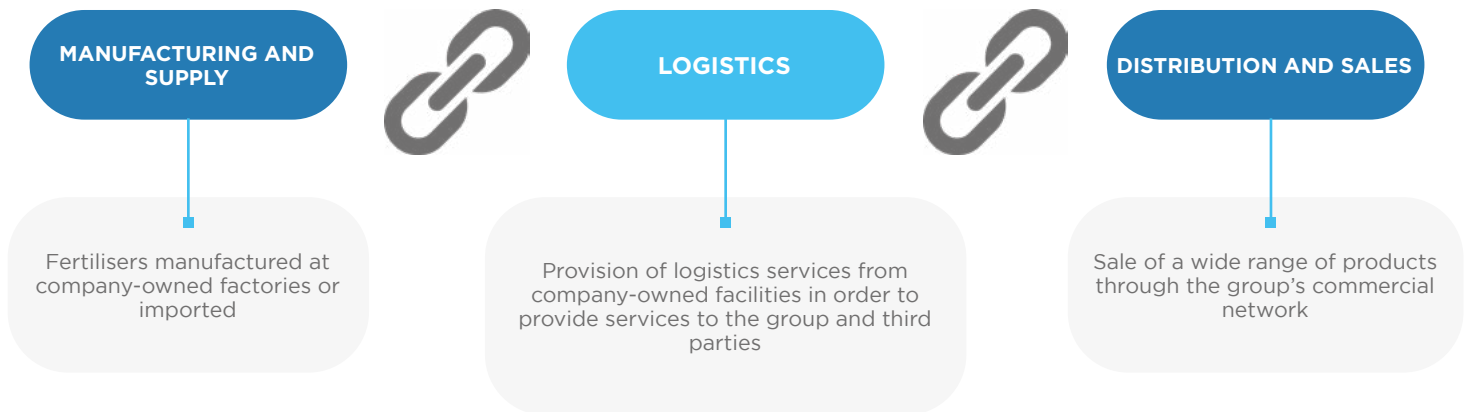


2. Who we are



2.4 | Business model

VALUE CHAIN



STAKEHOLDERS



Shareholders



Employees



Customers



Suppliers



Partners



Financial institutions



Public Administration



Civil society



Media



2. Who we are

2.4.1 | Manufacturing and supply

Since 2006, DF Grupo, together with its stakeholders, has been working on and investing in the manufacturing process, continuous improvement of product quality and new technologies. The company produces complex solid, blended, crystalline and liquid fertilisers.

- **Complex solids:** the group has invested in the manufacture of fertilisers using compacting technology, a novel process that prevents chemical waste, contributing to environmental sustainability. The company has the capacity to produce 180,000 tonnes of solid fertilisers.
- **Blending:** the company is actively setting up blending plants in strategic locations that enable it to supply custom products and with the lowest possible costs. The blending production capacity of the company's eleven plants was 100,000 tonnes in 2019.
- **Crystalline or soluble solids and liquids:** as part of its aim of improving agricultural practices, the company intends to enter this product segment either through the establishment of its own facilities or through preferential third-party agreements that allow it to offer this type of product to customers as part of its range.

In addition, in order to complement its own fertiliser manufacturing activity, the group imports large volumes of bulk products by sea from any production facility in the world. The supply network required imports of 180 shiploads of fertilisers on vessels between 3,000 and 40,000 tonnes in 2019.



2. Who we are

2.4.2 | Logistics

DF Grupo has an extensive network of logistics hubs that serve both the company and third parties within the sector or in other compatible sectors. Leading multinationals in the phytosanitary and chemical sectors entrust DF Grupo with products as diverse as fertilisers, agrochemicals, coatings, cereals and raw materials for other sectors.

The main services offered by the company are:

- **Goods warehousing:** more than 210,000 m² destined for the storage of fertilisers, agrochemicals and all other compatible goods. Of this capacity, 141,000 m² is located at ports and 69,000 m² at inland facilities. It should be noted that all dangerous goods are stored at certified facilities, some of which are high-level Seveso sites.
- **Processing of bulk materials:** DF Grupo possesses the necessary machinery to carry out screening, coating and blending processes, among others.
- **Packaging and palletising of solid and liquid products:** the company can handle all market formats and customer needs.
- **Distribution and transport:** from chartering ships at point of origin to the delivery by road to the end customer.
- **Import/export warehousing:** bonded (customs) warehouses, VAT warehouses and warehouses authorised for export goods (Spain).
- **Dangerous goods logistics:** integrated management of dangerous goods for distribution.

The logistics companies are located at the main supply or distribution hubs of the Iberian Peninsula, including the Spanish ports of Ribadeo (province of Lugo), Sagunto (province of Valencia), Santander and Seville, and the port of Setúbal in Portugal. There are also facilities located at the African ports of Jorf Lasfar (Morocco) and Lobito (Angola).

In the Iberian Peninsula, the company has inland logistics hubs located in the provinces of Cadiz, Badajoz, Granada, Huesca, Lleida, Palencia, Valladolid and Zaragoza.

These logistics hubs are complemented by strategic agreements with the main Iberian port operators, allowing logistics services to be provided throughout the entire region.



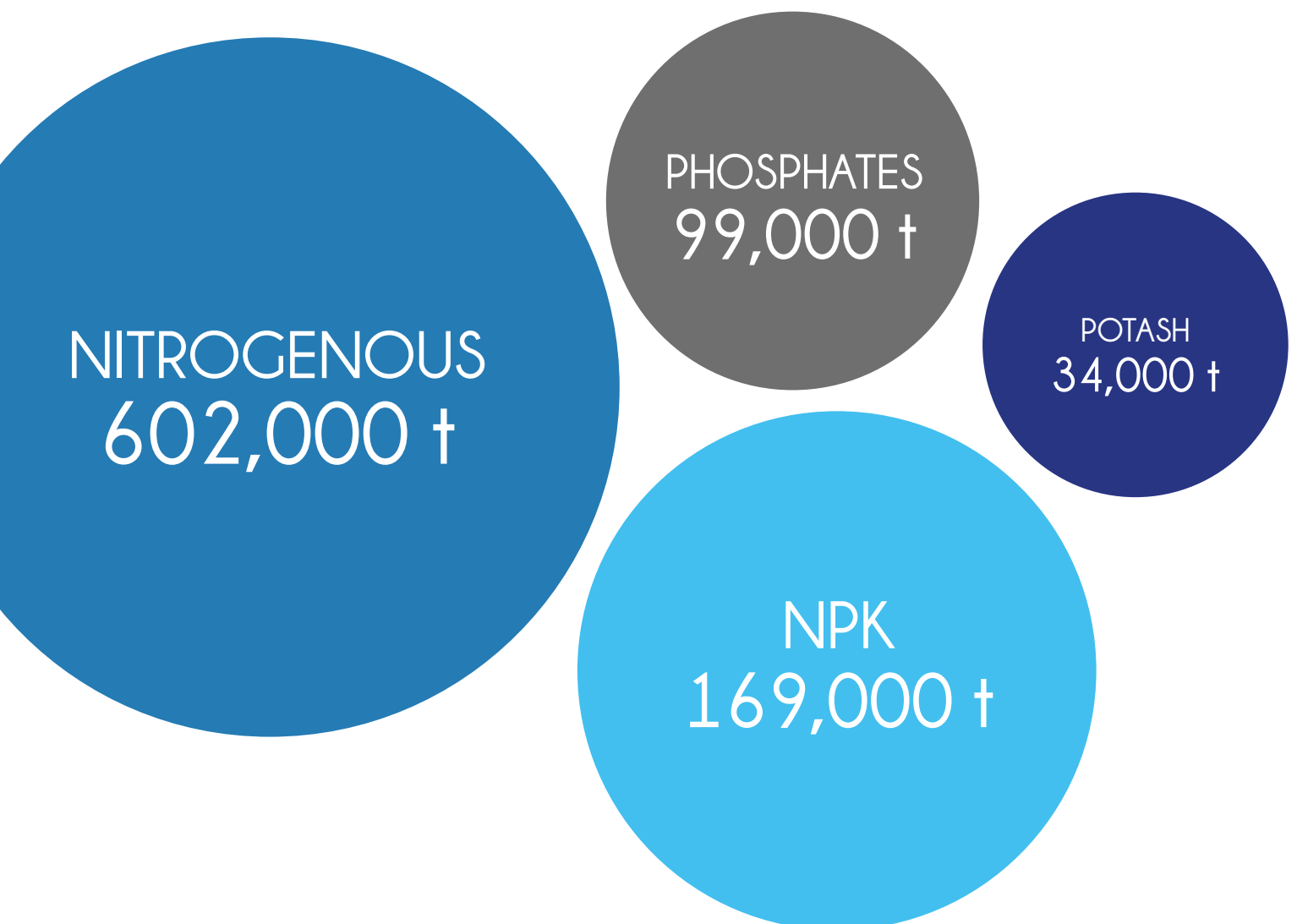
2. Who we are

2.4.3 | Sales

DF Grupo has a wide portfolio of products spanning the full range of existing fertilisers to satisfy customer and market demand. This is made possible by the strategic alliances established by the company and its experience in the fertiliser sector.

The group's sales network exclusively distributes EuroChem conventional fertilisers in Spain, particularly well-known products such as Nitrofoska®, NAC, ASN and UTEC, among others.

DF Grupo has entered into a joint venture with Nitrogen Iberian Company, S.L., a subsidiary of the multinational OCI, through which it is the exclusive distributor of this manufacturer's nitrogenous products in Spain, particularly Granular Urea, Ammonium Sulphate (Granular and Crystalline) and Calcium Ammonium Nitrate 27% (Nutramon).



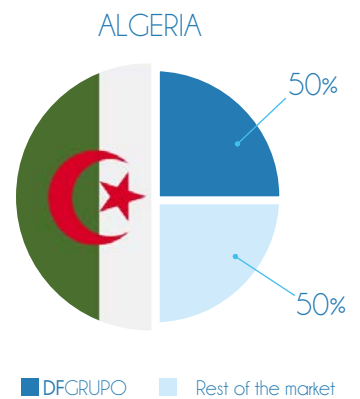
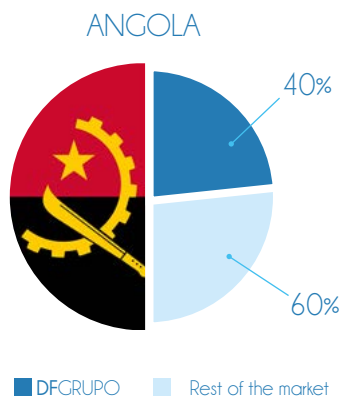
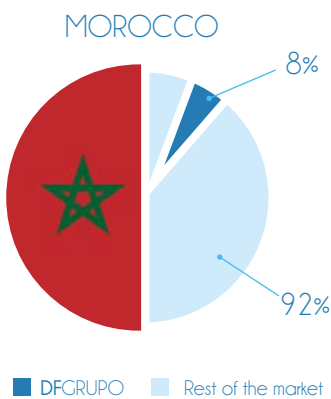
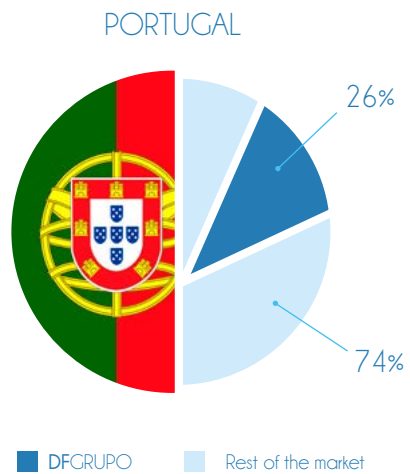
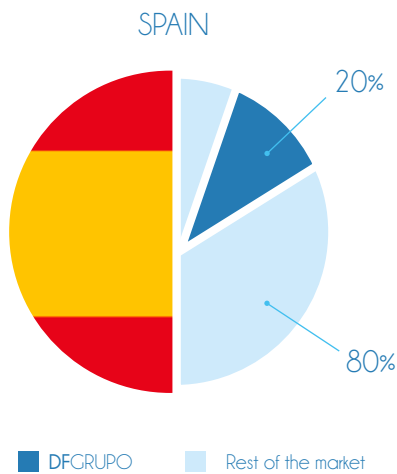
2. Who we are

2.4.3 | Sales

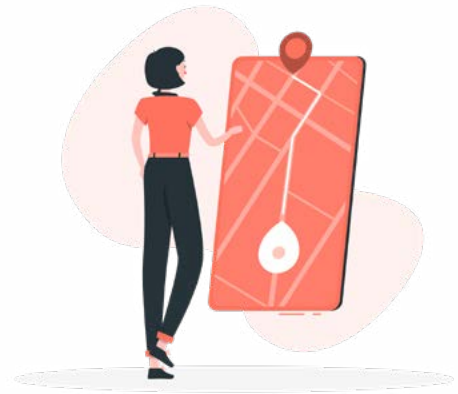
Finally, special mention should be made of the DF Grupo subsidiary DF Innova, which since 2016 has been responsible for marketing the group's premium and speciality products. DF Innova has the aim of incorporating state-of-the-art technologies in the sector in order to improve product efficiency.

DF Grupo not only sells in the five countries where it is present with its own network (Spain, Portugal, France, Angola and Morocco), but also in Algeria, Lebanon, Cape Verde and Mozambique, among others.

Market share of DF Grupo in the main countries where it is present



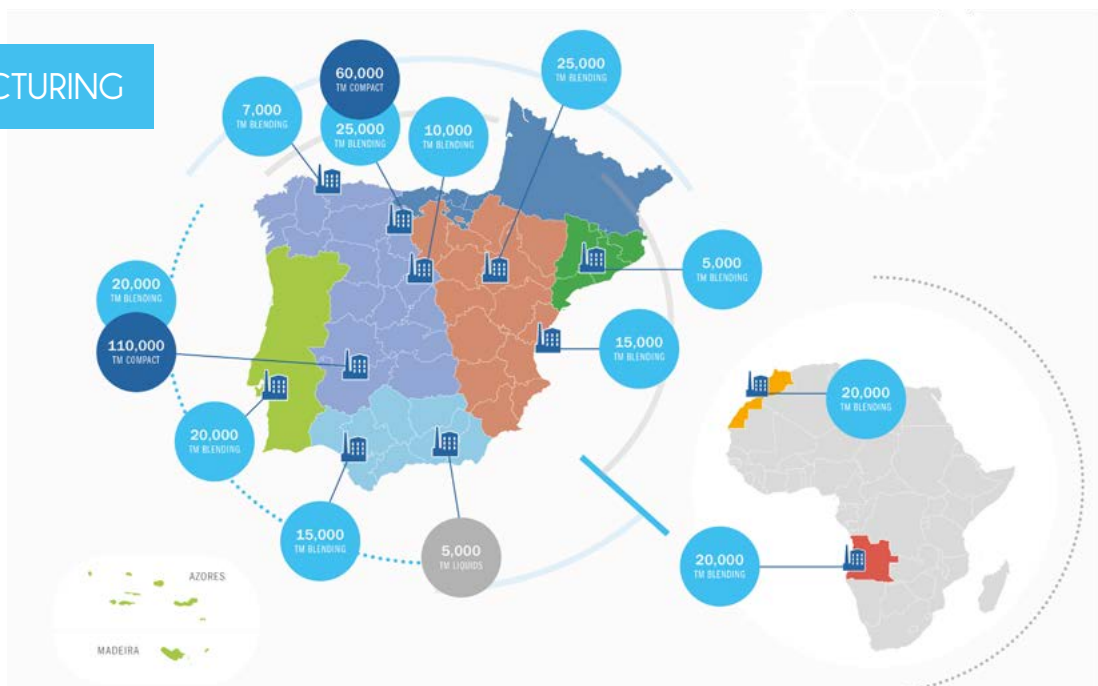
2. Who we are



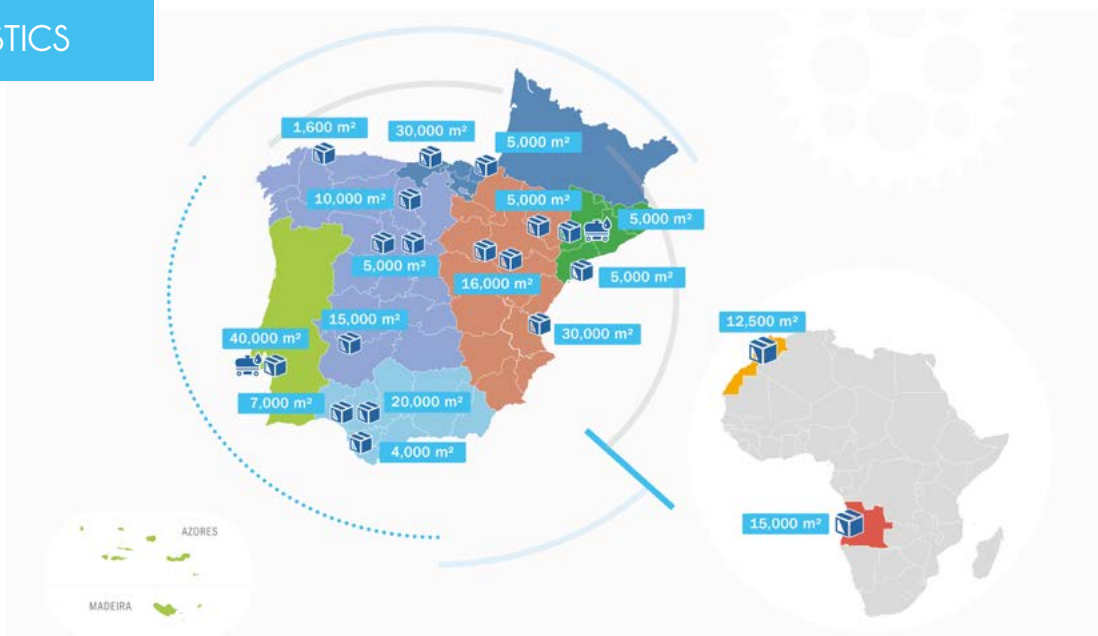
2.5 | Geographical presence

DF Grupo comprises a holding company and more than 30 subsidiaries that operate in the different areas of the value chain of fertiliser consumption and logistics. All the group's facilities are shown below. Some of these may consist of more than one type of facility, i.e. the same company may have a sales office, manufacturing plant and logistics facility.

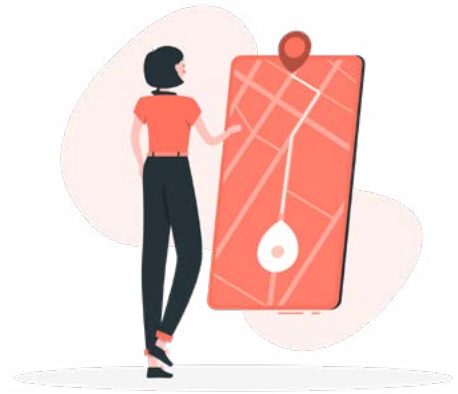
2.5.1 MANUFACTURING



2.5.2 LOGISTICS



2. Who we are



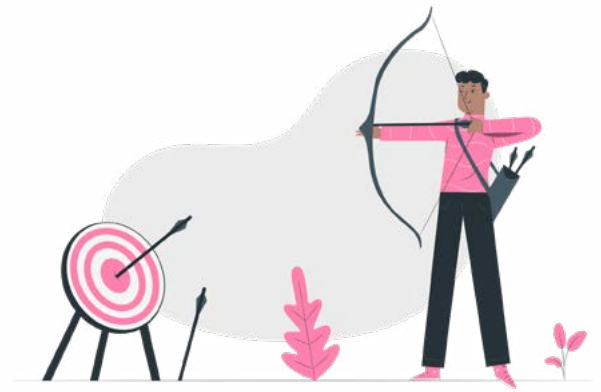
2.5 | Geographical presence

2.5.3 SALES



2. Who we are

2.6 | Corporate strategy



The basic pillar of the DF Grupo strategy is its vision of being “the leading fertiliser distribution group in the Iberian Peninsula and to increase the company’s participation in the African market”. In order to achieve this, the group intends to be acknowledged by:

- Its partners, as the best possible alliance.
- Its suppliers, through strategic agreements and their continuity and reliability.
- Its customers, for its sincerity and professionalism in the day-to-day relationship, and for the quality and breadth of its product portfolio.
- Its employees, as a good place for professional development and growth; and by its shareholders for its pursuit of continuity.

Specifically, the group’s corporate strategy is to integrate all stages of the fertiliser cycle, enabling it to become the best choice for its customers. Moreover, DF Grupo has a broad customer base in the Iberian Peninsula and the North African countries, which allows it to generate synergies and competitive advantages that enable it to access the best products at the most competitive prices on the market.

DF Grupo understands that there is no other way to make this possible than through long-term sustainable growth that is socially responsible towards its stakeholders.



A man in a light-colored, long-sleeved shirt is shown from the side, looking down at a vast field of golden wheat. His right arm is extended, with his hand resting on the wheat stalks. The background is a clear blue sky with some light clouds. The overall scene conveys a sense of connection to nature and sustainable agriculture.

SUSTAINABILITY

3. DFGRUPO commitment to sustainable development

3.1 | The fertiliser industry, essential for a more sustainable world

Given the world's rapidly growing world population, one of the greatest global challenges today is ensuring the food supply. The world's population has doubled over the last 50 years and is estimated to reach approximately 10 billion by 2050.

However, farming has also experienced great change since the Industrial Revolution, which has translated into an exponential increase in agricultural productivity. If the use of fertilisers is not boosted in the coming years, it will be necessary to increase the area currently under current agricultural production in order to feed the world's population. The only way to prevent and reverse soil degradation, as well as to reduce the need to expand cropland, is to encourage continuous improvement in terms of both the fertilisers used and the way farmers grow crops. Such advances would lead to higher crop yields, higher incomes, and more sustainable soil, air and water management.

In this sense, and as explained, the use of fertilisers can be seen as the solution to this great challenge because they replenish the essential nutrients in the soil after each harvest and provide food for plants.

3.2 | The meaning of sustainability for DFGRUPO

Some 99% of DF Grupo stakeholders, both inside and outside of the company, agree or fully agree that adequate performance in terms of sustainability and corporate responsibility is important for the group. This implies that having a sustainable and socially responsible business model is essential for the future of the group.

The company is focusing all its efforts on ensuring that its growth is linked to the sustainable development of surrounding communities. In order to do this, DF Grupo promotes ethics, efficiency and responsibility in all its actions, while bearing in mind the characteristics of the settings in which it operates.

Many of the regions where DF Grupo operates are rural areas with declining populations, such as the place where it commenced its activity. Through its investments, the group has always pursued employment creation and the development of the local economy. Calatayud, Sariñena, Peñafiel, Mota del Marqués, Osorno la Mayor and Talavera la Real are examples of this.

In order to ensure that the activity is both environmentally sustainable and socially responsible, DF Grupo, among other measures, promotes local recruitment, the welfare of its employees and the use of the latest technologies that allow it to integrate processes that minimise environmental impact. All this, together with the development of increasingly efficient products, shows the importance that sustainability represents for the group.



3. DFGRUPO commitment to sustainable development

3.3 | Contribution to the 2030 Agenda for Sustainable Development

DF Grupo is firmly committed to contributing to the achievement of the Sustainable Development Goals (SDGs) by 2030. The SDGs, established by the United Nations in September 2015 as part of the 2030 Agenda for Sustainable Development, are primarily aimed at governments. However, DF Grupo is well aware of the key role the private sector must play in order for these goals to be met and is committed to collaborating so that, together with all players concerned, they can be achieved.

OBJETIVOS DE DESARROLLO SOSTENIBLE



3. DFGRUPO commitment to sustainable development

3.3 | Contribution to the 2030 Agenda for Sustainable Development

Through its activity, DF Grupo is contributing to fulfilling most of the SDGs. However, the company's involvement is greatest in those specified below, and particularly in countries like Morocco and Angola where we have the obligation to be a role model for society.

2 ZERO HUNGER



Fertilisers make it possible for farmers the world over to produce more on their land, which is essential to feed the population. Agriculture today is responsible for approximately half of the world's food supply, and it helps to improve the diets of more than one billion people each year. Through its activity, DF Grupo promotes the use of efficient fertilisers for food production that is growing year after year. Furthermore, DF Grupo is certain that Africa, where more than 250 million people are currently experiencing hunger, will end up becoming the world's breadbasket owing to its natural conditions. For this to occur, the work of the fertiliser sector in general, and of DF Grupo in particular, will be essential given the currently very limited use of fertilisers in Africa. With their gradual introduction, food production will increase considerably.

8 DECENT WORK AND ECONOMIC GROWTH



One of the company's main social aims is to contribute to the development of the local economy of the regions where it operates. The company also has various measures in place to promote decent work. Featured among these are facilitating employees' work-life balance and training programmes for the purpose of prioritising internal promotion of company employees.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



DF Grupo believes that technological and digital innovation is key. Awareness of the changing world in which we live and the need to grow and attract new ideas through innovation led the company in 2017 to create DF Innova, a subsidiary devoted to the development of high-tech fertilisers that incorporates the latest developments in the sector into its products. Continuing along the same lines, the group two years later acquired the company Blue Agro, which specialises in RD&I.

3. DFRUPO commitment to sustainable development

3.3 | Contribution to the 2030 Agenda for Sustainable Development

11 SUSTAINABLE CITIES AND COMMUNITIES



Through its joint venture with Sismoha, DF Grupo is helping to fulfil the goal of ensuring access for all to housing and basic services. Sismoha manufactures and sells modular housing systems worldwide. The Chamber of Commerce of Zaragoza acknowledged Sismoha with the award for Best Export Company in Aragon. Sismoha was founded with the aim of solving the shortage of decent housing in developing countries. In this sense, it has carried out projects in Angola, Brazil, Cameroon, Ivory Coast, Ecuador, Guinea, Haiti, Peru, Uruguay and Zimbabwe, among others.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Every farm is unique. The different types of fertilisers that DF Grupo produces, distributes and sells allow it to keep the soil healthy and fertile, maximising its productivity. This reduces the environmental impact because the correct use of the soil decreases the need to expand cropland.

In addition to the indirect impact made by the sale of fertiliser, DF Grupo also shows its commitment to this goal through the responsible use of inputs and the management and recycling of the waste generated.

13 CLIMATE ACTION




DF Grupo is committed to mitigating climate change by reducing its emissions. The group, together with the rest of the fertiliser industry, is taking steps to reduce its carbon footprint by promoting the use of fertilisers with inhibitors that reduce CO₂ emissions through their greater efficiency in releasing nutrients.

Moreover, the group is working on increasing the energy efficiency of its facilities through two projects to equip its plants with 100% LED lighting and photovoltaic self-consumption systems.


3. DFRUPO commitment to sustainable development

3.3 Contribution to the 2030 Agenda for Sustainable Development



15 LIFE ON LAND

The responsible, efficient and sustainable use of fertilisers helps maintain soil fertility, increase production, raise farmers' incomes and safeguard natural habitats, helping to preserve biodiversity. The group helps to promote sustainable agriculture, which means keeping farmers informed by providing environmental training and offering them as many options as possible. In addition, DF Grupo's compacted fertiliser manufacturing produces no environmental impact and does not generate waste. Moreover, DF Grupo inhibits the urea at its facilities to reduce soil nitrification.



17 PARTNERSHIPS FOR THE GOALS

DF Grupo works in collaboration with several of the world's leading fertiliser manufacturers in order to progress towards meeting the SDGs, mainly through process integration and the introduction of more efficient products. The group also collaborates with universities and customers in order to develop new products, which are subjected to field testing.

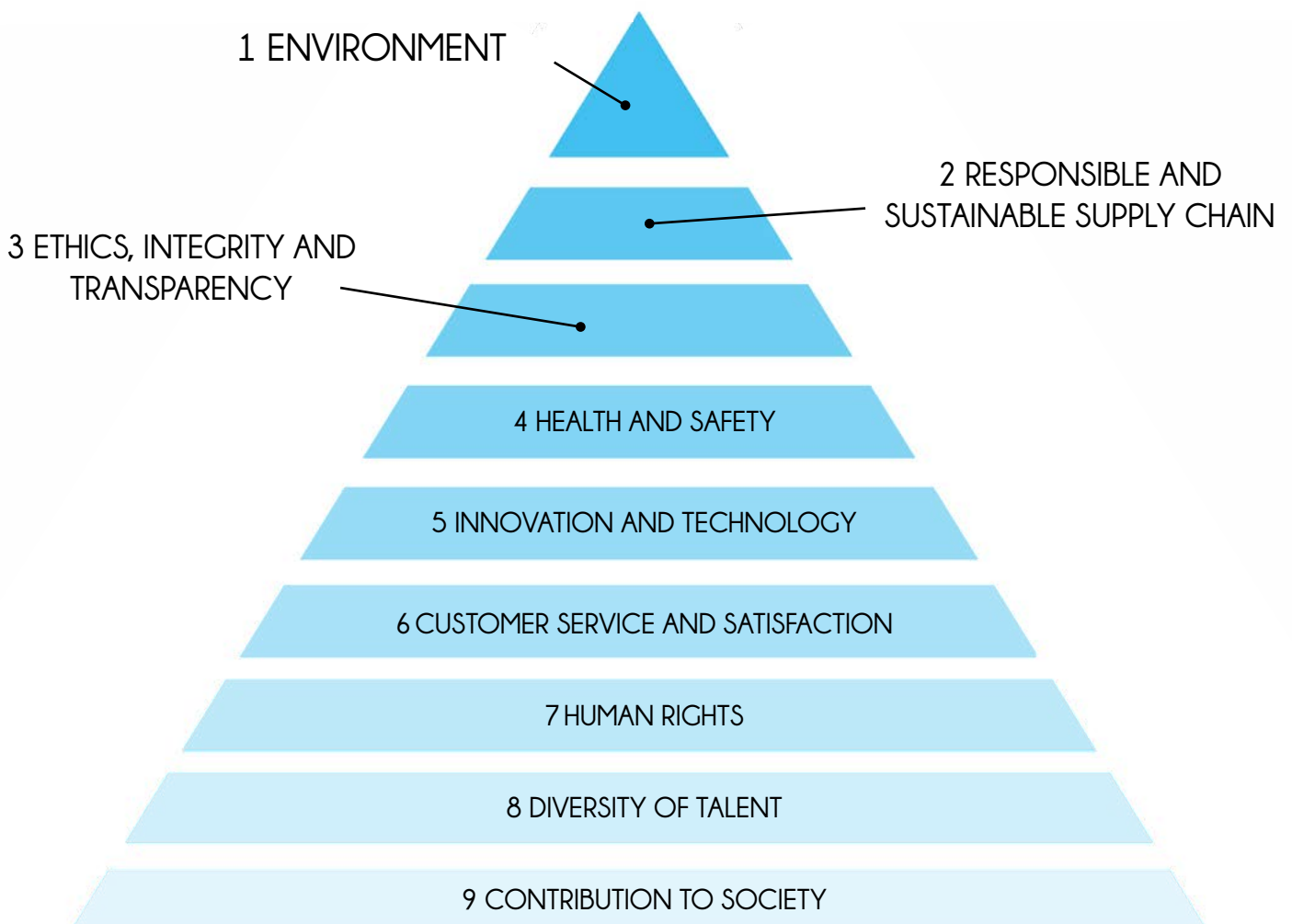


3. DFGRUPO commitment to sustainable development

3.4 | Issues of greatest importance for DFGRUPO and its stakeholders

For DF Grupo, it is essential to know which non-financial issues its stakeholders consider to have the greatest importance, either because they are the ones that concern them most, or because they consider them to be a priority for DF Grupo's specific activity.

Materiality assessment has identified nine major areas in terms of sustainability and corporate responsibility. Based on the results of the assessment conducted over the last year, the following priorities have been identified in order of importance.



For more detail about the process used to identify and prioritise material issues, please see section "9.3. Materiality assessment process".



3. DFGRUPO commitment to sustainable development

3.5 | Our stakeholders

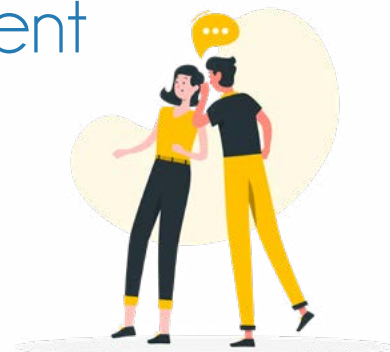
DF Grupo believes it is extremely important to build relationships with its stakeholders that are based on understanding and trust. For this purpose, it is essential for the company to identify its stakeholders and maintain channels of dialogue with them.

3.5.1 Stakeholders identified

The following stakeholders were identified by the company:



3. DFGRUPO commitment to sustainable development



3.5.2


Channels for dialogue with stakeholders

After the identification of stakeholders, it is essential for DF Grupo to know their expectations and demands. This allows the main risks and opportunities for the business to be assessed, and stable and robust, long-term relationships to be built. This is why DF Grupo has made available different channels of communication, many of which are adapted to specific stakeholders.




CORPORATE WEBSITE

The DF Grupo website is the company's main showcase. It contains the important information that the Group wishes to share with all its stakeholders.




INFO E-MAIL

The company has set up an e-mail address, info@dfgrupo.com, and a contact telephone number to enable any stakeholder to submit their queries and concerns.



CUSTOMER FORM

DF Grupo provides all its customers with a form in order to resolve any doubts or obtain additional information about the products it sells.



EMPLOYEE PORTAL

The company is working on the implementation of an employee portal or corporate intranet for launch in the third quarter of 2020. This portal will be for the exclusive use of company personnel.



VIRTUAL SUGGESTION BOX

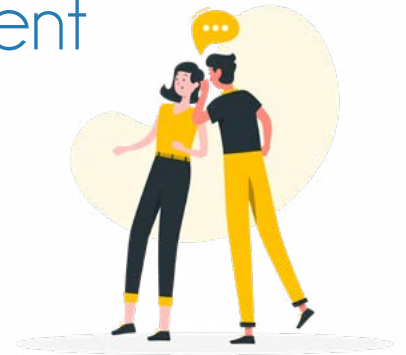
The employee portal will contain a space set up as an employee mailbox where the suggestions proposed by employees can be gathered.



GENERIC E-MAIL

DF Grupo has a generic e-mail account through which information is sent to the entire group. Regular newsletters contain information about the latest developments in the company, important news, information regarding internal protocols, welcoming new employees, etc.

3. DFGRUPO commitment to sustainable development



3.5.2

Channels for dialogue with stakeholders



TRADE UNION RELATIONS

DF Grupo is committed to constructive and fluid dialogue with the different trade unions. The purpose of this dialogue is to enhance employee performance by ensuring optimum working conditions.



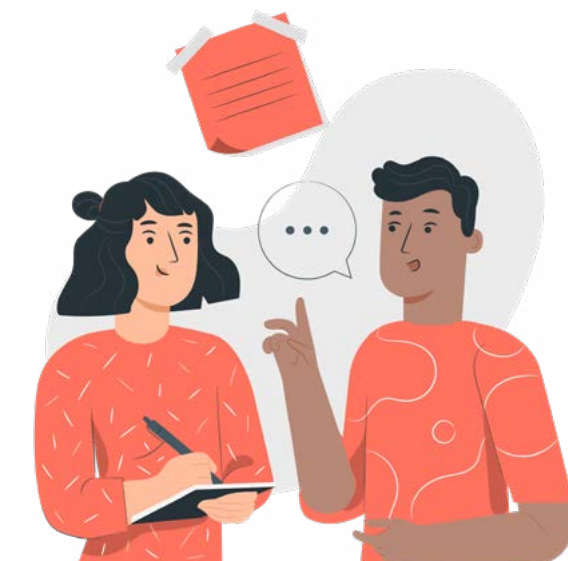
EMPLOYEE SURVEY

DF Grupo conducts anonymous surveys of its employees every two years in order to determine their level of satisfaction within the company. It also helps us to identify areas for improvement, for which we subsequently implement specific projects.



ETHICS CHANNEL

DF Grupo is working on the creation of an anonymous and confidential ethics channel through which to submit reports and complaints regarding unethical conduct or behaviour to be made accessible to all its stakeholders. This channel is expected to be available in 2020. In addition, the Code of Ethics and Responsible Practices sets out the channels of contact for the three people responsible for compliance.



LEADERSHIP



4. Good governance

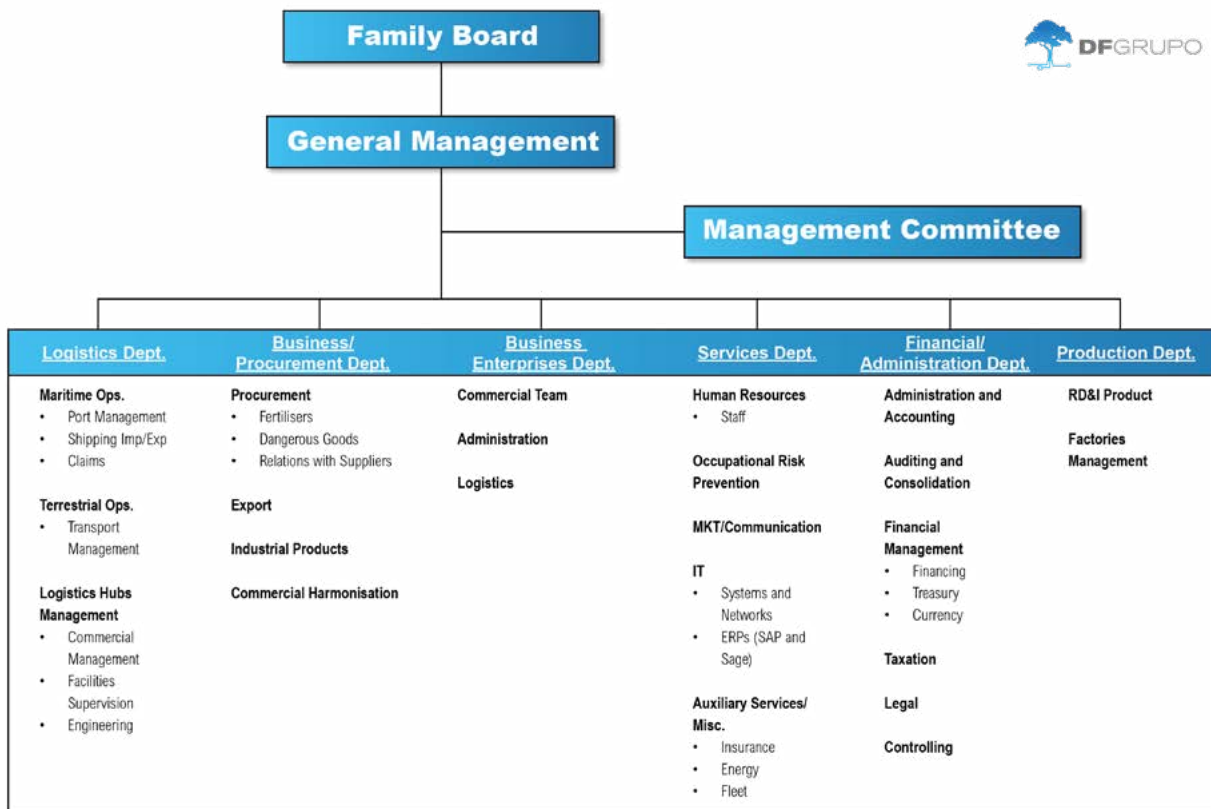
4.1 | DFGRUPO governing bodies

DF Grupo's commitment to its corporate culture involves compliance with corporate governance standards and recommendations that exceed legal requirements. In addition to economic issues, ethical, social, environmental and occupational safety criteria are also taken into consideration.

DF Grupo's corporate governance is inspired by a commitment to corporate values, transparency and the application of best practices in the area of good governance in the sector.

The actions of DF Grupo's highest governing bodies revolve around the creation of value for society, professionals, shareholders, customers and the communities in which the company operates.

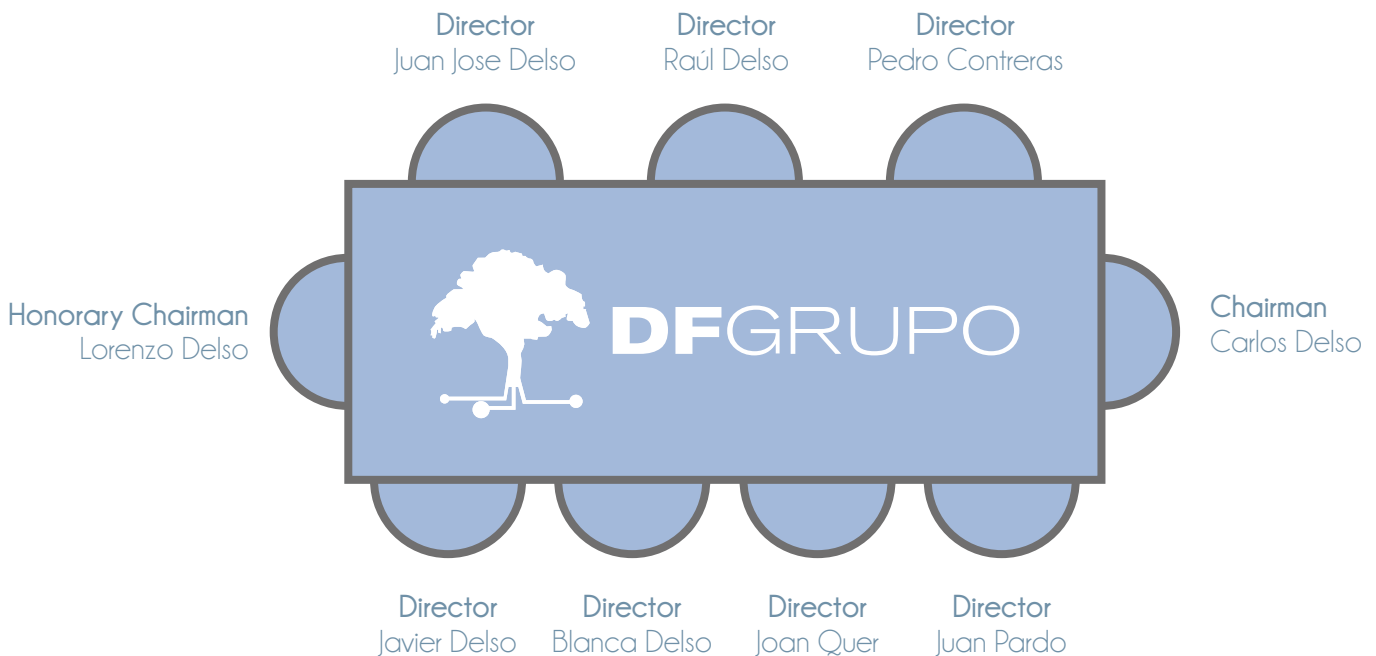
Management structure



4. Good governance

4.1.1 | Family Board

The Family Board is the company's highest decision-making body. It is set up as a board of owners and is responsible for evaluating the trajectory and evolution of the group. Its decisions are binding and are always taken according to a protocol governed by the rules set out in the articles of association, with minutes taken at all meetings and kept in a minute book. The board meets each quarter.



The Family Board has an Honorary Chairman, Lorenzo Delso, who serves as a point of reference for everybody involved given his extensive and successful business career. In addition, the DF Grupo has two external directors who are not family members, Juan Pardo and Joan Quer, who add value to the decisions and discussions on the issues dealt with by the Board.

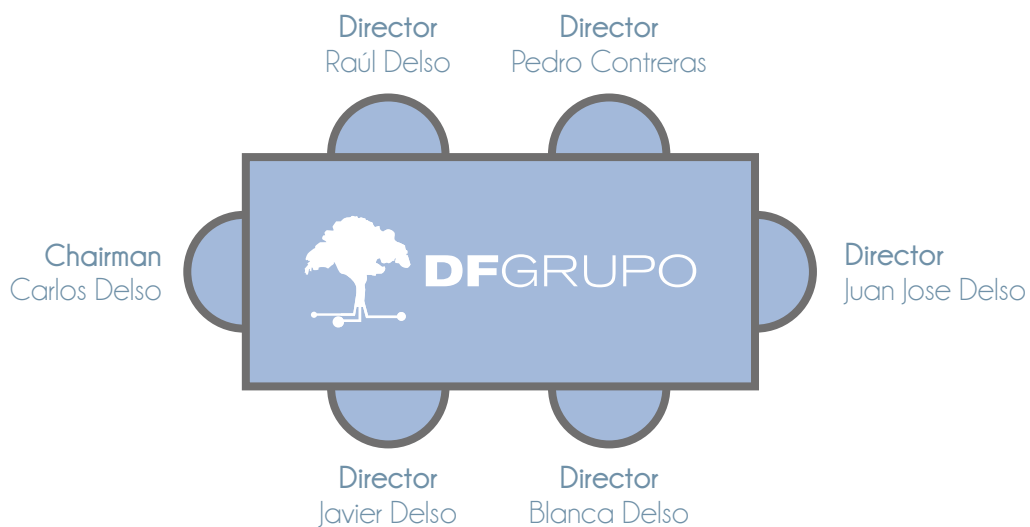
Duties of the Family Board:

- Dissolution, merger, transformation and division of the company.
- Any modification of the defined articles of association.
- Determining the form of dividend distribution.
- Generational management and compliance with the agreements of the Family Protocol.
- The election of the Board of Directors and its form of remuneration.
- Evaluation of the way the Board of Directors operates and performs.
- Appointment of directors to the Board of Directors and setting of their remuneration.
- The exercise of the duties established in the Family Protocol.

4. Good governance

4.1.2 | Board of Directors

The Board of Directors is the body responsible for supervising the actions carried out by the group. It also plays a key role in balancing ownership rights and the proper conduct of business, providing clear strategic direction for the group and providing leadership and support for senior management. Decisions are taken according to a protocol set out by the Family Board. The board meets each quarter.



The Chairman of DF Grupo, Carlos Delso, is the head of the group and of its Board of Directors. His duty is to provide leadership to the other directors. The Chairman is also responsible for directly assisting the Executive Director in order to define the proper connection between the Board of Directors and the directors.

The directors serving on the Board of Directors add value by upholding the proper management of DF Grupo both through knowledge and preparation of the various matters under discussion, and scrupulous conduct that is genuinely independent of personal interests.

Directors must always be duly informed about strategic, legislative or governmental changes that may affect DF Grupo activities and targets, and contribute to enriching the debates in order to bring out the full potential of their participation. Directors are not required to be on the Family Board, i.e. to be an owner or belong to the family.

Duties of the Board of Directors:

- Establishing DF Grupo's strategic framework.
- Reviewing and approving the group's strategic plans and targets.
- Selection, compensation, evaluation and replacement of the group's main administrators, including the Executive Director.
- Handling potential conflicts of interest between managers, administrators and partners.
- Directly supporting the Executive Director and the other directors.
- Monitoring the process of information disclosure and internal and external communication.
- Knowledge and approval of the DF Grupo balance sheet and general accounts.

4. Good governance

4.1.3 | Executive Management

Executive Management is headed by Carlos Delso Ibáñez, Chairman and Managing Director of DF Grupo. His role is to define and implement the form of operational management that achieves the targets defined by the Board of Directors in the Strategic Plan.

4.1.4 | Management Committee

The Management Committee is the consultative body within the organisation that connects DF Grupo's comprehensive strategy with its implementation on an individual level by the companies in the group. Important information for the global business and for each company is shared among the members during the regular Management Committee meetings. The Management Committee team comprises the Executive Director, the different directors in charge of the group's divisions, the managers of the sales and distribution companies and other components of the group's structure as defined by its members as important and contributors to value.

Duties of the Management Committee:

- Pursuit of sustained growth.
- Guaranteeing the viability of the business and of each one of the decisions taken, being the main guarantor that the opportune decisions are taken in the global business and individual business - in the short, medium and long term - and that these decisions are implemented.
- Providing support and assistance to the operations managers' decision-making process, being proactive when discussing ideas and proposing measures for improved functioning of the company.

Finally, it should be pointed out that the group implements the company's comprehensive strategy through company-wide projects. These projects allow all duties to be considered throughout the group, regardless of division or responsibility. In this way, all employees can be provided with valuable information for decision-making in practice.



4. Good governance

4.2 | DFGRUPO essentials

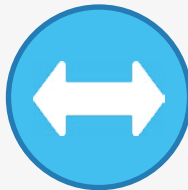
The values of DF Grupo are the basis for setting the guidelines, directives and conduct to be followed by the people who represent its stakeholders. They ensure responsible management of the activities and services that are part of its value chain in all the regions where the group operates.

DF Grupo is a reality thanks to the excellent human team behind each of the actions it carries out, together contributing to its solid and continuous growth. These are the main values that inspire its essence.



THE PURSUIT OF CONTINUITY AND LEADERSHIP

The company is fully committed to preserving the resources necessary to ensure sustainability and leadership in the sector.



ABILITY TO EMBRACE CHANGE

Fast adaptation of local business to the competitive globalised world, where continuous changes in offerings from our suppliers or in demand from our customers turn this into value-added for both.



TALENT AND KNOWLEDGE

Understanding and familiarity with the mechanisms of value creation at each stage of the process of which it is a part, together with training and promotion of the human team.



INTEGRATION WITH CUSTOMERS AND SUPPLIERS

Providing value to customers and suppliers through the sincerity and trust built up over forty years has always been the top priority.



PRUDENCE AND EFFICIENCY

The total dedication to and engagement with customers form the basis on which the group's growth and development is firmly based.



4. Good governance



4.3 | Ethics, integrity and transparency

DF Grupo is committed to ethics, integrity, transparency and compliance with the law no matter where it operates, as well as at all stages of the value chain. The company rejects any kind of irregular behaviour by its employees and has zero tolerance for bribery and corruption.

As a preventive measure against corruption, fraud and bribery when conducting its activity, DF Grupo is working to establish actions to prevent and fight against them, developing internal channels that allow irregularities to be reported while respecting and protecting the anonymity of whistleblowers.

The group is currently working on the implementation of a compliance system that meets its needs and the expectations of all its stakeholders. Among the different initiatives are the creation of a Code of Ethics available to all stakeholders, the establishment of an action protocol in the event of irregularities, and the establishment of an anonymous and confidential channel for complaints, queries and suggestions available to all stakeholders. The group is also working on the creation of an employee portal that will help prevent and control irregular behaviour by any individual associated with it.

Main compliance mechanisms set up in DF Grupo:

CODE OF ETHICS AND RESPONSIBLE PRACTICES

DF Grupo has defined its own Code of Ethics, the highest internal standard that sets out the principles, values and conduct that govern the individual professional practice of all members of the company, as well as their collective integration into the group's culture.

EXPENSES POLICY

The group has an expenses policy that defines the rules and provides the necessary guidance on how to manage the expenses that employees may incur during the course of their duties. Likewise, it establishes the corresponding reimbursement procedure.

PROCESS MANAGEMENT IN INTERNATIONAL TRADE

Controls and guidelines have been created for the correct procedures and supervision of all processes related to the international trade in goods. We highlight the procedure for commercial activities that is to be applied, in the event of knowledge or suspicion by any of the group's employees, to report any irregularities involving the company's operations, such as theft, robbery or illegal trafficking of goods, the existence of suspicious goods, difficulties in complying with customs regulations, etc.

GIFT POLICY

The established rule is that anyone who receives a gift, regardless of their professional category, may accept it, but such gifts will then be pooled within that particular constituent company and later given away by means of a prize draw held for its employees at the appropriate time, typically at the company Christmas dinner.

GENERAL DATA PROTECTION REGULATION

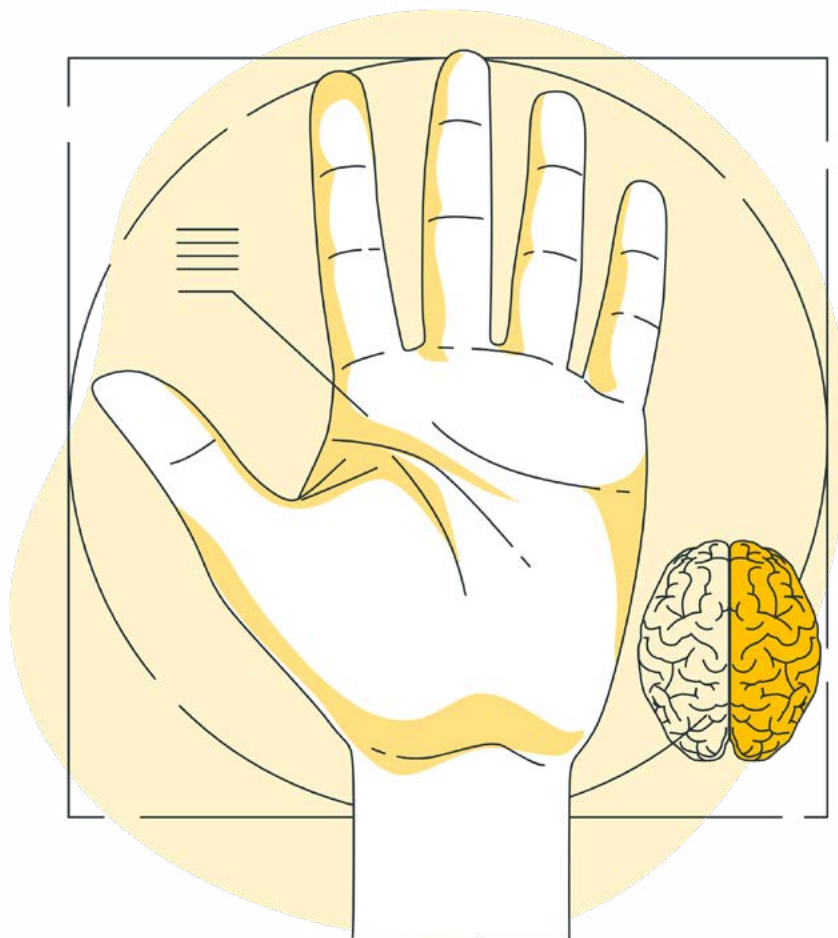
As regards the application of this regulation, DF Grupo makes use of both external consultants and staff specifically responsible for compliance to supervise its correct application in all actions involving the processing of personal data.

4. Good Governance

4.4 | Human rights

In all practices and procedures, DF Grupo is committed to upholding the rights set out in the Universal Declaration of Human Rights, adopted by the General Assembly of the United Nations, and in Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Organisation (ILO). DF Grupo places special emphasis on its recognition of the rights of ethnic minorities, its rejection of child exploitation, forced labour and any other practice that violates people's rights.

This commitment implies the additional responsibility of complying with the laws and regulations of the countries where the Group operates, particularly in those where the ability of the state to protect human rights is limited. From its founding until the present day, the group has never received any complaints about incidents in its value chain regarding human rights issues.





PEOPLE

5. People and talent



5.1 | Our team

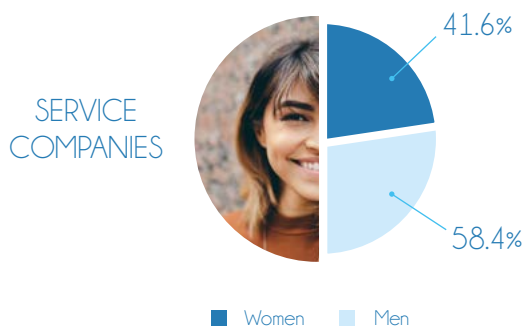
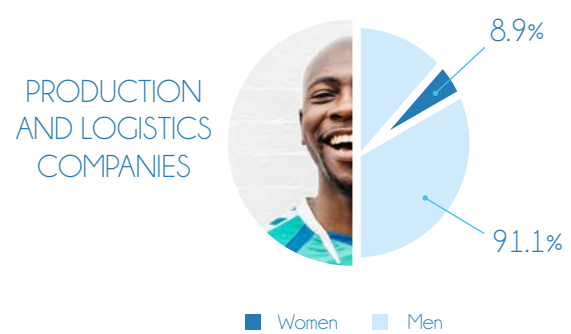
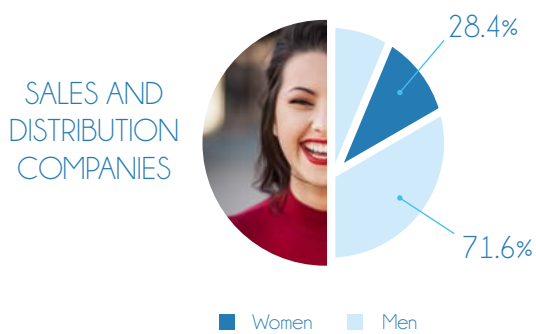
Each of the 298 professionals employed by DF Grupo plays a vital role in the company's success. This is why the company created its Human Resources Department in September 2017 to guarantee that all the professionals who make up the group are cared for and allowed to develop, and to centralise all corporate procedures and operations regarding human resources. This new department, together with the Labour Relations Department, is responsible for responding to all these aspects.

DF Grupo believes it is of vital importance to be able to attract and retain the best talent in order to preserve its leading position in the fertiliser sector and to compete by offering the best products and services. To achieve this goal, DF Grupo strives to provide a motivating work environment, guarantee training and development opportunities, and facilitate the conditions necessary for a good work-life balance.

The group remains committed to talent management with the aim of encouraging its professionals to commit to its corporate values: pursuit of continuity and leadership, ability to embrace change, talent and knowledge, integration with customers and suppliers and, finally, prudence and efficiency.

DF Grupo provides its employees with all the tools for their well-being, both at work and at home. It also offers steady employment, good working conditions and quality work, as well as promoting professional development.

Distribution of workforce on 31 December 2019:




5. People and talent




5.1 | Our team


EMPLOYEES BY TYPE OF WORKDAY AND GENDER (2019)

|  | | MEN | WOMEN | TOTAL |
|---|--------------|------------|--------------|--------------|
| | Full time | 237 | 61 | 298 |
| | Part time | 0 | 2 | 2 |
| | Total | 237 | 63 | 300 |

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER (2019)

|  | | MEN | WOMEN | TOTAL |
|---|-----------------|------------|--------------|--------------|
| | Management team | 18 | 2 | 20 |
| | Middle managers | 21 | 7 | 28 |
| | Technicians | 72 | 46 | 118 |
| | Operators | 126 | 8 | 134 |
| | Total | 237 | 63 | 300 |

EMPLOYEES BY PROFESSIONAL CATEGORY AND COUNTRY (2019)


|  | | MANAGEMENT TEAM | MIDDLE MANAGERS | TECHNICIANS | OPERATORS | TOTAL |
|---|--------------|------------------------|------------------------|--------------------|------------------|--------------|
| | Spain | 15 | 20 | 98 | 95 | 228 |
| | Portugal | 2 | 6 | 12 | 32 | 52 |
| | Morocco | 2 | 2 | 4 | 8 | 16 |
| | France | 1 | 0 | 3 | 0 | 4 |
| | Total | 18 | 17 | 117 | 135 | 300 |

5. People and talent




5.1 | Our team

EMPLOYEES BY AGE GROUP AND GENDER (2019)

|  | | MEN | WOMEN | TOTAL |
|---|-------|------------|--------------|--------------|
| | < 30 | 20 | 11 | 31 |
| | 30-50 | 175 | 48 | 223 |
| | > 50 | 42 | 4 | 46 |
| | Total | 237 | 63 | 300 |

EMPLOYEES WITH DISABILITIES (2019)

|  | | MEN | WOMEN | TOTAL |
|---|-------------------------|------------|--------------|--------------|
| | Number of employees | 2 | 0 | 2 |
| | Percentage of employees | 1% | 0 | 1% |



5. People and talent



5.2 | Diversity and equality

DF Grupo promotes diversity and equality for all its employees and in selection processes, guaranteeing equal opportunities and treatment, without distinction of gender, age or social condition. In this regard, the group encourages recruitment of people in age groups and geographical regions where unemployment is higher.

Ethical behaviour, respect for equality and occupational health and safety represent an essential part of the company's commitment to its team of professionals. The company rejects any type of harassment, mistreatment or discrimination based on place of birth, race, sex, religion, personal opinions or any other personal or social condition or circumstance. In order to prevent such conduct, DF Grupo has planned disciplinary measures to ensure that any practice of this type is penalised in the event that the group identifies it among its employees or in third parties with which it may enter into a contractual agreement.

Likewise, DF Grupo encourages the reporting of any conduct that goes against these principles by any person associated with the group. It also promotes equality between men and women, and diversity in all its selection processes. There have never been any incidents of discrimination in the group.



5. People and talent



5.3 | Organisation of work hours

5.3.1 Organisation of work hours

Each of the group's companies applies the business day calendar established by the Spanish Ministry of Labour. Moreover, depending on the location within Spain, it also observes the public holidays set by the particular autonomous community and municipal council.

DF Grupo employees are entitled to 30 calendar days of annual leave for each full year worked. These days must be taken as full weeks between 1 June and 30 September.

Likewise, DF Grupo employees are also entitled to paid leave when they are absent from work for justified reasons. To this end, each collective agreement establishes different guidelines as regards leave. Moreover, the group has always provided flexibility in this respect and deals with special needs on an individual basis.

It should be noted that 100% of DF Grupo employees in Spain, Portugal and France are covered by collective agreements.



5. People and talent



5.3.2 | Social benefits

The group has a variable remuneration scheme for each of its constituent companies. This system for variable remuneration provides the option for a bonus when targets are met.

DF Grupo provides its employees with a series of different benefits, a number of which are available through its flexible remuneration scheme, the purpose of which is to pass onto employees the advantages of group rates and subsidies.

Employees can avail of particular services at a discounted price through the flexible remuneration scheme. In addition, the cost is deducted directly from their remuneration package, providing important tax savings.



CHILDCARE REBATE

The group offers all employees the possibility of obtaining the Spanish childcare rebate for their children under 3 years of age.



SUBSIDISED TRANSPORT

The group offers all employees a subsidised transport card.



SUBSIDISED MEALS

The group offers all employees a subsidised meal card.



HEALTHCARE INSURANCE

The group offers a private health insurance scheme for all employees and their families.



TRAINING

The group offers all employees job-related training.

5. People and talent



5.4 | Training and career development

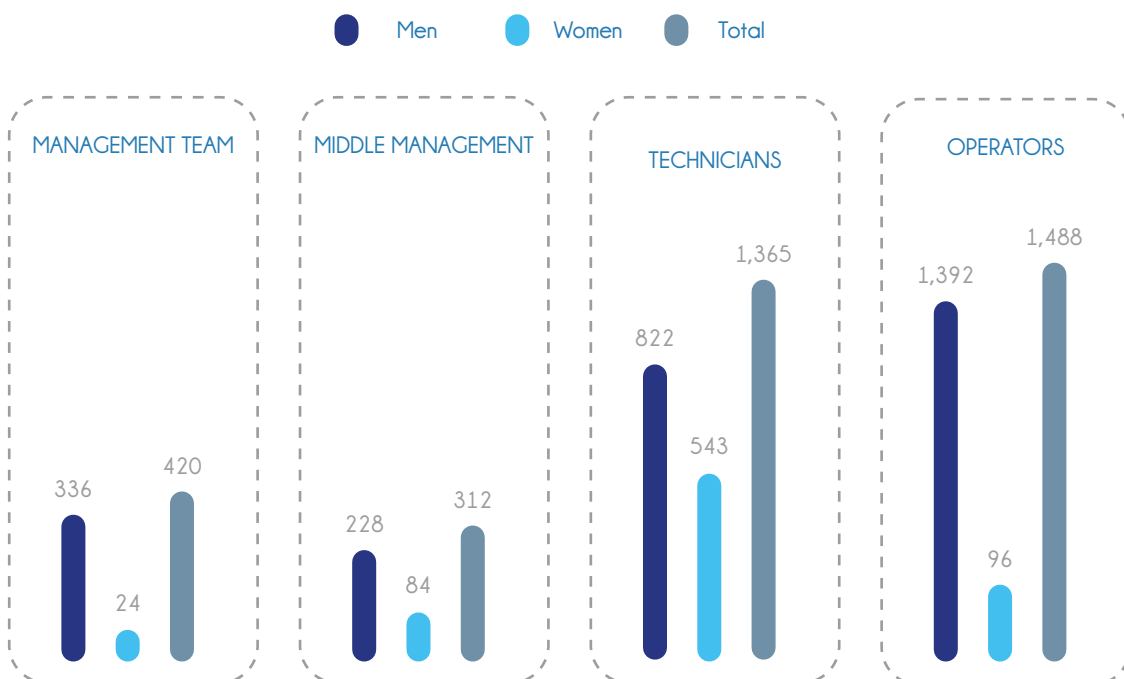
DF Grupo is aware of the need to constantly update knowledge in order to preserve the competitiveness that defines it. Training programmes are aimed at developing employees' skills and boosting their careers. Moreover, these programmes guarantee an optimum level of quality in the DF Grupo value chain and promote innovation in the different constituent processes.

The guidelines defined by DF Grupo in terms of professional development are based on management by skills and performance, which is specific to each job profile. This process consists of the identification, training and development of the skills required by each employee to perform their job. It also consists of assessing their performance throughout their career, so that all employees are given an indication of their performance and its evolution, which has a positive impact on their career development.

Thanks to the company-wide implementation of a variable remuneration scheme, where part of the performance is evaluated with projects that in some cases are departmental, employees have the opportunity to involve themselves in fields that are parallel or complementary to the tasks they usually perform, creating unique learning and training opportunities.

In addition, the human resources department is tasked with managing the different types of employee training. In 2019, the time spent on training amounted to 3,585 hours, mainly focused on skills development, technical knowledge and foreign languages. The group regularly makes use of the Fundae job-training credit scheme and external service providers for its training activities.

Total hours of training by category and gender:

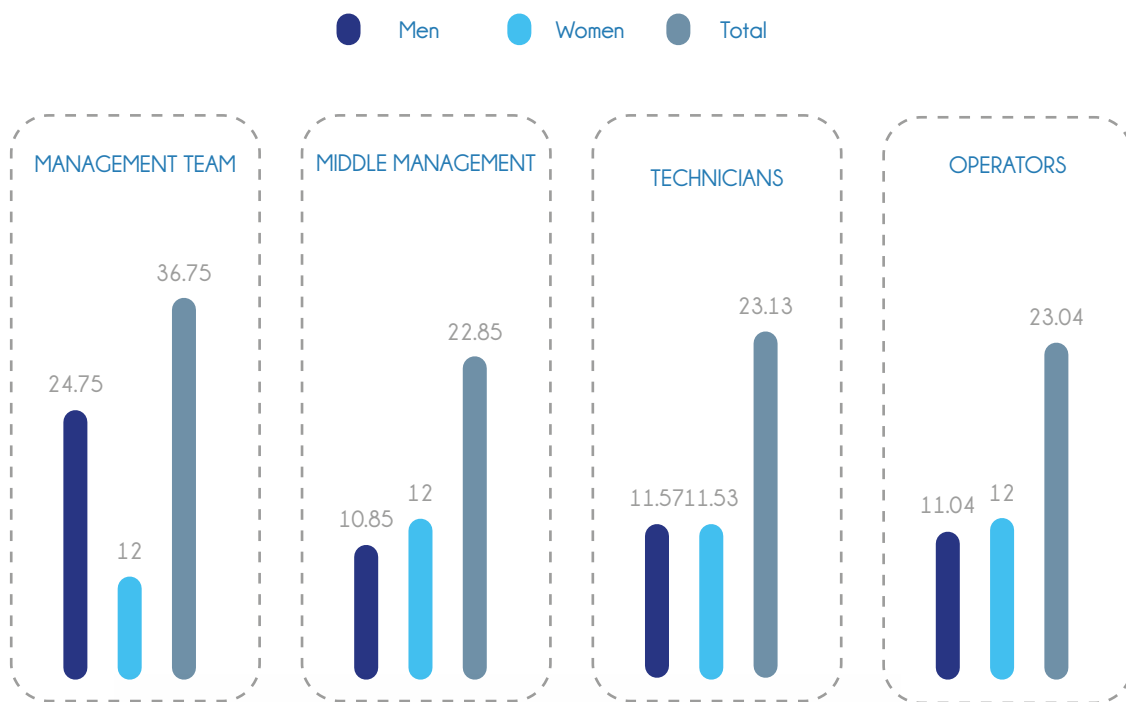


5. People and talent



5.4 | Training and career development

Average of training hours per employee:



5. People and talent



5.5 | Employee satisfaction and communication

5.5.1 Internal communication

The direct, fluid and constant contact between employees is essential to promote motivation and productivity within the company. DF Grupo is aware of the importance that internal communication has in establishing a corporate culture and promoting pride in belonging. Therefore, maintaining open communication with all employees is a priority for the group.

For new employees, the group provides an orientation handbook that covers aspects of interest to them, such as the history and evolution of the group, the organisational chart, company locations, business calendar, paid leave, dress code, employee benefits including healthcare, the flexible and variable remuneration schemes and the relevant contact information for each company.

Moreover, in order to improve internal communications, the group is working on the creation of an employee portal. Among the different services offered, the employees of any of the group's constituent companies will be able to deal with payroll administration-related matters, obtain information about social benefits, find out about training on offer and access payslips, among others. Through this service, employee will be able to fully resolve any doubts related to such matters.

Likewise, DF Grupo is in the process of creating a virtual suggestion box for employees to make suggestions or anonymously voice any concerns.

These new internal communication channels are planned for the second half of 2020. They also aim to improve the flow of communication between colleagues and access will be provided to all via mobile phone and other compatible devices.

4TH INTERNAL COMPANY CONFERENCE

In October 2019, DF Grupo held its fourth Internal Company Conference in Badajoz, where it brought together a large part of its workforce from all over Spain, as well as Portugal, France, Angola and Morocco.

This conference has been held every two years since 2011, and the locations where they are held are always directly associated with the group's constituent companies. The first was held in Madrid, home of the group's head office; the second, in Setúbal, Portugal, where Adubos Deiba is located; and the third, in Seville, where Via Fertysem and Tránsitos Via Sur are located.

The basic aims of this conference are:

- Sharing each team's best practices.
- Familiarity with the group's key facilities.
- Strengthening the sense of belonging.
- Announcing the group's latest news and the next steps.
- Enhancing internal communication and networking.
- Consolidating the human team behind the company.



5. People and talent



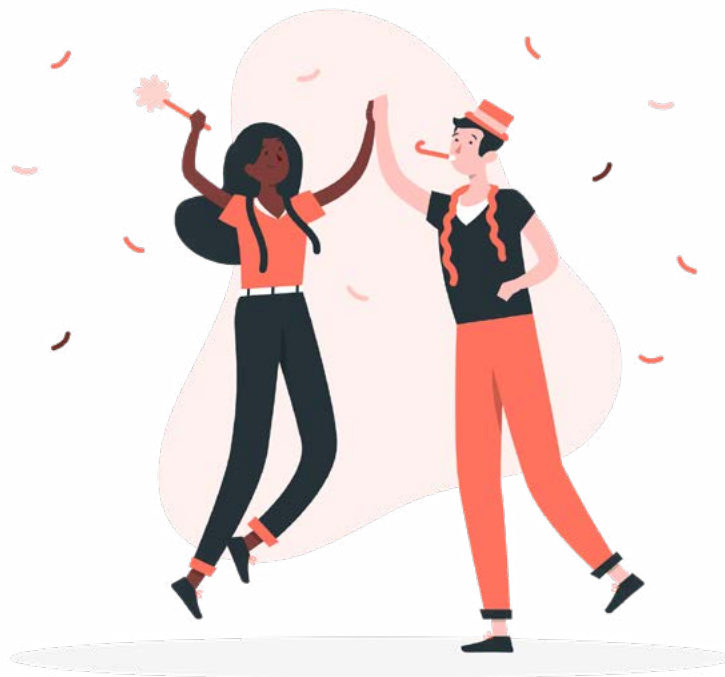
5.5.2 | Job Satisfaction Survey

DF Grupo conducts job satisfaction surveys every two years to gauge and evaluate employee perceptions of their work and the group. The aim of these surveys is to implement improvement measures and determine the different working environment-related factors that may be influencing the company's operations.

Through these surveys, DF Grupo detects possible areas for improvement and creates specific action plans.

During the fourth convention, the opportunity was taken to conduct the 2019 Job Satisfaction Survey, with a participation rate of 95%, in which the following topics were mainly addressed:

- Relationship with colleagues.
- The career plan and the projection within the organisation.
- Pay and the variable remuneration scheme.
- The assignation and definition of work duties.
- Adaptation of training.
- Overall perception of the group.
- Aspects to be improved within the group.



5. People and talent



5.6 | Employee health and safety

DF Grupo is aware of the importance of planning, developing and executing all its activities with the highest guarantees in terms of health and safety. The company therefore not only complies with the standards in force in all the countries where it operates, but also regularly complements these standards with additional measures.

DF Grupo promotes a safe and healthy working environment for all its employees, integrating risk prevention activities into the group's operations as a whole and at all levels of the organisation.

The health and safety culture goes further and extends not only to employees, but also to suppliers, collaborating companies, customers and any individuals associated with the group's activity for the purpose of preventing accidents and any other situation that could pose a risk to health.

The company has an occupational risk prevention department which, in coordination with external risk prevention services engaged by each business, is responsible for ensuring the well-being, health and safety of all employees in the workplace. Each of the group's businesses has its own Occupational Risk Prevention Plan and prevention activities schedule. This plan establishes the guidelines to be followed in relation to health and safety in the workplace, as well as a list of potential risks by business and the corrective measures to be implemented together with deadlines and cost-benefit analysis.

The company has established a Prevention Policy within the Occupational Risk Prevention Plan for each of its constituent companies. At present, an Occupational Risk Management Manual is being drafted that will set out the duties, rules and guidelines, action protocols and responsibilities corresponding to each level of the organisation.

Accident rates in 2019

| | | |
|--|----------------|-------|
| | Frequency rate | 2.79 |
| | Severity rate | 1.78 |
| | Incidence rate | 24.48 |

1. Frequency rate = (No. of accidents with sick leave/No. of hours worked) *200,000
2. Severity rate = (No. of days lost due to work-related accidents/No. of hours worked) *1,000
3. Incidence rate for work-related illness = (No. of cases of work-related illness with sick leave/No. of employees)* 1,000

5. People and talent



5.6 | Employee health and safety

Through training of its employees in occupational health, safety and well-being, DF Grupo aims to meet the needs for knowledge in this area, and to enhance the ability and capacity of employees to detect risks in the workplace. Training is therefore focused on the job or duties of each employee, and training is adapted to the evolution of risks and the emergence of new ones.

Likewise, the occupational risk prevention department monitors the state of employees' health in relation to the risks inherent to each job in order to detect signs of work-related illness, so that appropriate preventive measures can be taken to reduce and, as far as possible, eliminate accidents in the workplace. As of 31 December 2019, 91% of the group's staff had received health and safety training.



COMMITMENT



6. Protection and preservation of natural capital

6.1 | Commitment to the environment






Preserving and caring for the environment are basic principles that are becoming increasingly present and ingrained both in the fertiliser sector and in society. Therefore, in response to current social and legal demands related to the protection and preservation of the natural environment, DF Grupo has taken on the commitment to the promotion and upkeep of responsible environmental initiatives, and the company is bringing about improvements in sustainability in different business areas.

Another of the measures that the group has taken to strengthen this commitment to the environment has been the creation of a new company, DF Innova. As its name indicates, this company develops fertilisers that incorporate the latest technological innovations and are characterised by efficiency and care for the environment.

DF Grupo promotes responsible and efficient fertiliser use. For this purpose, it organises, through its sales and distribution companies, numerous talks and training events for farmers in which it demonstrates the best practices in terms of fertiliser use and stresses the importance of these practices for the environment.

With these types of initiative and projects, DF Grupo is working to become leaders in the sustainable culture within its sector in order to responsibly meet the needs of its customers. Therefore, it is no coincidence that the group's corporate image is a tree, a symbol of sustainability and commitment to the environment.

Main positive impacts produced by fertilisers on the environment:

| | | | | |
|---|--|--|--|---|
|  <p>They provide the necessary nutrients for adequate protection of biodiversity</p> |  <p>They enable intensification of agriculture on existing land, reducing the need for new cropland</p> |  <p>By reducing the surface area of agricultural land, water consumption decreases, which is essential, particular in areas prone to water scarcity</p> |  <p>They reduce erosion, store moisture and preserve soil</p> |  <p>They play an important role in mitigating climate change by removing CO₂ from the atmosphere and storing it in agricultural soils, which immobilise the emission of this greenhouse gas</p> |
|---|--|--|--|---|

6. Protection and preservation of natural capital

6.2 | Responsible use of resources and the circular economy

It is important for DF Grupo to stress the significance of the fertiliser sector in optimising resources and, therefore, in reducing the consumption of raw materials. We not only highlight the indirect impact the company makes by selling and distributing fertilisers, but also the fact that DF Grupo encourages the use of recovered material throughout its value chain in order to minimise the direct impact of its own activity. An example of the measures the company is taking is the fact that approximately 20% of the pallets used in 2019 were reused or recycled. Furthermore, in order to reduce its paper consumption, DF Grupo has implemented invoicing solutions that process both orders to suppliers and the purchase and sale of products and services online.

As regards the storage of products, the company complies with all the requirements of each of the countries in which it operates. All of them are stored in ports or warehouses authorised exclusively for handling fertilisers.

Likewise, DF Grupo has four facilities in different parts of the Iberian Peninsula for storing dangerous goods, all of them adhering to legal guidelines and requirements and, in a number of cases, complying with the demanding standards set by the EU Seveso Directive. It should be noted that dangerous goods only account for 1% of the total goods managed by DF Grupo.

The group is also working on a new hydraulic sizing project to install an autonomous fire suppression system, enabling it to respond to any environmental incident that may arise from the storage of these chemical substances.

Moreover, the group is carrying out a project to tackle non-reusable products and packaging. Through proper management, the useful life of such packaging is being extended in order to guarantee its ability to be recycled and reused. As part of this project, the group has entered into an agreement with the Spanish Association for the Recovery of Packaging (AEVAE), which binds the company to a system of collective responsibility for the management of packaging waste from professional agriculture, highlighting the group's commitment to sustainability.

Finally, the group promotes the responsible use of water as an essential element for life and for agricultural activity. With growing demand and an increasingly irregular climate that leads to water scarcity, the responsible and efficient management of water has become a priority for DF Grupo.



6. Protection and preservation of natural capital

6.3 | Energy efficiency and emissions reduction

Another environmental impact of DF Grupo's direct activity is the repercussions of energy consumption. Therefore, improving energy efficiency - resulting in reduced final consumption - has become a key goal that will allow the company to achieve a more sustainable and environmentally responsible model. Lowering emissions has become something society demands, and aware of this, DF Grupo has incorporated this requirement into all its processes.

The group considers responsible energy use to be a priority and is therefore carrying out projects to modernise its facilities in order to achieve the largest possible energy savings. In this aspect, two lines of work have been created. The first is to equip all the facilities with LED lighting, and the second is to install photovoltaic panels for self-consumption in all manufacturing facilities and warehouses with the highest energy expenditure, which will considerably reduce the group's carbon footprint.

Furthermore, in Portugal, a project has been launched for the installation of a transformer substation to increase the capacity of the electricity supply and therefore increase energy efficiency. The ultimate goal is to replace fossil-fuel-powered machinery with machinery that runs on electricity.

Through these actions, DF Grupo aims to achieve a significant reduction in the impact of its activity on the environment by means of energy savings and self-consumption.



Achieving efficient energy use is a priority for DF Grupo. This is why, in consideration of the EU 2030 Climate and Energy Framework and the Paris Agreement that sets out measures for reducing greenhouse gas emissions, DF Grupo will be reporting its carbon footprint. Its aim is to reduce this footprint and meet the decarbonisation targets proposed in both documents.

6. Protection and preservation of natural capital

6.4 | The role of DFGRUPO in the fight against climate change

DF Grupo is convinced that climate change can be mitigated through a series of actions that may be considered small on an individual basis, but whose joint impact will be great. Projects such as electronic invoicing, modernisation of lighting systems and encouragement of remote rather than face-to-face meetings are just the beginning of DF Grupo journey in its fight against climate change, to which the company is deeply committed. Therefore, taking into account the fact that the environment is a cross-cutting issue, we actively promote collaboration between the different departments and business areas to take on new projects that will make the company a role model for sustainability.



INNOVATION



7 Innovation and digital technology



7.1 | Focus on innovation

Innovation is a key tool for achieving sustainability for the business in the long term. DF Grupo knows that innovation and technology can guarantee the competitiveness that the company has demonstrated since it embarked on its activity more than 40 years ago by adapting to the constant changes in the market.

This commitment within the group places emphasis on the optimisation of resources and the implementation of initiatives to integrate all processes where synergies can be found, as well as the adoption of technologies that provide greater value to our activity.

7.2 | DFINNOVA banking on RD&I



For several years now, as we have highlighted throughout this report, the agricultural sector has been facing major challenges, such as climate change and meeting the demand for food supply, which stem from population growth. Because DF Grupo is aware that we live in a world in constant evolution, which is why it is banking on innovation as the main way in which to develop new ideas and products. Proof of this is the founding of DF Innova, an organisation that is strongly committed to research, development and innovation, commonly known as RD&I. This new organisation is focused on the segment of crop-specific fertilisers and its aim is to develop and promote the use of fertilisers for specific use with each crop, resulting in a better use of resources. What is more, this task is being performed by applying the latest developments in fertiliser technology to its products.

Through its action, DF Grupo has strengthened its commitment to RD&I and has also managed to promote the culture of innovation internally. This has become a cross-cutting issue within the group, with employees from different divisions and subsidiaries actively participating in RD&I projects and allowing everybody to take part in the results obtained in the field of innovation.

7 Innovation and digital technology



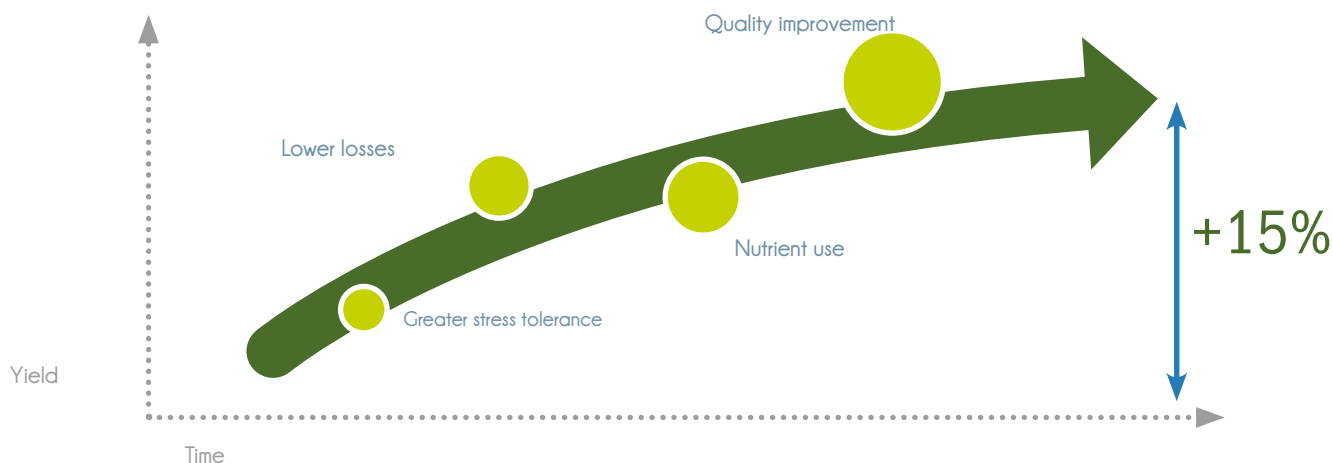
7.2 | DFINNOVA banking on RD&I

Demand for silicon fertilisers

DF Innova is at the heart of innovation and is aware of the importance of young people in the continuous development of its business. An example of this is the collaboration agreement with the University of La Rioja through which DF Innova has calculated yield losses and negative effects that silicon depletion in soil has on plants, as well as measures to be taken in order to achieve a crop's potential growth. Depletion is partially influenced by increasingly intensive agricultural practices, but mainly by abiotic factors that affect soil productivity, such as light, temperature and nutrients.

In order to improve soil performance, DF Innova developed a type of fertiliser that provided plants with high levels of silicon, which helped to improve soil productivity and thus the profitability obtained from crops.

On top of that, in addition to the improvement in yield, the use of silicon increased the stress tolerance of plants, resulting in an improvement in the quality of the food obtained.



It is also important to point out that, in addition to benefiting both DF Grupo and collaborators from different universities, these types of projects enable the University of La Rioja to receive significant funding as the result of its commitment to innovation.

Investments and grants in RD&I for silicon fertilisers

At the outset, in 2018, this project required an investment of 42,000 euros. In 2019, it continues to be consolidated through testing and analysis in our own customers' fields, allowing us to fulfil the task of providing training and awareness.

Investment in 2019 amounted to 76,000 euros.



7 Innovation and digital technology



7.2 | DFINNOVA banking on RD&I

Controlled-release nitrogen fertiliser for olive trees

This project is focused on research into and development of a new granulated fertiliser that allows the most efficient use of released nitrogen in olive orchards.

As a general rule, olive trees only use up to 50% of the nitrogen released by fertiliser. This has led the Fercoex subsidiary, in collaboration of INNOVA, to begin developing a novel modular complex designed to protect and increase the efficiency of the nitrogen released by these fertilisers, reducing losses as a result of the improvement in nitrogen capture by the trees.

The investment made in this and other innovation projects is an example of the great interest that DF Grupo has in innovation. The company is aware that it can create value in this area, through both the knowledge it possesses and the knowledge provided by the external organisations with which it forms strategic partnerships.

Investments and grants in RD&I for controlled-release nitrogen fertiliser for olive trees

| | | |
|---|---------------------|-----------|
|  | | 2017-2019 |
| | RD&I investment (€) | 1,489,973 |
| | RD&I grants (€) | 554,634 |

Furthermore, it is important to consider that both projects, which focus on fertiliser efficiency, not only improve crop yields, but also reduce raw material use. Through these actions, DF Grupo is once again demonstrating its commitment to sustainability and the environment, focusing innovation and development on both improving competitiveness and reducing the use of materials, which in turn means fewer emissions and less waste.

7 Innovation and digital technology



7.3 | DFBLUEAGRO for continuous improvement and innovation



In 2019, DF Grupo succeeded in joining forces with Blue Agro, a company with a remarkable track record in the field of innovation. This was made possible by the creation of a joint venture called DF Blue Agro. This company has a division specialising in research and development in the fields of agronomy and veterinary medicine, and it carries out its own projects through alliances with universities and top-level companies. The incorporation of this new business will help DF Grupo not only to advance in innovation, but also to grow into new markets beyond the fertiliser sector.

Through this action, DF Grupo is expanding its business structure and creating new synergies. With five projects already underway, the group's commitment to innovation is resolute:

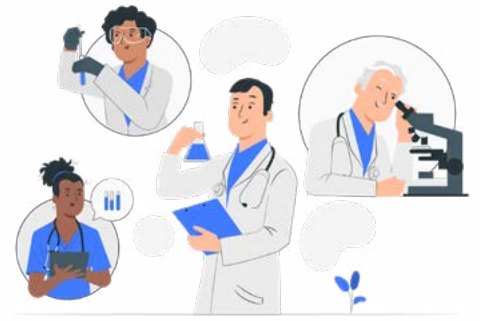
- **BIOFITOLEV:** development of a yeast-based product for the biocontrol of phytopathogenic fungi in growing crops and post-harvest.
- **BIOVID:** new sustainable biocontrol strategies to combat Botrytis blight in the vineyards of the Navarre region.
- **BIOFILT:** development of biological filters for pig slurry bioremediation.
- **3D FERTILISER:** granulated fertilisers using 3D printing technology.
- **HAZILORE:** development of new active products for the 3D printing of living materials.

These five projects have had their budgets approved by the competent institutions, having received grants owing to their innovative nature.

| | 2019 |
|---------------------|---------|
| RD&I investment (€) | 316,744 |
| RD&I grants (€) | 121,400 |



7 • Innovation and digital technology



7.4 | Expanding the culture of innovation

As can be seen in the success stories shown, DF Grupo, in collaboration with universities, technology centres and public and private research centres, is constantly researching and developing new products adapted to the needs of the soil and climate of every region, combining innovation and care for the environment.

In this context, both because of the company's wide range of activities and its international presence, the actions taken by DF Grupo in the field of technology and innovation will always be characterised by strategic partnerships, both with the academic ecosystem and with the business community.



ADDING VALUE



8. Social value creation

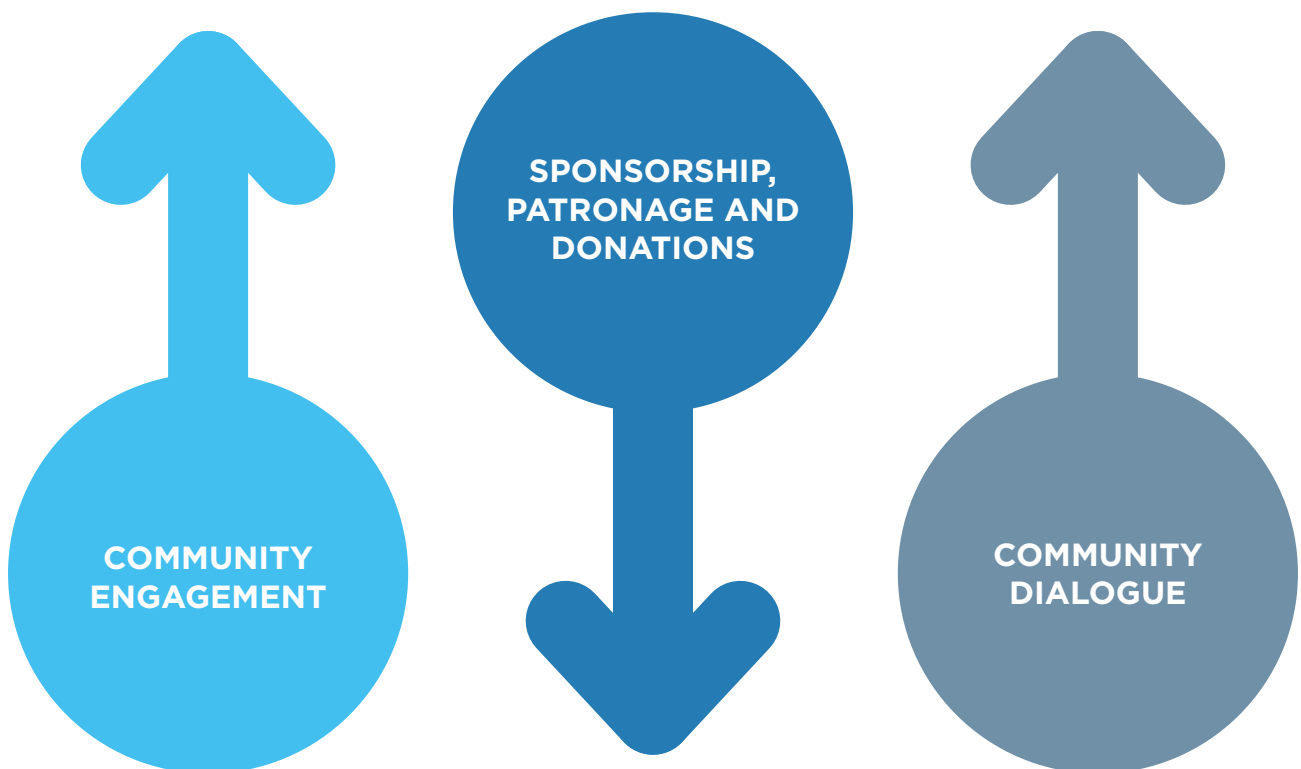


8.1 | The DFGRUPO commitment to sustainable development in the communities where we operate

DF Grupo contributes to the economic and social development of the regions where it has a geographical presence, bringing value and development to those places. It is of vital importance for the group to achieve integration and create a positive impact on each local community, which is why it studies the social and environmental impact of its activity to ensure respect for their culture, standards and the immediate environment at all times.

DF Grupo creates value for society, both through its own value creation chain and through collaboration with different entities, non-governmental organisations and local communities. The group divides its commitment to the development of the different regions through three lines of action: local collaboration; sponsorship, patronage or donation actions; and community dialogue.

Lines of action for social contribution:



8. Social value creation



8.1.1 | Community engagement

DF Grupo strives to contribute socially to the communities of which it is a part and in which it carries out its activities, not only by providing economic dynamism, employment and assisting population retention, but also by meeting other needs and expectations.

DF Grupo collaborates in Spain with different supported employment centres (AMAFI) for the inclusion of people with disabilities and an association of families with disabled members (AMIBIL). It also collaborates with different universities on research projects and through work placements for students from both universities and vocational training centres.

Internationally, the group collaborates with two institutions in Angola where it has been participating for several years not only by contributing materially, but also by training the local community in the development of agricultural activity.

8.1.2 | Community dialogue

DF Grupo's commitment to the communities in which it operates is expressed through the pursuit of fluid, proactive, transparent and participatory dialogue. It is of concern to DF Grupo that the appropriate channels are established to enable it to gauge the impact of its activity and to respond to the needs and expectations of local communities.

For this purpose, DF Grupo has set up the necessary channels through which to communicate with its stakeholders. In addition to providing the company's e-mail address and contact telephone number, the DF Grupo website has a contact form for submitting comments and suggestions.



8. Social value creation



8.1.3 | Sponsorship, patronage and donations

Through its sponsorship, patronage and donation programme, DF Grupo supports actions and initiatives that bring value to local communities. Essentially, DF Grupo supports and promotes culture, education and sport through monetary contributions, and the creation of initiatives that benefit the community through associations that work in the immediate setting.

Clear examples of this support are the sponsorships entered into during 2019 for agriculture-related competitions and festivals, children's sports activities, cultural activities and patron saint celebrations in the towns where the group's constituent companies operate, in addition to collaborations with associations for people with physical and intellectual disabilities.

8.2 | Customer focus

8.2.1 Customer orientation

Customers are the key to DF Grupo's business. For this reason, all the employees who make up the company are involved with building solid relationships based on trust and long-term sustainability. Excellent, personal service and fluid communication cover a wide range of merits. And these, together with the never-ending development of new products, are the pillars on which we base our pursuit of customer satisfaction.

DF Grupo has a very broad customer base in terms of type and geographical location. The countries with the highest volume of sales volume are Spain, Portugal, Angola, Morocco, France, Algeria and Mozambique. Owing to the great diversity of its customers, DF Grupo is constantly adapting in order to guarantee service that meets the needs of each of the markets in which it operates.

The group is also aware that offering good customer service is essential to guarantee their satisfaction and loyalty, and that this can only be achieved through listening, being self-critical and putting lessons learnt into practice. Therefore, in order to be able to meet the demands and expectations of its customers, DF Grupo is working tirelessly to review and improve its procedures in relation to the handling and management of its customers' expectations. This work lays the foundations of trust on which to build long-term relationships.

In addition, the DF Grupo website provides customers with a contact form through which to request more information about the products and services for the purpose of resolving any doubts or queries regarding the group's activity.

8. Social value creation



8.2.1 | Customer orientation

2019 Customer Satisfaction Survey

DF Grupo regularly conducts a Customer Satisfaction Survey in all its constituent companies through which it evaluates the group's performance as a whole. The aim of this survey is to enable the company to detect possible areas for improvement, and then to implement such improvements through action plans.

In the 2019 Customer Satisfaction Survey, DF Grupo's customers quantitatively assessed the management of the physical and agronomic quality of its products, in addition to measuring performance of the sales and distribution and logistics divisions and the administrative department. Finally, it included questions on the relationship existing between company and customer.

Summary of the results obtained:

| | | |
|---|--|--------|
|  Physical quality of the products supplied |  | 4.40/5 |
|  Agronomic quality of the products supplied |  | 4.61/5 |
|  Sales and distribution division performance |  | 4.55/5 |
|  Logistics division performance |  | 4.11/5 |
|  Administrative department performance |  | 4.53/5 |

8. Social value creation



8.2.2 | Product excellence

DF Grupo is a responsible company with a team of professionals who dedicate their everyday efforts to guaranteeing the highest quality in both the service and the products they offer their customers. The group's commitment exceeds mere compliance with the law and endeavours to meet the demands of its customers by entering into collaborations to ensure the continuous improvement of products and processes.

DF Grupo's desire to offer quality services and products has led to its commitment to innovation as a way of consolidating its position of leadership in the sector and to offer its customers tailor-made solutions. What is more, DF Grupo is collaborating with the Spanish Fertiliser Trading Association (ACEFER) on preparing a code of good trade practices.

DF Grupo also has an Integrated Quality Policy that sets out the parameters and guidelines to be observed in order to offer products with greatest guarantees. As shown in the company's materiality assessment, DF Grupo places special importance on personal health and safety. Consequently, all products and services are assessed for any possible impacts they might cause on the health and safety of consumers.

Finally, to highlight the efforts made by DF Grupo in this area, no case of non-compliance with regulations regarding the impact on the health and safety of its consumers has been recorded to date since the beginning of our activity.




8. Social value creation

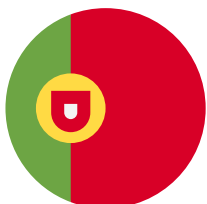


8.3 | Strengthening the value chain

SUPPLIERS IN SPAIN (2019)

|  | | Sales | Manufacturing | Logistics | Others |
|--|------------------------------------|-------------|---------------|-----------|-----------|
| | Number of suppliers | 1,225 | 438 | 299 | 235 |
| | Number of local suppliers | 1,144 | 412 | 296 | 235 |
| | Purchases from suppliers (€) | 213,064,469 | 18,059,113 | 1,816,915 | 2,789,131 |
| | Purchases from local suppliers (€) | 71,297,137 | 15,008,956 | 1,807,535 | 2,789,131 |

SUPPLIERS IN PORTUGAL (2019)


|  | | Sales | Logistics |
|---|------------------------------------|------------|-----------|
| | Number of suppliers | 243 | 129 |
| | Number of local suppliers | 164 | 124 |
| | Purchases from suppliers (€) | 56,266,795 | 1,594,459 |
| | Purchases from local suppliers (€) | 26,749,872 | 1,554,233 |

8. Social value creation

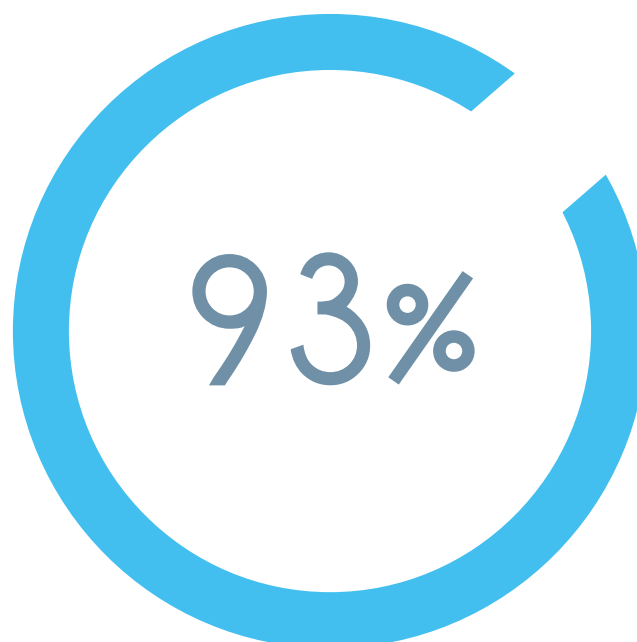


8.3 | Strengthening the value chain

SUPPLIERS IN MOROCCO (2019)

|  | | Sales | Logistics |
|--|------------------------------------|------------|-----------|
| | Number of suppliers | 92 | 20 |
| | Number of local suppliers | 91 | 20 |
| | Purchases from suppliers (€) | 16,144,278 | 873,465 |
| | Purchases from local suppliers (€) | 2,826,113 | 873,465 |

LOCAL SUPPLIERS (2019)





INFORMATION

9. About this report



9.1 | Introduction

DF Grupo has prepared its first Sustainability Report in order to validate its commitment to the transparency and sustainability of its activity, as well as its responsibility towards its stakeholders.

This report focuses on the non-financial issues that DF Grupo stakeholders consider most relevant. It also covers all the activities carried out by DF Grupo during 2019, as well as information on the group's business model and governance, strategy and long-term vision in an endeavour to provide balanced, complete and accurate information.

This report is based on the materiality assessment performed, whose purpose was to identify and prioritise non-financial aspects of importance to DF Grupo's business and stakeholders. Once identified, they were compiled in this report according to their degree of importance.

The guidelines and principles set out in the Consolidated Set of Global Reporting Initiative (GRI) Sustainability Reporting Standards were applied during the process of preparing this report. The application of these guidelines ensured that once the important issues were identified, all issues and indicators of significance to DF Grupo stakeholders could be included in the report.

Attention has also been paid to the requirements of Directive 2014/95/EU on non-financial reporting and diversity, transposed into the Spanish Law 11/2018, despite not being applicable to DF Grupo.

9.2 | Scope of the information

The information included in this report refers to all the activities and services provided by DF Grupo.

Given the company's international presence, the scope of the information contained in this document corresponds to the scope of consolidation used in the financial consolidation, in which 100% of the companies in which the group has a controlling interest are included.

Where deviations from this scope may occur, this is explicitly stated together with the corresponding information.

9. About this report



9.3 | Materiality assessment process

The assessment of non-financial issues of significance to DF Grupo and its stakeholders consists of identifying potential matters of importance, prioritising these matters according to their importance for the business and its stakeholders, and validation of the result by the group's management.

The stages of the of materiality assessment process conducted by DF Grupo are listed below.



- **Issue identification:** the identification of possible material issues for DF Grupo is supported by the following sources:
 - Requirements of Spanish Law 11/2018 on non-financial reporting.
 - Material sector issues identified in Global Reporting Initiative (GRI) Sustainability Topics.
 - Materiality issues identified in the Sustainability Accounting Standards Board (SASB) Materiality Map.
 - Material issues identified by SAM for the Dow Jones Sustainability Index (DJSI).
- **Issue prioritisation:** in order to prioritise the identified issues, surveys are conducted among the following stakeholders:
 - Internal: managers and employees.
 - External: suppliers, customers, partners and financial institutions.

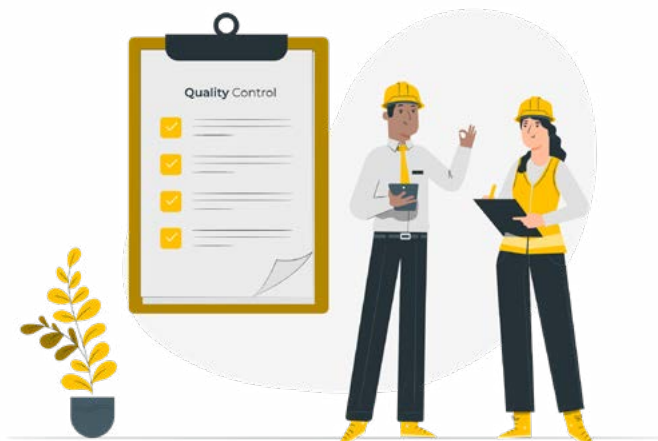
9. About this report



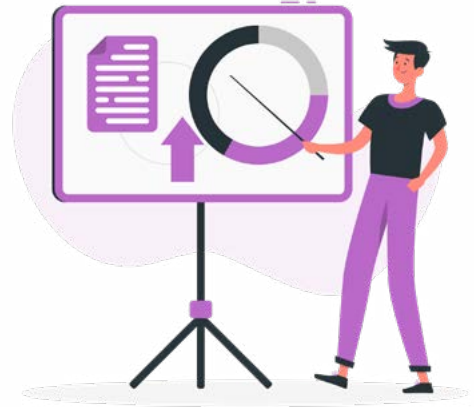
9.4 | Compliance with reporting standards

As previously indicated, this report was prepared based on the guidelines and indicators contained in the GRI reporting standards. In this sense, the principles for defining the content of the report and the principles for defining the quality of the report were applied.

| REPORTING PRINCIPLES FOR DEFINING REPORT CONTENT | |
|--|--|
| Stakeholder inclusion | DF Grupo consulted its internal and external stakeholders in order to prioritise significant non-financial issues. |
| Sustainability context | The report analyses the company's performance in the context of the social, environmental and economic requirements of its setting. |
| Materiality | DF Grupo performed a materiality assessment of the most significant non-financial issues for the business and its stakeholders, as stated in section 9.3. "Materiality assessment process", in this chapter. |
| Completeness | To the furthest possible extent, DF Grupo has reported the identified material issues in a detailed and homogeneous manner, according to its importance. |



9. About this report



9.4 | Compliance with reporting standards

| REPORTING PRINCIPLES FOR DEFINING REPORT QUALITY | |
|--|--|
| Accuracy | This report provides sufficiently detailed information to enable stakeholders to assess the group's performance in non-financial matters. |
| Balance | The report reflects both positive and negative aspects of the company's performance, enabling a reasoned assessment of overall performance by any DF Grupo stakeholder. |
| Clarity | The information in this report is presented in a structured, understandable and streamlined manner. In order to ensure its correct understanding, the use of technical terms was avoided. Figures, tables and indicators were also used to allow a better understanding of the information included. |
| Comparability | The information compiled in this report was included in a way that facilitates comparison with that of subsequent years. |
| Reliability | The information included in this report was reviewed by the members of DF Grupo responsible for each issue included in the report. This report has not been verified by an independent third party. |
| Timeliness | DF Grupo intends to publish its sustainability reports on an annual basis. |

9.5 | Queries and additional information

For more information about DF Grupo's sustainability policies, practices and strategy, please visit www.dfgrupo.com or submit any relevant queries by e-mail to compliance@dfgrupo.com





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