

Environmental Statement

OSI Food Solutions Spain, S.L.

2016





Phil Marsden
European Managing Director

Our vision is to lead the reduction of our environmental impact in our business and our supply chain

At OSI, we understand the environment as a fundamental part of our business, within our facilities and in the supply chain. We are constantly implementing improvements in our facilities and identifying projects that allow us to reduce the environmental impact. We work closely with our suppliers to achieve the standards we have set for them.

OSI has implemented a set of measures that allow us to evaluate our performance and determine the improvements, establishing targets at a global, European and local level. These targets are associated with our vision and European sustainability strategies, defining clear and measurable objectives in our facilities.

OSI is committed to being a leader in this area and we will continue to focus our efforts on positive actions that allow us to reduce our environmental impact.



José María del Río
Managing Director of OSI Food Solutions Spain, S.L.

The objective of sustainable development is "to meet the needs of the present without endangering the ability of future generations to meet their own needs"

OSI, an international food company, has a team of highly qualified specialists and proven management systems to create top quality products. Meat is a very sensitive food. During our more than 50 years of experience in the production of meat products, we have developed a special sensitivity to ensure its management and conservation in the best conditions. We know that meat is an important product in the diet of the population.

Our most important objective is "food security and unquestionable quality" and can only be achieved by being able to bring together business objectives, social conditions and environmental aspects.



Our contribution to healthy nutrition

A commitment to sustainability, quality and food safety.

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COMPANY PROFILE

OSI Food Solutions Spain, S.L. has been producing meat products for 30 years in Toledo. Belonging to the industrial group OSI Group, in 1981 it began its journey in Spain with the name of Cylo (later LyO Products Cárnicos S.L. and then Esca Foodsolutions S.L.), when McDonald's opened its first restaurant in Madrid. In 1991 the activity was transferred to the current facilities and in 1999 the chicken plant was built on the same plot.

OSI Food Solutions in Spain has its headquarters in Toledo in the industrial estate, where the processing plants and administrative offices are located with a total of 7280.55 m² built on a plot of 15,680 m². This data will be modified in 2017 with the completion of the extension project for the chicken plant.

Its activity is the production of minced beef, beef and veal preparations, pork meat preparations and pre-cooked chicken, with its own microbiological laboratory. According to the R.D. 475/2007, CNAE 10.13 is their corresponding code.

As of December 31, 2016, the number of people working in the organization was 142.

During 2016, the volume of production reached 25,696 tonnes, of which 15,205 tonnes correspond to the beef plant and 10,491 tonnes to the chicken plant.

The scope of the environmental management system covers the production of minced beef, beef and veal preparations, pork meat preparations and pre-cooked chicken at the facilities located at Avda. Río Jarama, 152 in Toledo.

The Management System is oriented towards compliance with the requirements of the UNE-EN-ISO 14001: 2015 Standard and the EMAS Regulation. This ensures that the activities, facilities, services and products of OSI comply with the regulatory environmental requirements and others that the organization subscribes, ensuring the conservation of the Environment.

OSI has an organizational structure focused on achieving the expected results in its management Systems.

The scope includes external and internal issues that affect OSI's ability to achieve the results expected in the environmental management system. These external and internal issues are identified according to the identification procedure established in the system.

OSI is located in an industrial estate, which reduces the environmental impact on the environment. However, there is a residential area within the estate, as well as other neighbouring companies. The Management of OSI is aware that it must take all the necessary measures to carry out its activity in a sustainable manner considering its authority and capacity to exert control and influence. Every year an evaluation of the environmental aspects of the organization is carried out, as well as the risks and opportunities, and the objectives and / or operational control measures are established, from a life cycle perspective.

In the integrated environmental authorisation, measurements of periodic emissions and noise are established to verify regulatory compliance and an annual report is issued to monitor the authorisation that is annually introduced in the INDA application of Castilla La Mancha for the benefit of the competent authorities.

There are some process indicators that allow verification that the processes are within the established margins. In case of deviations, these are analysed and the necessary actions are taken, if applicable.

OSI has a wastewater treatment plant prior to its discharge into the public waterway to the municipal wastewater treatment plant. In compliance to the integrated environmental authorization, verification analysis within established parameters are carried out monthly. The treatment plant has a deodorization system to reduce the impact of odours to the exterior regions.

The average daily production capacity is more than one million beef burgers, more than 300,000 chicken burgers and almost two million pieces of nuggets. The finished product is distributed throughout Spain, Portugal and Andorra.

The company was certified in a Quality Management System according to ISO 9001 standard certified by AENOR from year 1998 to 2014, the year in which, following its philosophy of continuous improvement, it was replaced by the FSSC 22000 food safety system certification.

In 1999, it was certified by an Environmental Management System according to the ISO 14001 standard and from 2007, the Organization decided to go one step further in its commitment to the environment by making the annual EMAS declaration. The current one is made based on the requirements of Regulation 1221/2009.

Interested parties	Needs and expectations	Environmental Obligations	Procedure and Communication Strategies (Manual Chapter 5)
Owners/shareholders/executives	Efficient business Productivity and profit Good reputation, demonstrate and ensure leadership and commitment to the system of food safety and environmental management	Certification of Environmental Management System ISO14001 EMAS Certification Identification and evaluation of legal compliance and other requirements to which the organization subscribes	Annual review of Management and environmental objectives Sustainability Magazine of the OSI Group EMAS Environmental Declaration Environmental Policy
Employees/unions and works councils	Job stability Financial security Good working environment Safe atmosphere and having the necessary resources to meet food security and environmental performance requirements	Training programmes Awareness Days (Celebration of World Environment Day)	Regular meetings with the Works Council and managers Environmental Committee Meetings OSI Group Environmental Forums EMAS Environmental Statement Informative/training presentations
Clients and/or their legal representatives	Quality Product Food security Brand protection	Environmental indicators and objectives Determination of Carbon footprint	Compliance with customer specifications Sustainability magazine of the OSI group EMAS Environmental Statement
Suppliers	Consistent volume Business Continuity Fair prices Technical support	Good environmental performance of suppliers	Audits and/or application for relevant authorisations Informative/training meetings, where appropriate.
Government and competent authorities/environmental organisations	Legal Compliance Ability to improve the environmental performance	Integrated Environmental Authorization, legal compliance Promotion of reuse and recycling Continuous improvement	EMAS Environmental Statement Integrated Environmental Authorization Annual Monitoring and Compliance Report Annual notification PRTR ACRO and INDA database /Packaging declaration Ecoembes
Organizations and companies in the sector	Good partners and collaborators Good reputation	Agreements and compliance with standards and specifications	Industry forums and meetings
Neighbouring companies/residents/community	Clean and safe atmosphere Legal compliance and good environmental performance	Compliance with legal parameters according to the integrated environmental authorization and continuous improvement program.	EMAS Environmental Statement in Castilla La Mancha site

STRENGTHS	WEAKNESSES
CERTIFIED STANDARDS	LIMITATION OF GEOGRAPHIC EXPANSION
GLOBALLY ESTABLISHED MULTINATIONAL	INNOVATION CAPACITY
PERMANENT STAFF	INFORMATION MANAGEMENT
AVAILABLE RESOURCES	LITTLE PUBLICITY
COMMITTED LEADERSHIP	MULTILINGUAL STAFF

THREATS	OPPORTUNITIES
CHANGES IN EATING HABITS	AVAILABLE TECHNOLOGY
LIMITED NATURAL RESOURCES	NEW MARKETS
CLIMATE CHANGE	ENERGY EFFICIENCY
TERRORISM	NEW PRODUCTS
STAKEHOLDER STRIKES	NEW PROCESSES

OUR STRUCTURE



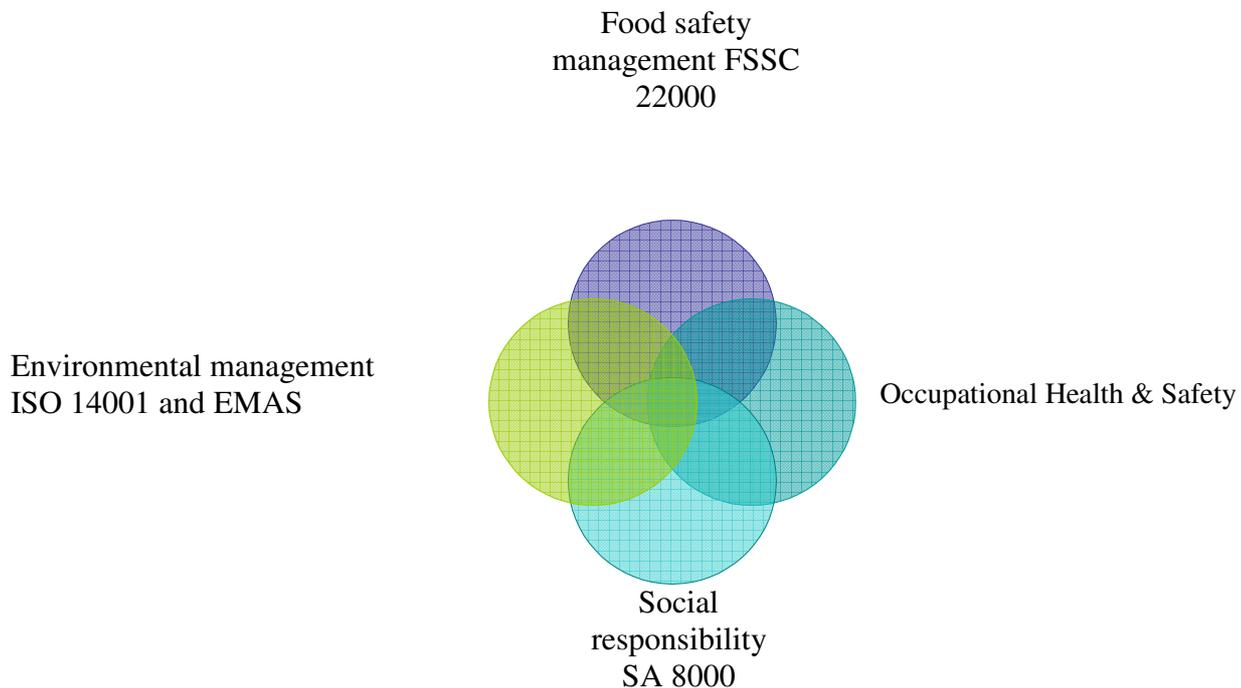
INTEGRATED MANAGEMENT

This means the union of several OSI management systems to build a general system with the sole objective of taking advantage of synergies and sharing information. The elements which constitute it are:

- FSSC 22000 food safety management system
- Environmental management system ISO 14001: 2004
- EMAS III Regulation: Regulation 1221/2009
- Occupational Health & Safety
- Social responsibility SA 8000

The resulting transparent structures and processes improve the identification and implementation of potential improvements quickly.

The information collected is shared through the system.



ENVIRONMENTAL MANAGEMENT SYSTEM

The regulatory references on which the environmental management system has been developed are:

- ISO 14001: 2004
- Regulation 1221/2009

The environmental management system is integrated with the food safety system. The documentation that defines them is the following:

- Manual
- Procedures, when they are necessary
- Formats, which include instructions and reference values that are required
- Specifications

The control and monitoring of the processes is done through a system of indicators that are valued monthly. This allows time for taking corrective actions, if necessary.

The environmental aspects are valued annually to determine their significance depending on the variations that have occurred with respect to the previous year, and objectives are established which are reviewed quarterly.

The organizational structure of OSI is divided into different Departments that depend on General Management: Quality and Environment, Operations, Maintenance, Purchasing, Human Resources and Administration.

The Head of Quality and Environment is the representative of the Directorate for the environment, informing Management of the operation, implementation and suitability of the environmental management system and EMAS.

The Management of OSI is responsible for defining and broadcasting the company's quality and environmental policy, establishing environmental objectives and providing the necessary means to define, implement and permanently update the environment and EMAS system. The Management System is subject to periodic internal and external audits.

All this is assessed in the yearly review of the system by the Directorate, which records the evolution of the system and the proposals for continuous improvement.

Environment Policy

OSI Europe, a group to which the company OSI FOOD SOLUTIONS SPAIN, S.L. belongs, produces food, fresh and frozen, from the processing of raw meat products from beef, pork, chicken and vegetable raw materials. The company is aware of the effect of its operations on the environment and recognizes environmental management as a fundamental part of its business.

These operations are carried out through a sustainable environmental management system and the organization is committed to continue improving its environmental performance and protecting the environment, including the prevention of pollution and other specific commitments related to the context of the organization. This policy is appropriate to the context of the organization and constitutes the basis for the establishment of environmental objectives.

To help meet this goal, the organization has an environmental policy that consists of several environmental principles which are described below:

:

1. Compliance with all current regulations and all applicable legal requirements, as well as the requirements of the client and any other requirement, not required by law, but which the organization subscribes.

We periodically identify all applicable environmental legislation, legal requirements, requirements of our client and other requirements not required by law that the organization subscribes, ensuring compliance in our production plants.

2. Minimize the risk of environmental contamination through the environmental risk assessment system.

The environmental risks and opportunities are identified, of all the potential risks that result from the processes or products manufactured by the company, being continuously monitored, documented and evaluated. There are control measures to prevent or reduce risks.

3. Conservation of resources.

Our objective is to optimize the use of the materials used within our organization through a continuous review, identifying more appropriate environmental alternatives. Through this process of continuous improvement, we minimize the risk of environmental contamination in aspects such as waste, effluents and emissions

4. Improve energy efficiency.

Whenever possible, we use the best technology available to us, which allows us to minimize any adverse effects on the environment and improve our energy efficiency.

5. Continuous improvement of our environmental management system.

We periodically evaluate and review the performance of the environmental management system to improve our system.

6. Environmental education and awareness.

We promote the understanding and acceptance of environmental actions in our company, through programmed training and information for our employees and visitors.

7. Working together with our employees, customers and suppliers to support these principles.

We work with our customers and suppliers, optimizing our products and manufacturing processes according to our environmental commitments. OSI participates and strongly motivates its service providers and other suppliers, sharing values and establishing high standards for its environmental performance.

8. Environmental communication.

We communicate the environmental policy and any other relevant environmental information to employees, customers, suppliers and any interested person or party that requests it.

Phil Marsden

Managing Director – OSI Europe
(June 2017)

ENVIRONMENTAL PRINCIPLES

Mission

The protection of the environment is a prominent concern among the principles of the organization. Therefore, we have defined new standards that we have passed on to our service providers and raw materials in order to extend them throughout the chain.

Resources

The use of resources is optimized through the continuous review of the use of materials and the organization of the company to find the alternative with the least environmental impact.

Use of energy and emissions

We are continuously reducing the use of energy and reducing emissions through the use of the best available techniques. The internal and external monitoring systems help control and continuous improvement of all processes.

Environmental impact

We strive to reduce the impact on the environment.

Environmental industrial protection

We favour the industrial protection of the environment through the definition of concrete environmental objectives and the active control of the indicators.

Training and information

We promote knowledge and understanding of the ecologically relevant contexts in our company through a defined training and through the information given to all our visitors.

Environmental objectives

Our environmental objectives are reviewed annually in the System Review by the address and as many times as necessary. In addition, our suggestion boxes and interdepartmental meetings help us to implement recommendations for improvement.

COMPLIANCE WITH LEGAL REQUIREMENTS

OSI Food Solutions Spain, S.L., has an extract of legal requirements related to the environment in which the aspects applicable to its facilities are identified, the degree of compliance and the follow-up to be carried out in each one of them.

The identification and registration of applicable requirements is articulated around the daily systematic reading of the official bulletins corresponding to these administrations:

:

- European Union DOCE
- Spanish State BOE
- Autonomous community of Castilla la Mancha DOCM
- Province of Toledo BOP
- Portuguese State Official Journal

The documentation provided by ANICE (National Association of Meat Industries of Spain) and Ecoembes is valued with systematic similarity, mainly with regard to the drafts for laws in progress, in its sectorial discussion phase.

The environmental requirements applicable to various aspects of the activity are related to:

- Water, among others:
 - Ordinance regulating environmental pollution of the City of Toledo. *Water coming from production, cleaning and sanitation arrive at the purification plant where they are mixed and subjected to physical-chemical treatment. After undergoing purification, they are derived to municipal collector. A sampling well is available, easily accessible, before the final discharge to the municipal sewage system. There is a system for measuring discharge flows with continuous recording. A monthly analysis of the discharge parameters is carried out: conductivity, COD, BOD5, pH, temperature, oils and fats, suspended solids, sedimentable solids, sulphides, chlorides, iron, nitrogen and phosphorus in accordance with the provisions of the integrated environmental authorization.*

- **Atmosphere, among others:**

- Royal Decree 508/2007, of April 20, which regulates the provision of information on emissions of the E-PRTR Regulation and integrated environmental authorizations. Modified: Arts. 3, 4, as indicated in annexes II and III and art. 8, by Royal Decree 102/2011, of January 28 (Ref. BOE-A-2011-1645). Art. 3.1 and annex II, by Royal Decree 812/2007, of June 22 (Ref. BOE-A-2007-12354). *Complying with specifications of the integrated environmental authorization in compliance with this regulation, OSI notifies annually in the first quarter of each year the emissions of pollutants to the corresponding institution.*
- Regulation 2037/2000 of the European Parliament and Council of 29 June 2000 on substances that deplete the ozone layer. *In compliance with the integrated environmental authorization, within the use of fire safety systems and leak detection to reduce the risk of fires, extinguishing systems that contain substances included in this Regulation are not used. On the other hand, with regard to the use of R-22 refrigerant, as of January 1, 2010 the use of pure hydro chlorofluorocarbons is prohibited for the maintenance and repair of refrigeration and air conditioning units existing on that date and from January 1st in 2015, all hydro chlorofluorocarbons are prohibited. OSI eliminated the R-22 from the equipment according to the current established regulations.*
- Law 34/2007 of 15 November on air quality and atmospheric protection. It adopts an integrated approach to include in its scope all relevant sources of which anthropogenic emissions are estimated to develop the Spanish inventory of emissions, trying to achieve universality in the application of the general requirements thereof. On the other hand, it complements this integral approach with a classic control tool such as the subjection of certain facilities, in which activities that potentially pollute the atmosphere are developed, to a regime of specific administrative intervention. To do so, it identifies and assigns, where appropriate, any of the three groups A, B and C included in the Law, those activities that are considered subject to specific and individualized control. *Annex IV has been replaced by Royal Decree 100/2011, of 28th January, which updates the catalogue of activities potentially polluting the atmosphere and establishes the basic provisions for its application.*

- o Decree No 833/1975 of 6 February 1975 implementing Law No 38/1972 of 22 December 1972 on the protection of the atmospheric environment. Titles I, II, III, IV and what is indicated in Annex I are repealed by ROYAL DECREE 102/2011 of 28 January (Ref. BOE-A-2011-1645). Titles V, VI, VII and Annex IV are repealed with the exception indicated by ROYAL DECREE 100/2011, of 28 January (Ref. BOE-A- 2011-1643).

- o Royal Decree 100/2011, of 28 January, updating the catalogue of potentially polluting activities to the atmosphere and establishing the basic provisions for its application. The purpose of this Royal Decree is to update the catalogue of potentially pollutant activities contained in Annex IV of Law 34/2007, of 15 November, on air quality and protection of the atmosphere, as well as to establish certain basic provisions for its application and minimum common criteria in relation to the measures for the control of emissions that may be adopted by the autonomous communities for the activities included in said catalogue. Any provisions of equal or lesser rank that oppose the provisions of this Royal Decree, and in particular Titles V, VI and VII and Annex IV of Decree 833/1975, of 6 February, implementing Law 38/1972, of 22 December, on the Protection of the Atmospheric Environment, are hereby repealed. However, Annex IV of Decree 833/1975, of 6 February, shall apply to those installations not considered in Article 5.1 and may be used as a reference for the purposes of Section e of Article 5.2, as long as there are no regulations establishing other emission limit values. References to the emission limit values in the aforementioned annex shall also continue to be applicable to authorisations granted prior to application of this Royal Decree. The Order of 18 October 1976 on the prevention and correction of industrial pollution of the atmosphere is also repealed. *OSI is classified as category B: Processing products of animal origin with a capacity $\geq 4,000$ t/year. The boilers are classified as category C as they have a power greater than 70 Kw. In accordance with the integrated environmental authorisation, the emission sources are identified and triennial measurements are carried out for combustion and particle emission sources. These measurements are carried out by an OCA. The air quality will be evaluated through the measurements of the immissions made by the Castilla La Mancha Air Pollution Control Network.*

- o Royal Decree 102/2011 of 28 January on the improvement of air quality. The purpose of this Royal Decree is to define and establish air quality objectives, in accordance with Annex III of Law 34/2007, with respect to concentrations of sulphur dioxide, nitrogen dioxide and nitrogen oxides, particulates, lead, benzene, carbon monoxide, ozone, arsenic, cadmium, nickel and benzo (a) pyrene in ambient air. To regulate the assessment, maintenance and improvement of air quality in relation to the substances listed in the previous paragraph and polycyclic aromatic hydrocarbons (PAHs) other than benzo (a) pyrene. Establish common methods and criteria for the assessment of concentrations of the controlled substances in paragraph 1, mercury and PAH and of the deposition of arsenic, cadmium, mercury, nickel and PAH. To determine the information to the public and the European Commission on the concentrations and depositions of the substances mentioned in the previous sections, the fulfilment of their air quality objectives, improvement plans and other aspects regulated in this standard. To establish, for ammonia (NH₃), in accordance with Annex III of Law 34/2007, evaluation methods and criteria and to establish the information provided to the public and to be exchanged between administrations. All this with the aim of avoiding, preventing and reducing harmful effects on human health, the environment as a whole and other goods caused by the above substances. *Royal Decree 508/2007, of 20 April, which regulates the supply of information on emissions of the E-PRTR Regulation is modified.*

- o Royal Decree 1367/2007, of 19 October, developing Law 37/2003, of 17 November, on Noise, with regard to acoustic zoning, quality objectives and acoustic emissions. In accordance with the integrated environmental authorisation, OSI measures noise levels triennially, both during day and night-time periods, at such points outside the installations that are considered representative. Noise levels must not exceed LK_{eq} 70 during the day and evening and LK_{eq} 60 at night. LK_{eq} is the corrected noise index of the indicated time period.

- **Waste, among others:**

Law 22/2011 of 28 July on waste and contaminated soil. The purpose of this Law is to regulate waste management by promoting measures that prevent the generation of waste and mitigate the adverse impacts on human health and the environment associated with its generation and management, improving efficiency in the use of resources. It also aims to regulate the legal regime of contaminated soils. *In accordance with the integrated environmental authorization, OSI segregates waste according to the categories contemplated, not to be mixed among them, with special attention to the mixture between hazardous and non-hazardous waste, being packaged and labeled in accordance with current regulations. Any incident that occurs during generation or storage or management would be brought to the attention of the competent body. The waste containers are duly labelled and are not stored for more than 6 months in the case of hazardous waste. Waste management is carried out with authorised waste managers and is accredited by means of waste acceptance documents and control or monitoring documents or proof of delivery of same. OSI has a hazardous waste management log-book that identifies the nature and the quantity of the waste, the start and end dates of storage, the date of transfer to an authorised company, the frequency of collection and the means of transport. There is physical separation between hazardous and non-hazardous waste to guarantee the absence of cross-contamination during classification and storage work. Internal waste management is carried out and supervised by qualified personnel. The following parameters of sewage sludge are analysed annually by an external laboratory in: pH, conductivity, dry matter, ashes, organic matter, total N2, total phosphorus, K, Cr, Cd, Cu, Hg, Pb, Zn and Ni.*

- Order MAM/304/2002, of 8 February, publishing waste recovery and disposal operations and the European waste list. Correction of errors in BOE no. 61 of 12 March 2002 (Ref. BOE-A-2002-
- Decree 21 January 2003, from the Ministry of Agriculture and Environment of Castilla la Mancha on specific technical standards for hazardous waste storage and transfer facilities. This Order applies to all hazardous waste transfer centres and warehouses. Storage of end-of-life vehicles that shall be governed by their specific regulations (Order of 18 December 2001 of the Ministry of Agriculture and Environment) are excluded, although the hazardous waste store at these facilities must be adapted to this technical instruction. *OSI's hazardous waste repository is properly marked. It has an upper deck to avoid adverse weather conditions. Storage allows for proper ventilation and liquid waste, such as used oil, having a corresponding containment tank. Waste treatment and management is aimed at recovering useful components by means of recovery or regeneration.*
- Regulation 1069/2009 of 21 October 2009 laying down health rules concerning animal by-products and derived products not intended for human consumption and repealing Regulation (EC) No 1774/2002 (Animal by-products Regulation). This Regulation lays down public and animal health rules applicable to animal by-products and derived products in order to prevent and minimise risks to public and animal health posed by said products, and in particular to preserve the safety

of the food and food chain. Commission Regulation (EU) No 142/2011 of 25 February 2011 laying down detailed rules for the implementation of Regulation (EC) No 1069/2009 of the European Parliament and of the Council laying down health rules concerning animal by-products and derived products not intended for human consumption and Council Directive 97/78/EC regarding certain samples and units exempt from veterinary checks at the border. *At OSI, waste classified as animal by-products is managed by an authorised manager.*

- Maintenance and others:

- OSI has a preventive and corrective programme for equipment, particularly pressure equipment (Regulation of pressure equipment RD 2060/2008. ITC-EP-1) and refrigeration installations (RD 138/2011). On the other hand, there is an environmental emergency plan, which establishes the procedures and management to be carried out in the environmental field in the event of possible operating anomalies or incidents, detailing the mechanisms for informing the competent environmental body, as well as the basic content of information to be transmitted. There is a maintenance programme for cooling towers by an authorised external company in accordance with the provisions of Royal Decree 865/2003, of 4 July, which establishes health and hygiene criteria for the prevention and control of legionellosis.
- Order ARM/1783/2011, of 22 June, establishing the order of priority and the timetable for the approval of the ministerial orders from which the constitution of the obligatory financial guarantee will be required. For sectors of activity classified with priority level 3 in the annex, the publication of the aforementioned ministerial orders shall take place between 5 and 8 years following entry into force of this rule.
- Royal Decree 1390/2011, of 14 October, regulating the indication of energy consumption and other resources by energy-related products through labelling and standardised information. An energy-related product is understood to be the use of which has an impact on energy consumption and is placed on the market or put into service in Spain.

- Environmental Plan Monitoring Program (PVPA), derived from the Integrated Environmental Authorization.

Law 16/2002, of 1 July, on Integrated Pollution Prevention and Control. The purpose of this Act is to prevent or, where not possible, to reduce and control atmosphere pollution, water and soil by establishing an integrated pollution prevention and control system in order to achieve a high level of protection of the environment, as a whole. For the

purposes of this Act, the following definitions shall apply: Environmental authorisation integrated into the resolution of the competent body of the Autonomous Community in which the installation is located, allowing, for the sole purpose of protecting the environment and people's health, the exploitation of all or part of an installation, under certain conditions designed to ensure that it complies with the objective and provisions of this Law. Such authorisation may be valid for one or more installations or parts of installations having the same location and operated by the same operator. *OSI has been granted integrated environmental authorisation by Resolution of 30-04-2008. During the first 4 months of each year, the following report is submitted to the Directorate General for Environmental Assessment annual operation and monitoring of the facility, including all the documentation required for said report in the integrated environmental permit.*

- o Royal Decree 509/2007, of 20 April, approving the Regulations for the development and implementation of Law 16/2002. It establishes the necessary rules for the development, execution and application of the Law

In 2016 the most significant new legal texts affecting the organisation's environmental performance are:

- o Royal Decree 56/2016 of 12 February transposing Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency with regard to energy audits, accreditation of service providers and energy auditors and promotion of energy supply efficiency (BOE of 13 February 2016). It does not apply to us. We are less than 250 workers, we have a turnover of more than 50 million euros, but our balance sheet is less than 43 million euros.

O Order PRE/772/2016 of 19 May amending Annex IV of RD 219/2013 of 22 March on restrictions on the use of certain hazardous substances in electrical and electronic equipment. Correct gases in air conditioning equipment. No replacement with R22. We do not have equipment with R22.

O Regulation (EU) 2016/426 of the European Parliament and of the Council of 9 March 2016 on appliances burning gaseous fuels and repealing Directive 2009/142/EC (OJEU of 31 March 2016). It shall apply from 21 April 2018. Pending evaluation of implementation.

The legal requirements derived from the Integrated Environmental Authorisation are included together with the environmental ones.

The results of the emission measurements in the combustion sources were correct according to the established parameters and the report was introduced by the OCA in the INDA application.

In relation to the noise measurement report, some points were unclear because they were within the uncertainty margin and in other cases they were slightly above the limit.

With the modification of facilities, control points 1 and 2 disappeared. The current technical rooms have been demolished and their position has been changed to another building. This, therefore, varies the control points in future measurement analysis.

In compliance with the ISA it was decided to take this measure, even if it did not reflect the future situation after the modification of the installation in the chicken plant and taking into account a certain degree of distortion of the parameters related to the work in progress and not related to the production process.

Thus, the noise measurement report was concluded:

- From the daytime measurement, points 2 and 3 were indeterminate because they were within the uncertainty margin. Point 2 no longer exists.
- From the afternoon measurement, point 2 does not comply (73 dB vs 70 limit). Point 2 no longer exists.
- From the night-time measurement there are 3 points that do not comply (points 1, 2 and 3: 67 dB, 67 dB and 66 dB respectively vs. 60 limit) and the indeterminate point 4 because it is in the uncertainty margin. Points 1 and 2 no longer exist.

This noise measurement was notified to the competent authority in the annual monitoring report of the integrated environmental authorisation, specifying that it will be measured again in 2017, once the modification of the chicken plant installation has been completed.

After contacting the competent authority for the EMAS Register, a letter has been sent to the technician of the Prevention and Environmental Impact Service so that there is an official record that this non-compliance is punctual and not related to normal operating conditions, so that OSI undertakes to perform the measurements for the new measurement points established by the OCA, once the project is completed, establishing the corrective measures necessary for compliance with the noise measurement requirements.

2016 discharge analysis reports. In May, the treatment plant was shut down due to work on the chicken plant facilities, so that no sample of waste water could be taken. In June, two samples were taken, one at the beginning of the month and the other at the end of June. There were two slight deviations in July and September, BOD5 (520 and 580 vs. 500 target), COD (1700 vs. 1500 target) and pH (5.20 vs. 5.5 lower limit target). In July and September, there was no apparent cause for incidents in the treatment plant and did not require further action, since after repeated sampling, all parameters show compliance with the limits of the authorization.

All these aspects have been notified to the competent authority in the annual monitoring report of the integrated environmental authorisation.

From the available information, it is concluded that OSI Food Solutions Spain S.L. complies with all the requirements derived from the applicable legal regulations in force, with a new measurement of noise emissions pending in 2017 once the extension project has been completed.

In addition to the aforementioned legal requirements, there are other application requirements in terms of product specifications, processes, facilities, social responsibility, environmental responsibility and corporate risks.

From the review of the authorisations deriving from the legal requirements, the following is concluded:

- License of activity of the City council relative to the regulation of RAMINP in force with date 30-7-09. Certificate of change of ownership dated 27/01/11.

- Integrated environmental authorisation: Resolution 30 April 2008.

- o Resolution 21 May 2012, from the Directorate General for Quality and Environmental Impact, modifying the Resolution of 30 April 2008 granting integrated environmental authorisation to the meat product manufacturing plant owned by ESCA FOOD SOLUTIONS, S.L. located in the municipality of Toledo.

- o Resolution of 07 August 2012, from the Directorate General for Quality and Environmental Impact, modifying the resolution of 30 April 2008 granting integrated environmental authorisation to the meat product manufacturing plant owned by OSI FOOD SOLUTIONS SPAIN, S.L. located in the municipality of Toledo.

- o Resolution of 18/11/2013, of the Directorate General for Quality and Environmental Impact, authorising, for the purposes of the provisions of Law 16/2002, the provisional shutdown to modify the WWTP and direct discharge to the sewer system requested by the company Osi Food Solutions Spain, S.L., and modifying the Resolution of 07/08/2012 by which it grants integrated environmental authorisation to such a facility.

- o Resolution 15 January 2014, of the Directorate General for Quality and Environmental Impact modifying the resolution of 7 August 2012 granting integrated environmental authorisation to the meat product manufacturing plant owned by Osi Food Solutions Spain, S.L. located in the municipality of Toledo).

- ○ 09/06/2014: Resolution 30 May 2014 of the Directorate General of Quality and Environmental Impact by which it is considered non-substantial for the purposes of the provisions of Law 16/2002, the modification requested for the chicken plant.
 - Resolution 23 November 2016 of the Directorate General for Quality and Environmental Impact, whereby the modification requested for the incorporation of cogeneration equipment is considered substantial for the purposes of Law 16/2002.
 - - Registration of OSI in the PRTR of Castilla La Mancha. Registration code: EPER-TO-052.
-
- Legalized and registered cooling towers, pressure vessels and refrigeration installations.
 - Certificate of registration of laboratories that analyse substances and products in relation to environmental and food health.
 - Prevention and control of legionellosis: record of maintenance of equipment by a subcontracted company registered as authorized in Castilla La Mancha for the treatment of facilities.
 - 28/11/2016: Renewal of EMAS registration

Environmental Aspects

We consider direct environmental aspects as the impact of industrial activity on the environment, which when originated by ourselves can influence them in the same way. This impact includes aspects such as

- Emissions into the atmosphere
- Consumption of natural resources, raw and auxiliary materials.
- Noise
- Non-hazardous waste
- Hazardous waste
- Discharge of wastewater

The identification of the aspects is carried out from the detailed study of the flow diagram of the productive processes and is reviewed annually.

The criteria to be used for the assessment of direct aspects are:

- Frequency of Occurrence (F): Percentage of the time the aspect occurs relative to the total factory run time.
- Approximation to limit (AL): Percentage of the aspect with respect to the value established either legally or as an internal requirement.
- Magnitude (M): Percentage of the aspect with respect to the average value of the previous year, except in waste, which will be with respect to the average of the three previous years.
- Sensitivity of the medium (SM): Impact of the aspect on the environment in which it is found.

The qualification of the environmental aspects to determine the degree of significance will be carried out by means of the formulas:

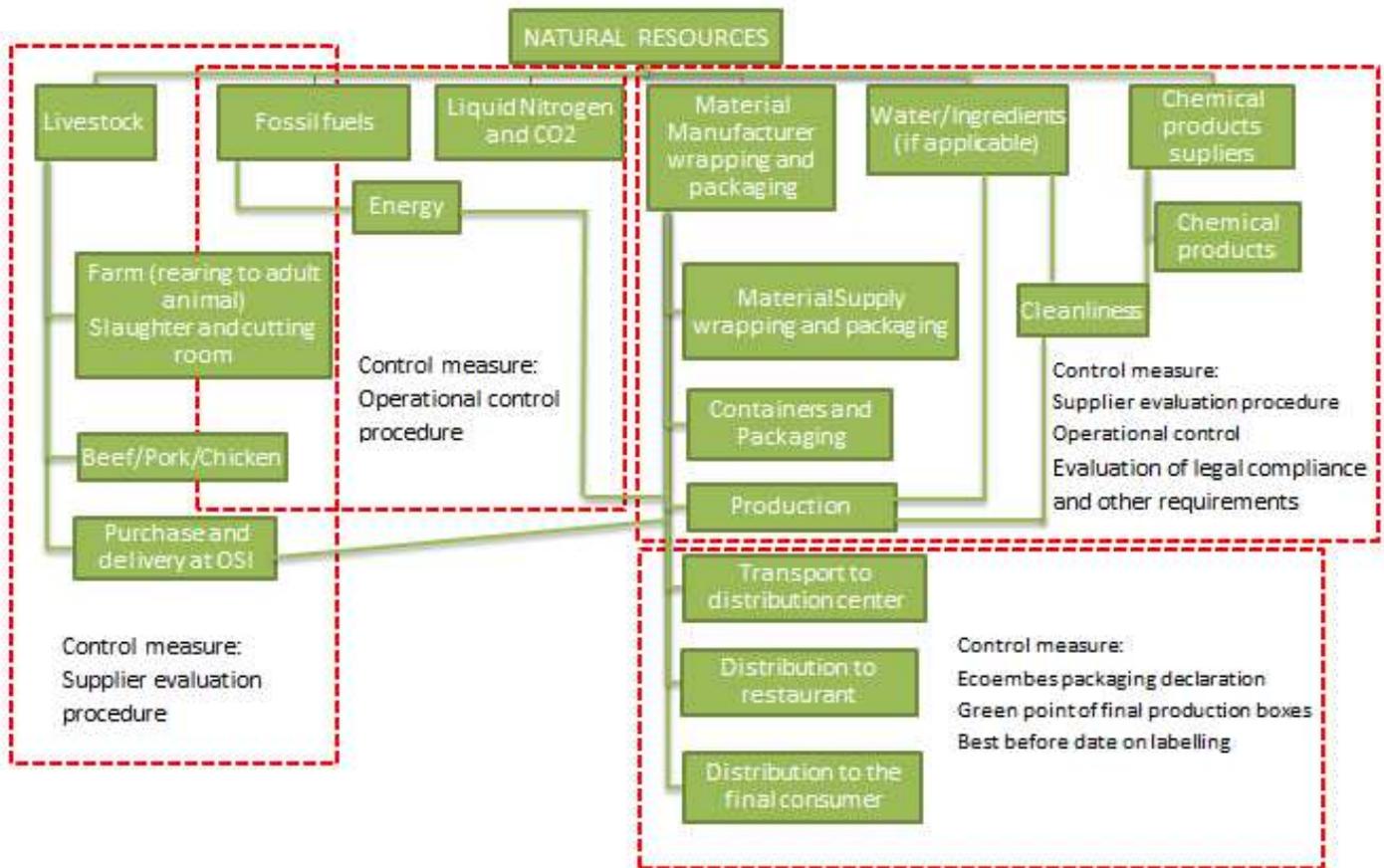
F + AL + M + SM in normal situation except consumptions

(F + M + SM) x 4/3 for consumptions in normal situation

Greater than or equal to 10: Significant

Less than 10: Not significant

The assessment of environmental aspects has been carried out from a life cycle perspective.



For the continuous improvement of these environmental aspects, annual targets have been established, which are actively monitored and controlled with the help of our indicator system.

In relation to indirect and emergency environmental aspects:

The identification and evaluation of indirect environmental aspects is carried out annually or when activities are modified or new services are subcontracted.

The criteria to be used for the valuation of aspects are:

- N: Nature of the pollutant/toxicity
- F: Frequency of impact
- Cl: Capacity of influence

Rating: N+F+Cl

Value from which the value is significant ≥ 20

From the study of the processes and facilities it has been concluded that **the potential emergency risks** in the company are:

- Fire
- Leaks and spills
- Cooling towers
- Unpurified

The criteria to be used for the assessment of aspects in emergency situations are:

- Frequency of occurrence (F): The number of times an emergency situation has occurred.
- Prevention measures (PM): Systems installed to prevent emergency situations such as alarms, containment systems, and detectors.
- Seriousness of consequences (G): Seriousness of the incident or accident.

Rating: F+MP+G

Greater than or equal to 7: Significant

Less than 7: Not significant

DIRECT ENVIRONMENTAL ASPECTS

ENVIRONMENTAL ASPECT	ACTIVITY	ASPECT	NATURE OF IMPACT
Emissions into the atmosphere	Operation of hot water boilers. Floodlights 4 and 5 Beef/pork plant	SO2 CO Nox Suspended Particles	Pollution of the local atmosphere
	Operation of steam, thermal oil, cogeneration, mixed recovery, thermal oil, and fryer. Floodlights 2, 3, 8, 9, 10 and 11 Chicken plant		
	Operation fryer and cyclone. Floodlights 6 and 7 Chicken plant	Suspended Particles	
Non-Hazardous Waste	Production Chicken plant	Material unsuitable for consumption (flours and lumps of cereal suitable for animal feed)	Pollution generated by plants where it can be recycled or transformed
	Production Both plants	Materials unsuitable for consumption classified as Sandach cat. 3 (meat suitable for animal feed).	
		Materials unsuitable for consumption classified as Sandach cat. 2 (meat not suitable for animal feed).	
	Production Chicken plants	Paper and Cardboard	Resource depletion
		Recyclable Plastic	
	Production Chicken plants	Oberline filters	Pollution generated by plants where it can be recycled or transformed
	Common	Sludge	
		Mixture of Municipal Waste (RSU)	
		Metals	
		Non-Hazardous Electronics	
Recyclable plastic discarded containers			
Wood			
Debris			

DIRECT ENVIRONMENTAL ASPECTS

ENVIRONMENTAL ASPECT	ACTIVITY	ASPECT	NATURE OF IMPACT
Hazardous waste	Common	Strong Alkaline Inorganic	Pollution generated by plants where it can be recycled or transformed
		Used oil	
		Contaminated Absorbents	
		Fluorescents	
		Contaminated plastic containers	
		Metallic containers	
		Aqueous solution	
		Electronic Equipment	
		Toner	
		Aerosols	
		Oil filters	
		Reagents used	
Bio sanitary Waste			

DIRECT ENVIRONMENTAL ASPECTS

ENVIRONMENTAL ASPECT	ACTIVITY	ASPECT	NATURE OF IMPACT
Minor type emissions			
Extraction Welding workshop	Maintenance Both plants	Particles	Pollution of local atmosphere
Firefighting groups	Periodic review of firefighting group Both plants	Combustion gases	
Treatment Plant Extraction	Treatment plant	Smells	

DIRECT ENVIRONMENTAL ASPECTS

ENVIRONMENTAL ASPECT	ACTIVITY	ASPECT	NATURE OF IMPACT
Consumption	Production Both plants	Water	Resource depletion
		Electric Energy	
		Natural Gas	
		Nitrogen y CO2	
		Meat	
		Boxes	
		Palletizing cling wrap	
		Seal	
		Bags boxes	
		Bags Trays	
		Container cover laminate	
		Cap bag	
		Detergent/Disinfectant	
	Soap	Resource depletion	
	Hand Dry Paper	Resource depletion	
	Medicinal Oil	Resource depletion and waste water pollution	
	Chicken Plant	Salt	Resource depletion
		Flours	Resource depletion and waste water pollution
		Sunflower Oil	
		Green laminates	Resource depletion
Green caps		Resource depletion	
Treatment plant	Water	Resource depletion	
	Electric Energy		
	Reagents		

DIRECT ENVIRONMENTAL ASPECTS

ENVIRONMENTAL ASPECT	ACTIVITY	ASPECT	NATURE OF IMPACT
Discharges	Production Both plants	pH	Waste water pollution
		DBO5	
		DQO	
		Suspended Solids	
		Oils and Fats	
		Total Kjeldhal Nitrogen	
		Phosphorus	
		Iron	
		Chloride	
		Conductivity	
Noise	Day/Afternoon/Night	Point 1	Acoustic Pollution
		Point 2	
		Point 3	
		Point 4	

INDIRECT ENVIRONMENTAL ASPECTS

ACTIVITY	ASPECT	NATURE OF IMPACT
Obtaining gas, electric power, nitrogen, raw and auxiliary materials used in OSI Both plants	Atmospheric emissions	Atmospheric pollution
	Water usage	Resource depletion
	Energy use	Resource depletion
	Waste generation	Alteration in water quality
	Generation of non-hazardous waste	Pollution generated by plants used for recycling or processing
	Generation of hazardous waste	Pollution generated by plants used for recycling or processing
	Noise generation	Acoustic pollution
Suppliers of raw materials, ingredients, chemicals and packaging. Distribution Centres and Restaurants. Subcontracted services Both plants	Atmospheric emissions	Atmospheric pollution
	Water usage	Resource depletion
	Energy use	Resource depletion
	Waste generation	Alteration in water quality
	Generation of non-hazardous waste	Pollution generated by plants used for recycling or processing
	Generation of hazardous waste	Pollution generated by plants used for recycling or processing
	Noise generation	Acoustic pollution
Transport of raw and auxiliary materials, chemical products, packaging and final product. Transport of waste. Transport of subcontracted personnel. Both plants	Atmospheric emissions	Atmospheric pollution
	Fuel consumption	Resource depletion
	Noise generation	Acoustic pollution
Waste treatment Both plants	Atmospheric emissions	Atmospheric pollution
	Water usage	Resource depletion
	Energy use	Resource depletion
	Waste generation	Alteration in water quality
	Noise generation	Acoustic pollution
Outsourced maintenance Both plants	Hazardous waste	Pollution generated by plants used for recycling or processing
	Non-hazardous waste	

INDIRECT ENVIRONMENTAL ASPECTS

ACTIVITY	ASPECT	NATURE OF IMPACT
Expansion project Chicken plant	Atmospheric emissions	Atmospheric pollution
	Water usage	Resource depletion
	Energy use	Resource depletion
	Waste generation	Alteration in water quality
	Noise generation	Acoustic pollution
	Non-hazardous waste generation	Pollution generated by plants used for recycling or processing

DIRECT ENVIRONMENTAL ASPECTS

CHICKEN PLANT EXPANSION PROJECT

ACTIVITY	ASPECT	NATURE OF IMPACT
Expansion project Chicken plant	Non-hazardous waste generation	Pollution generated by plants used for recycling or processing

Significant Aspects

At the close of 2016, the following significant direct aspects were obtained:

SIGNIFICANT ASPECTS 2016	Traceability with operational objectives/actions-16
Paper and cardboard (beef/pork plant waste)	NO
Plastic (beef/pork plant waste)	NO
Container cover laminate (consumption cattle/pig plant)	NO
Recyclable plastic containers (common consumption)	SI (objective)
Soap (consumption beef/pork plant)	NO
Laboratory Reagent (common consumption)	NO
Aerosols (common consumption)	NO
Hazardous electronic equipment (common consumption)	NO
SO2 Emission (Spot 2 chicken plant)	SI (operational)
SO2 Emission (Spot 3 chicken plant)	SI (operational)
Water consumption (chicken plant)	NO
Natural Gas Consumption (chicken plant)	SI (operational)
Electric Energy Consumption (Treatment plant)	SI (operational)
Daytime noise emissions (points 1, 2, 3 y 4)	SI (operational)
Late noise emissions (points 1, 2 y 3)	SI (operational)
Night noise emissions (points 1, 2, 3 y 4)	SI (operational)
Ph. (treatment plant)	NO
DBO5 (treatment plant)	NO
DQO (treatment plant)	NO

Beef/pork, paper and cardboard plant

Paper and cardboard has increased by 52.5% over the average for the previous three years. Seizure of promotions and production incidents. No objective or associated operational control measure is established.

Beef/pork plant, Recyclable plastic

Recyclable plastic has increased by 62.8% over the average of the previous three years. Incidences in production leading to confiscation and reprocessing. No objective or associated operational control measure is established.

Beef/pork plant, container film

Use of container film has increased by 22.9% with respect to the previous year. No operational objective or measure was established since it was established that there was a need for a procedure to differentiate the colour of plastic used in the plant, different from that of the suppliers, so that each time a meat container is inspected at our facility it is already covered with green plastic, different from that of the supplier, in order to differentiate it from the rest of the containers pending inspection.

Beef/pork plant, soaps

Use of soap has increased by 9.5% over the previous year. No objective or operational control measure is established since soap consumption has to do with the number of visitors to the plant.

Chicken Plant, Spot No. 2 Steam SO₂/Chicken Plant, Spot No. 3 Thermal SO₂

We have guaranteed a greater volume of hot water (2 new 200m³ capacity tanks) included in the plant extension project and the cogeneration system is not yet in operation. This measurement will be repeated once the extension project is completed with all the new infrastructure in operation. Operationally, a heat recovery system has been established for the cogeneration engine chimney and is being redirected to a recovery boiler generating steam for the chicken plant ovens. A heat recovery circuit system of several plant facilities heating the water and reducing the operation of steam boiler and emissions.

Chicken plant, water

Water consumption has increased by 9.4% as compared with the previous year. The cooling of the hydraulic system has had a greater consumption of water until the extension is completed.

Chicken plant, Natural Gas

Gas consumption has increased by 20.7% from the previous year. The plant extension project has generated more hot water consumption. Two new 200 m³ capacity tanks have been installed. As an operational measure, the gas consumption target is modified in accordance with the new installation.

Wastewater treatment plant, Electricity

Electricity consumption has increased by 23.2% with respect to the previous year. This is due to the consumption of the new U-V equipment and an increase in consumption in the aeration and agitation pumps. The targets have been adjusted according to the chicken plant extension project.

Beef/pork and chicken plant, daytime, afternoon and evening noise

Some points in the OCA measurement are indeterminate and others slightly above the set value. During the measurement, there has been an element of distortion external to production related to

the transit of trucks during work process. Operationally, the extension project has modified the location of the technical rooms and they are in a technical building of new construction and better insulation. In 2017, after completion of the extension, a new measurement will be carried out. Points 1 and 2 no longer exist. The OCA will assess the new representative measurement points.

Beef/pork and chicken plant. Laboratory reagent

The laboratory reagent has increased by 111.1%. We are within the established ratio. No objective or operational control measure is established since it is due for repetitions of analyses in the treatment plant in the adjustments prior to treatment.

Beef/pork and chicken plant. aerosols

The laboratory reagent has increased by 76.2%. We are within the established ratio. No objective or operational control measure is established since it is due for repetitions of the improvement of facilities.

Beef/pork and chicken plant. hazardous electronic equipment

The laboratory reagent has increased by 138.4%. We are within the established ratio. No operational control objective or measure is established since it is due for renewal and improvement of electronic equipment.

Beef/pork and chicken plant. waste water treatment plant pH, COD, BOD5

In May, the treatment plant was shut down due to work on the chicken plant facilities, which meant that it was not possible to take a sample of waste water. There were two slight point deviations in July and September, BOD5, COD and pH, which did not require action, since after repeated sampling all parameters show compliance with the limits of the authorization. No operational control objective or measure is established.

Beef and chicken plant. Recyclable plastic discarded containers

In 2016 it has increased by 93.2% over the previous year. The containers are older and more waste containers have been generated because they are not suitable for production. Contributing to the lower generation of plastic waste, a target has been set for the reduction of plastic consumption in the mincer area of the chicken plant.

In the assessment carried out on environmental aspects in emergency situations, two significant aspects were obtained: glycol spillage in chicken and refrigerant gas leakage in beef. In the case of the glycol circuit in 2016, a change was made in the glycol circuit.

In the valuation of indirect aspects, according to procedure, a significant result has been obtained for 1 aspect:

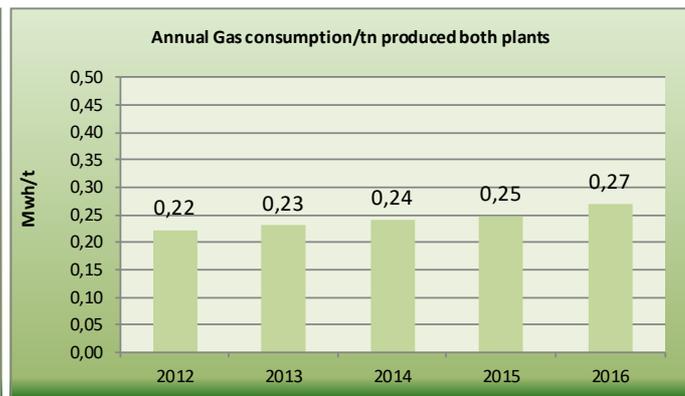
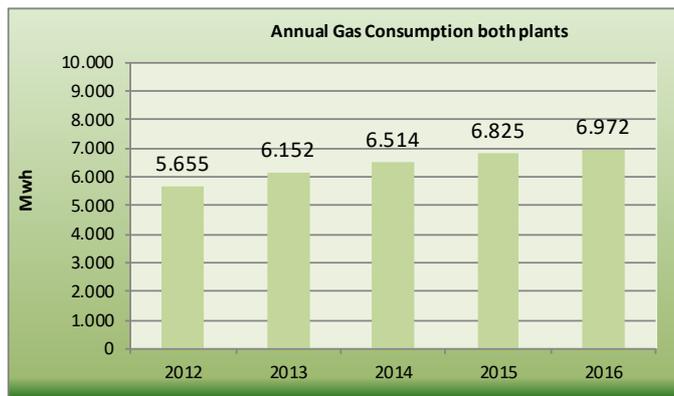
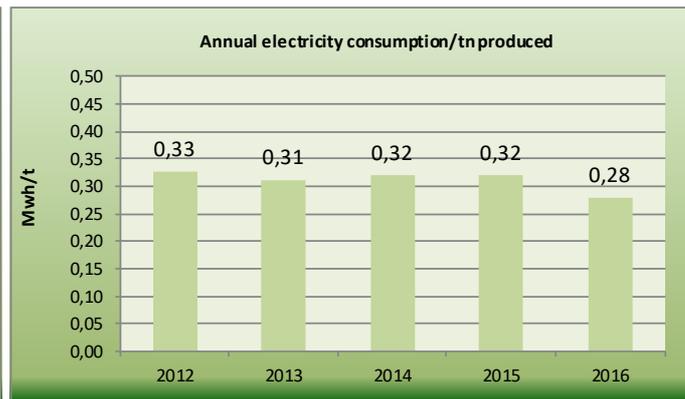
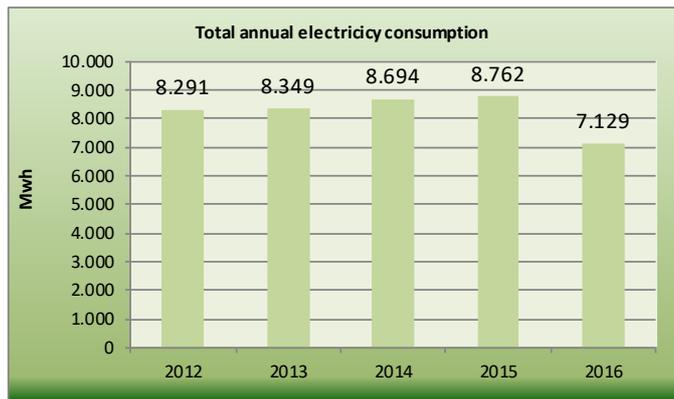
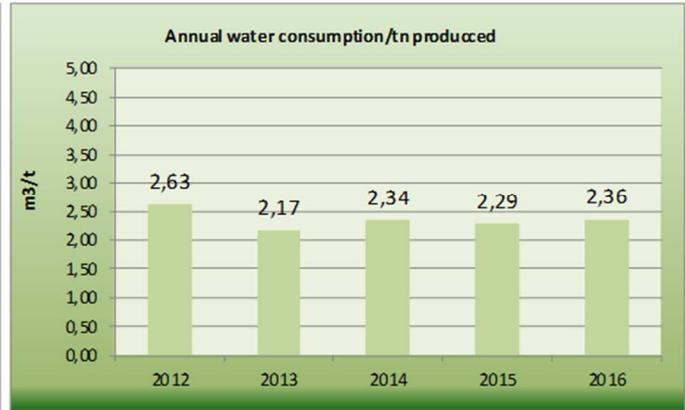
- Fuel consumption in transport of raw and auxiliary materials and final product.
- Transport of waste and transport of subcontracted personnel.

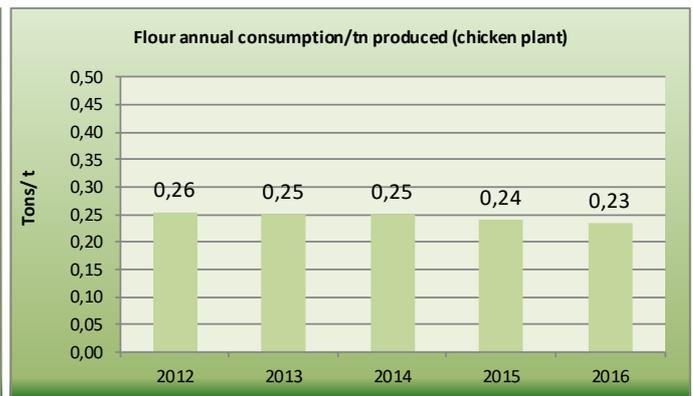
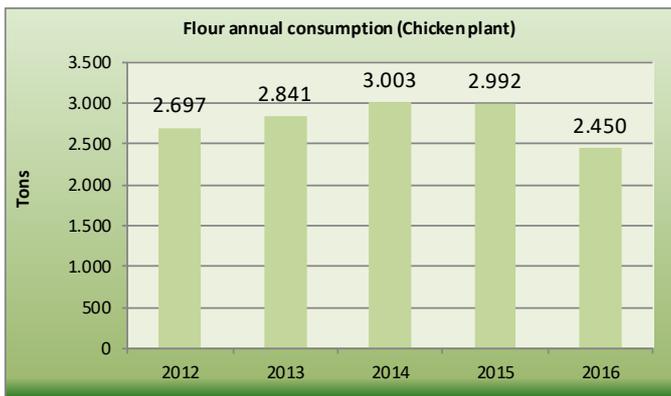
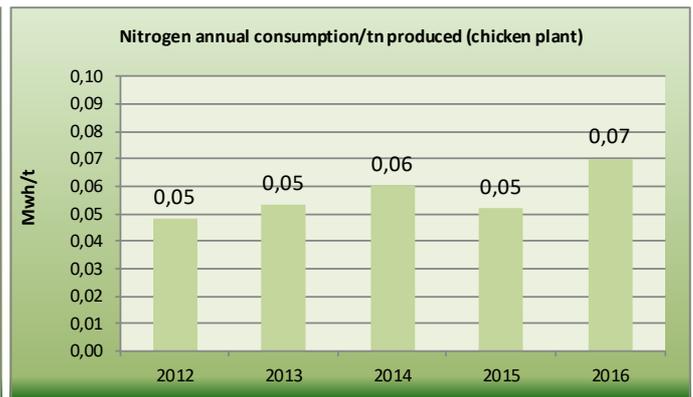
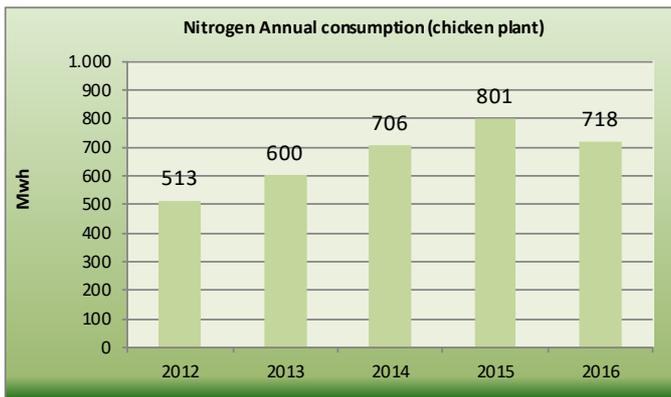
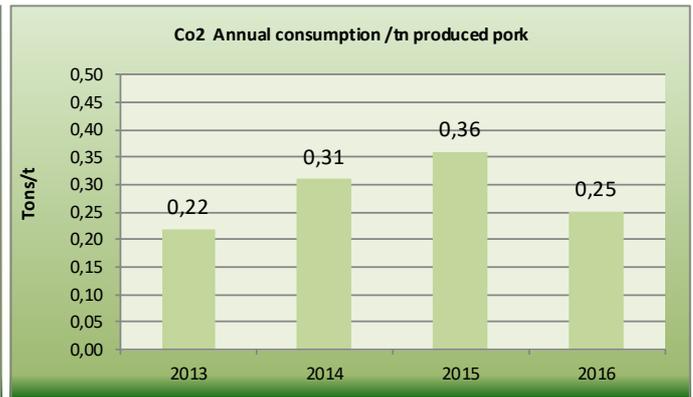
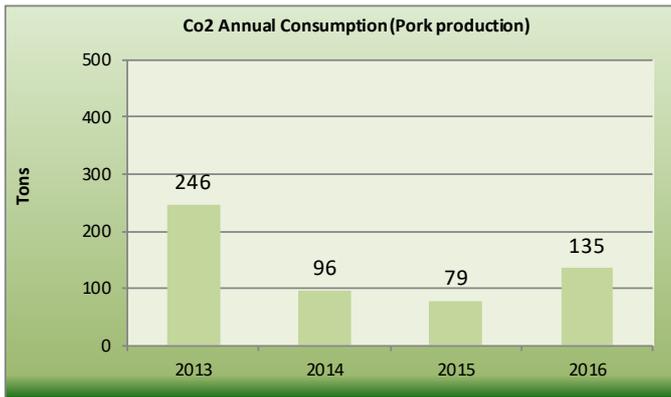
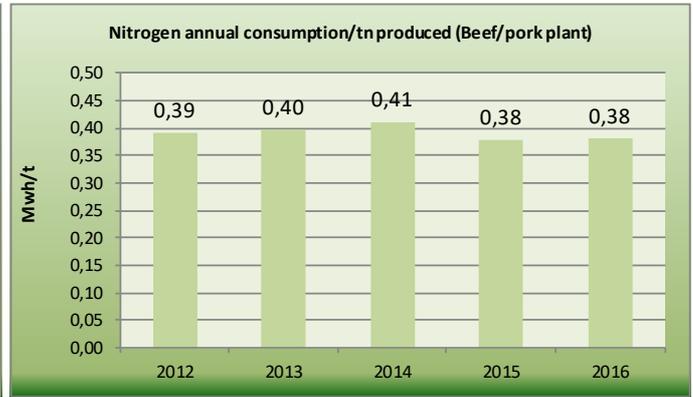
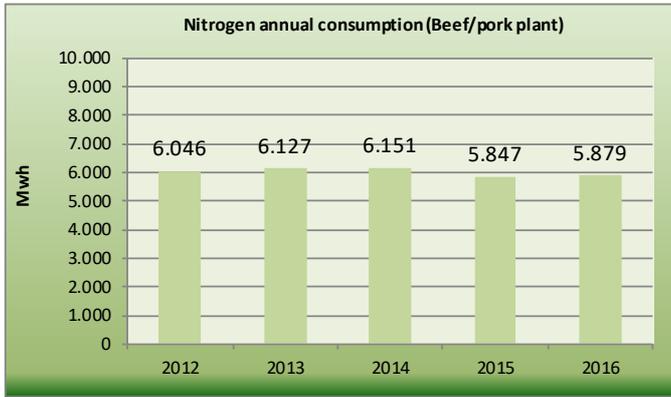
100% of the supply of beef comes from the Iberian Peninsula. This considerably reduces transport hours and, therefore, fuel consumption and emissions by not importing meat from other European countries.

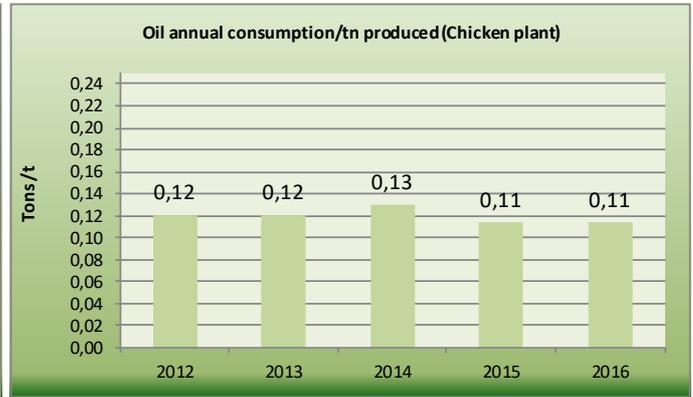
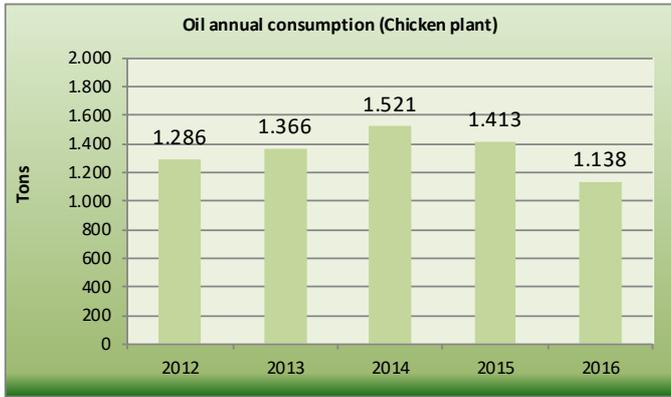
DEVELOPMENT SYSTEM (KPI)

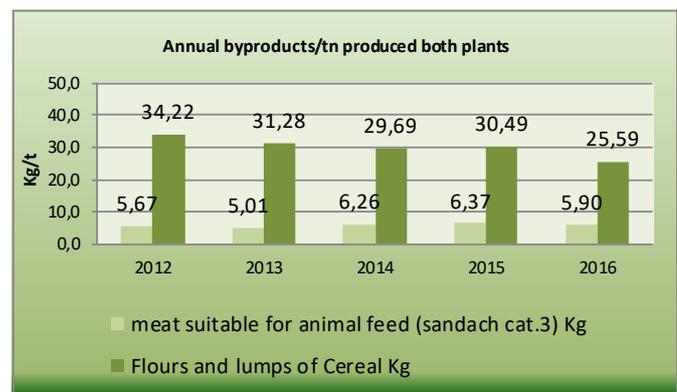
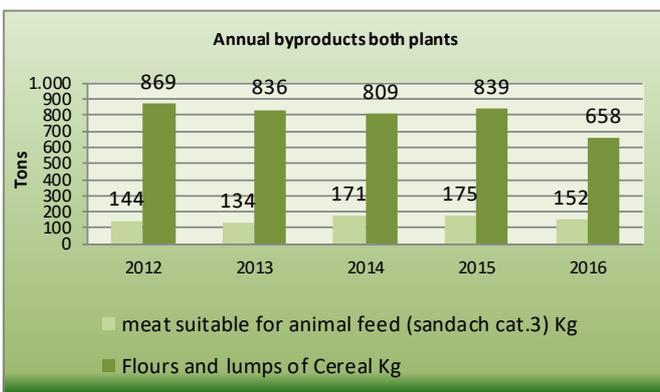
Development indicators are the tool with which the result of resource use and waste management is materialised.

The results of the main environmental aspects are summarised below.









KPI	Biodiversity Data relating to tonnes produced
	2016
Total metres built/t produced	0,283
Total sealed surface/t produced	0,610

KPI TOTAL COMPANY Non-hazardous waste	Non-hazardous annual waste (Kgs)		Non-hazardous annual waste (Kg/t)	
	2015	2016	2015	2016
Recyclable plastic	44,8	51,9	1,628	2,019
Mixture of municipal waste destination landfill	38,7	0,0	1,408	0,000
Mixture of municipal waste to be segregated and/or recovered	21,8	44,0	0,792	1,715
Cardboard and paper	27,4	46,4	0,998	1,805
Materials unsuitable for consumption or processing	38,4	49,2	1,397	1,913
Metals	6,7	6,4	0,243	0,251
Wood	5,4	5,1	0,195	0,198
Electrical and electronic equipment Non-hazardous	0,02	0,0	0,001	0,000
Edible oils and fats	1,0	0,0	0,037	0,000
Sewage sludge	1.360,4	1.239,4	49,443	48,233
TOTAL	1.544,6	1.442,4	56,138	56,133

In 2014, due to a change in the applicable regulations, by-products intended for animal feed are no longer considered as waste.

KPI TOTAL COMPANY Hazardous waste	Hazardous annual waste (kgs)		Hazardous annual waste (kgs/t)		Indicative reference ratio AAI (Kg/t)
	2015	2016	2015	2016	
Used oil	190,0	0,0	0,007	0,000	0,150
Strong inorganic alkaline	1.674,0	2.058,0	0,061	0,080	0,150
Fluorescent lamps	71,0	65,0	0,003	0,003	0,013
Aqueous cleaning solution	1.581,0	1.460,0	0,057	0,057	0,091
Contaminated packaging	1.326,0	824,0	0,048	0,032	0,100
Electronic appliances	64,0	52,0	0,002	0,002	0,003
Contaminated absorbents	725,0	461,0	0,026	0,018	0,030
Aerosols	88,0	66,0	0,003	0,003	0,003
Oil filters	0,0	86,0	0,000	0,003	0,004
Used laboratory reagents	5,0	10,0	0,0002	0,0004	0,0004
Toner	414,0	158,0	0,015	0,006	0,020
Bio-sanitary waste	1,0	0,0	0,0004	0,000	0,002
Organic waste containing hazardous substances	533,0	0,0	0,019	0,000	
TOTAL	6.672,0	5.240,0	0,242	0,204	

KPI TOTAL COMPANY	TOTAL WASTE (Kgs)	TOTAL WASTE (Kgs)	TOTAL WASTE (Kgs/t)	TOTAL WASTE (Kgs/t)
	2015	2016	2015	2016
Total waste	1.550,8	1.447,7	56,383	56,338

WASTE GENERATED BY CHICKEN PLANT EXTENSION:

NON- HAZARDOUS WASTE	TOTAL WASTE (Kgs)	TOTAL, WASTE (Kgs)	TOTAL WASTE (Kgs/t)	TOTAL WASTE (Kgs/t)
	2015	2016	2015	2016
Total	482.400,0	2.087.220,0	17,533	81,227
HAZARDOUS WASTE	TOTAL WASTE (Kgs)	TOTAL, WASTE (Kgs)	TOTAL WASTE (Kgs/t)	TOTAL WASTE (Kgs/t)
	2015	2016	2015	2016
Total	0,0	3.310,0	0,000	0,129

ENVIRONMENTAL OBJECTIVES

Every year, OSI draws up a global management programme which includes the objectives of all the company's departments.

Those specifically related to the environment are established taking into account:

- Degree of significance obtained in the annual evaluation of the environmental aspects defined for the company.
- Utility and economic viability for the activity.

The following environmental objectives were proposed for 2016:

OBJECTIVE:

Environment and Sustainability at the chicken plant: A 20% reduction in the consumption of plastic in the “rovema” (packaging) at the chicken plant. In 2015 the consumption was 108.4 t of plastic. The 2016 target will be ≤ 86.7 t, which means a reduction of 21.7 t of plastic.

ACTIONS TO ACHIEVE THE OBJECTIVE: Part of the plastic material consumed in the container would go from 45 microns to 28 microns.

RESPONSIBLE: Heads of Quality and Operations Departments

BENEFIT: Reduce pollution by generating less waste and emissions.

DEADLINE: Year 2016. Quarterly monitoring.

MONITORING: Quarterly Value 2015: 8.782 Kg/Ton vs Quarterly Value 2016: 5.413 Kg/Ton = - 38.4% (Achieved).

OBJECTIVE:

Environment and Sustainability in the cattle plant: A 2% reduction in light consumption in the cattle plant vs 2015. Total consumption in beef 2015 2,281,762Kwh. Led's outside: 9.727Kwh
Led's rooms: 7.488Kwh

Led's interior: 28.438Kwh

TOTAL REDUCTION approx.: 45.653Kwh

ACTIONS TO ACHIEVE THE OBJECTIVE: installation of LED tubes outdoors, final beef product chamber, inside beef plant.

RESPONSIBLE: Heads of Quality, Operations and Maintenance Departments

BENEFIT: Contribute to conserving natural resources and reducing emissions.

DEADLINE: Year 2016. Quarterly monitoring.

MONITORING: Plant consumption in 2016 was -3.9% from the previous year (Achieved)

OBJECTIVE:

Cattle plant environment and sustainability: Reduction of 1% of cardboard consumed in the cattle plant.

ACTIONS TO ACHIEVE THE OBJECTIVE: Paper for cattle boxes with more resistance and less weight.

RESPONSIBLE: Heads of Quality and Operations Departments

BENEFIT: Contribute to the conservation of natural resources and reduce pollution by generating less waste.

DEADLINE: Year 2016. Quarterly monitoring.

MONITORING: Valued with the majority box models. Reduction of the real weight of the annual -7.3% (Achieved)

The following environmental objectives are proposed for 2017:

OBJECTIVE:

Beef plant: Reduction of 20% gas consumption. Total consumption in beef 2016 0.018 Mwh/t. The 2017 target will be - 20% with respect to 2016 \leq 0.0144 Mwh/t.

ACTIONS TO ACHIEVE THE OBJECTIVE: Use of hot water from the new chicken plant system.

RESPONSIBLE: Heads of Quality, Operations and Maintenance Departments

BENEFIT: To contribute to the conservation of natural resources.

DEADLINE: Year 2017. Quarterly monitoring.

OBJECTIVE:

Beef plant: A 2% reduction in light consumption at the beef plant vs 2016.

In 2016 consumption was 0.145 Mwh/t. The 2017 target will be - 2% with respect to 2016 \leq 0.142 Mwh/t. ACTIONS TO ACHIEVE THE OBJECTIVE: Investment in a new mincer for fresh meat. More efficient

RESPONSIBLE: Heads of Quality, Operations and Maintenance Departments BENEFIT: To contribute to the conservation of natural resources.

DEADLINE: Year 2017. Quarterly monitoring.

OBJECTIVE:

Chicken plant: Reduction of 43.9% light consumption in the beef plant vs 2016. Total consumption in chicken 2016 0.446 Mwh/t. The 2017 target will be - 43.9% compared to 2016 \leq 0.250 Mwh/t.

In 2016 consumption was 0.145 Mwh/t. The target 2017 will be - 2% compared to 2016 \leq 0.142 Mwh/t.

RESPONSIBLE: Heads of Quality, Operations and Maintenance Departments

BENEFIT: To contribute to the conservation of natural resources.

DEADLINE: Year 2017. Quarterly monitoring

OBJECTIVE:

Chicken plant: Reduction of indirect CO2 emissions, 1976.4 t CO2 year, (in the electrical distribution network of the area) by installation of cogeneration plant in the chicken plant.

ACTIONS TO ACHIEVE THE OBJECTIVE: The start-up of cogeneration avoids the acquisition of electricity from the area's electricity distribution network for the new line contemplated in the plant extension. This implies a reduction of indirect emissions (in the electrical distribution network of the area) that would suppose approximately (0.35 kg CO2/kwh taken from the invoice) of 1722600 kg CO2 year (1234 kw power cogeneration engine x 4160 hours of operation (16h/day x 5days/week x 52 weeks) = 5133440 kw year generated + 10% loss of transport and distribution = 5646784 kwh x 0.35 kg CO2/kwh = 1976374 kg CO2 year that the system does not emit to the network).

RESPONSIBLE: Heads of Quality, Operations and Maintenance Departments

BENEFIT: To contribute to the conservation of natural resources.

DEADLINE: Year 2017. Quarterly monitoring.

OBJECTIVE:

Chicken plant: The reduction of 82.85% in the consumption of plastic in the area of grinders in the chicken plant. Consumption at chicken 2016 0.455 kg/t. The target 2017 will be 0.078 with respect to 2016 82.85 %

reduction vs 2016

ACTIONS TO ACHIEVE THE OBJECTIVE: new investment in a mincer that allows a continuous mincing procedure, avoiding waiting time and storage on trolleys, eliminating the protective plastic covering the trolleys.

RESPONSIBLE: Heads of Quality, Operations and Maintenance Departments

BENEFIT: Contribute to conserving natural resources.

DEADLINE: Year 2017. Quarterly monitoring

Direct emissions into the atmosphere

OSI Food Solutions Spain, S.L, is affected by Law 16/2002 as it is included in Annex 1, point 9, B1 relating to agri-food industries processing animal raw material with a production capacity of more than 75 tonnes/day.

On 19 August 2004 the company was registered, as EPER-TO-052, in the EPER inventory of Castilla la Mancha for the notification of data on atmospheric emissions and discharges.

Since 2008, the declaration has been made in accordance with Regulation 166/2006, which repeals the previous Directive 96/61 and replaces the EPER register with another called PRTR. This also includes the declaration of both hazardous and non-hazardous waste.

The PRTR data and the annual report are communicated annually as established in the integrated environmental authorisation.

CHICKEN PLANT

Data referring to 3% oxygen according to OCA report

Periodicity: Triennial

Spot 1 Hot Water Boiler	CO (ppm)	NOx (ppm)	SO ₂ (mg/Nm ³)	Particles (mg/Nm ³)
Limit AAI	120	150	40	50
2016	6,13	55,21	37,46	1,31
2013	18,00	42,00	<46,00	4,00
2009	11,00	66,00	32,00	6,00

Spot 2 Steam Boiler	CO (ppm)	NOx (ppm)	SO ₂ (mg/Nm ³)	Particles (mg/Nm ³)
Limit AAI	120	150	40	50
2016	5,90	109,33	33,64	2,60
2013	4,00	60,00	<31,00	<2,00
2009	11,00	50,00	31,00	5,00

Spot 3 Boiler Thermal Oil	CO (ppm)	NOx (ppm)	SO ₂ (mg/Nm ³)	Particles (mg/Nm ³)
Limit AAI	120	150	40	50
2016	10,97	55,05	38,84	1,73
2013	<4,00	74,00	<33,00	<4,00
2009	11,00	62,00	30,00	5,00

Spot 6 Cyclone Flour Recovery	Particles (mg/Nm ³)
Limit AAI	50
2014	1,00
2011	2,00
2008	3,00

Spot 7 Chimney Fryer	Particles (mg/Nm ³)
Limit AAI	50
2014	5,00
2011	13,00
2008	16,00

Spot 8 Decanter (New Spot)	Particles (mg/Nm ³)
Limit AAI	50
2016	1,00
2013	14,00

BEEF/PORK PLANT

Data referring to 3% oxygen according to OCA report

Periodicity: Triennial

Spot 4 Hot Water Boiler-1	CO (ppm)	NOx (ppm)	SO ₂ (mg/Nm ³)	Particles (mg/Nm ³)
Limit AAI	120	150	40	50
2016	7,35	48,10	33,43	1,45
2013	<5,00	16,00	<34,00	<2,00
2009	10,00	67,00	29,00	10,00

Spot 5 Hot Water Boiler-2	CO (ppm)	NOx (ppm)	SO ₂ (mg/Nm ³)	Particles (mg/Nm ³)
Limit AAI	120	150	40	50
2016	13,58	53,47	37,17	1,30
2013	<5,00	58,00	<37,00	<4,00
2009	10,00	65,00	28,00	4,00

NOISE EMISSION

Periodicity: Triennial

Spot 1	Day	Evening	Night
Limit AAI	70	70	60
2016	66,00	65,00	67,00
2013	60,70	58,10	56,5,
2009	57,00	55,70	56,4,
2008	56,60	**	67,40***
Spot 2	Day	Evening	Night
Limit AAI	70	70	60
2016	71,00	73,00	67,00
2011			63,5
2009	70,00	69,90	69,40
2008	63,90	**	67,40
Spot 3	Day	Evening	Night
Limit AAI	70	70	60
2016	69.,00	67,00	66,00
2013	60,80	58,70	48,00
2011			60,00
2009	68,80	69,00	69,10
2008	63,30	**	67,20
Spot 4	Day	Evening	Night
Limit AAI	70	70	60
2016	63,00	60,00	60,00
2013	53,70	51,60	45,00
2009	54,90	54,60	56,00
2008	46,20	**	49,50
Spot 5	Day	Evening	Night
Limit AAI	70	70	60
2013	56,70	52,70	52,70
2009	57,10	57,40	56,10
2008	48,90	**	57,50
Spot 6	Day	Evening	Night
Limit AAI	70	70	60
2013	62,90	60,80	45,90
2009	62,80	62,50	59,60
2008	****	****	*** *

*** In 2008 the limit of the Municipal Ordinance was 70 db.

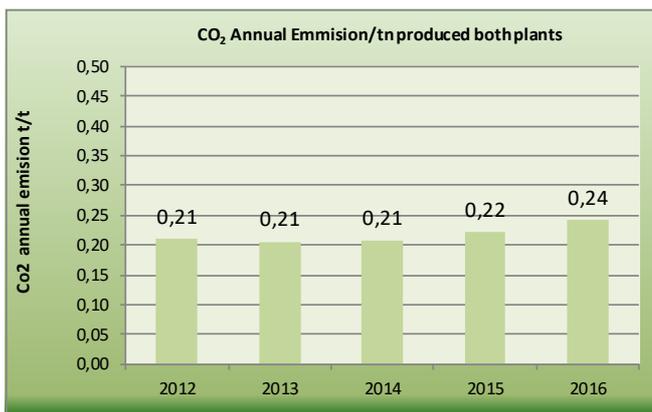
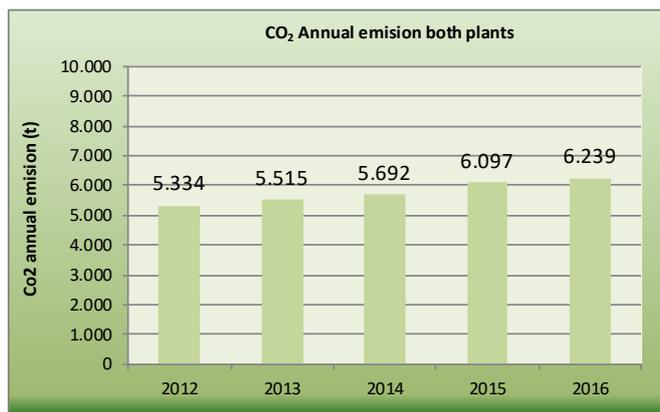
** In 2008 there was no difference between day and evening

**** In 2008 there were no such compressors

Measurements in 2011 are conditioned by the high background noise justified in the OCA report.

In 2016 the measurement points vary according to the modification during the chicken plant extension project.

ANNUAL EMISSIONS



TOTAL EMISSIONS COMPANY	t CO ₂ eq year	t eq year/t
	2016	2016
CO ₂ (t eq year)	6239,00	0,24
CH ₄ (t eq year)	N/A*	N/A*
N ₂ O (t eq year)	N/A*	N/A*
HFC (t eq year)	2275,94	0,09
PFC (t eq year)	N/A*	N/A*
SF ₆ (t eq year)	0,00	0,00
TOTAL EMISSIONS COMPANY	kg year	Kg year/t
CO (kg year)	180,09	0,01
NO _x (kg year)	1471,74	0,06
SO (kg year)	699,55	0,03
Particles	70,66	0,003

*N/A: Not applicable because these pollutants are not generated during the production process.

SEWAGE

Most of the wastewater comes from the cleaning processes of the processing plants.

Once the water has been treated by means of a physical-chemical process, it is discharged to the municipal collector of the industrial estate that takes it to the municipal treatment plant where it undergoes biological treatment.

Every month, an accredited external laboratory carries out an analysis of the wastewater taken before entering the collector.

EXTERNAL LABORATORY RESULTS	Annual average values		Integrated Environmental authorisation limit
	2015	2016	
Suspended solids (mg/l)	95	88	600
Conductivity (µS/cm)	1.463	1.423	5.000
Oils and fats (ppm)	9,5	8,5	100
DBO5 (ppm)	318	344	500
DQO (ppm)	818	890	1.500
Total N2 Kjeldahl (mg/l)	22	30	---
phosphorus (mg/l P)	1,94	2,11	---
Sulphides (mg/l)	0,45	0,43	≤ 5
Iron (mg/l)	0,91	0,71	≤ 25
Chlorides (ppm)	291	252	---
Sedimentary solids (ml/l)	0,17	0,94	10
pH	6,13	6,28	5,5-10

Average values of the monthly analyses carried out by the accredited external laboratory.

ENVIRONMENTAL ACHIEVEMENTS

The philosophy of the company, since it began its activity, has always been and respect and concern for the environment.

The bags and plastics used by both the company and its suppliers must be recyclable. Recycled cardboard is used for the cardboard boxes of all our products and both paper and cardboard are segregated for subsequent recycling.

Along these lines, a number of actions have been carried out:

YEAR	ENVIRONMENTAL ACHIEVEMENTS
1995	Separation, by sections, of the illumination of the room
1999	Replacement of diesel for natural gas for the combustion process in the operation of boilers
2002	Start-up of the wastewater treatment plant as a result of the expansion of the activity after the start of production of pre-cooked chicken.
2002	Birds of prey. Use of remains of meat and product unfit for human consumption for feeding to animals not belonging to the food chain
2003	Change of planning, use of sunflower oil for better usage
2005	Segregation of recoverable plastics
2006	Replacement of the centrifuge that dried the sludge from the sewage treatment plant with a screw that gives higher performance and allows to reduce to less than half the operating hours of the sewage treatment plant to purify the wastewater on both floors
2006	The substitution of CO ₂ by N ₂ for the cooling of chicken meat mixtures took place at the end of 2006. Use of the lumps from the fryer for the manufacture of compost intended for agricultural use, thus ceasing to take them to landfill.
2007	Replacement of the mobile soda tank in the treatment plant with a fixed tank with 50% more capacity, which is periodically refilled. This is a double-jacketed safety tank. With this we avoid having another soda tank that requires a warehouse with specific characteristics due to being a highly corrosive product.
2008	Installation of a decanter that extracts the oil from the lumps in the fryer, thus reducing the amount of lumps and allowing the recovery of the extracted oil.
2008	Installation of a new aeration system in the homogenisation basin of the treatment plant, which allows for greater performance of the physical-chemical process and, therefore, better quality of the waste.
2009	Replacement, in the beef plant, of R-22 as a refrigerant gas by R-422 D, much more environmentally friendly.
2009	Reduction of N ₂ consumption in the chicken product manufacturing line thanks to the installation of a new forming machine.
2010	Introduction of our meat suppliers to the implementation of an environmental management system.

2011	Reduction of waste to landfill by using dirty plastics for energy recovery.
2011	Reduction of water consumption
2011	Reduction of gas consumption
2011	Improving energy efficiency through the installation of eco-tubes in the beef plant
2011	Reduction of emissions through the use of a hybrid car for internal management.
2011	Reduction of waste to landfill by using dirty plastics for energy recovery.
2012	Reduction of plastic packaging waste after product use
2012	Reduction of noise levels
2012	Reduction of hazardous waste from contaminated packaging
2012	Reduced consumption of paper and seal labels
2013	Reduction of packaging waste after use in restaurants
2014	New air compressor system with frequency convertor in the beef plant
2014	Installation of tubes led's in the production rooms and installation of a new IE2 motor in compressor 6 in the chicken plant, reducing electricity consumption.
2015	From September-2015 zero waste to landfill
2015	Reduction of by-products of lumps and cereal flours in the chicken plant
2015	Reduction of oil consumption in the chicken plant
2016	Reduction of cardboard consumption in the beef plant
2016	Reduced light consumption in the beef plant
2016	Reduction of plastic consumption in the chicken plant

Other environmental measures

Management's awareness of the need to preserve the environment has led it to extend its actions even beyond the physical limits of the organisation:

Suppliers

OSI wants to convey to its suppliers the need to advance in respect for the environment. Although, among other things, compliance with environmental requirements has always been taken into account when selecting suppliers, this fact has been introduced since 2007.

Given the relevant importance of meat consumption in OSI's production process and the problems of the meat industry due to its numerous significant environmental aspects, control has been initiated by our meat suppliers.

In 2016:

- 91.18% boneless beef coming from ISO 14001 certified plants
- 100% boneless pork coming from ISO 14001 certified plants
- 41.66% beef coming from ISO 14001 certified slaughterhouses

Education

OSI opens its doors to social groups that request it in order to raise awareness of environmental actions.

Celebration of World Environment Day 2016

For the past four years OSI Spain has actively participated in the United Nations World Environment Day, which is celebrated every year on 5 June.

The theme of World Environment Day 2016 was "Endangered Animals". OSI Spain developed awareness presentations for employees, which were displayed in the recreation areas of both plants.

For the children of the employees, a handicrafts competition was organised in which they had to make a mask of an endangered animal. The aim of this activity was to raise awareness among children on the ANIMALS IN DANGER OF EXTINCTION that are in the world. It is everyone's problem and we must raise awareness among the youngest so that in the future they will take care of them.



In
constant
progress

Animal welfare

Animal welfare is important to us and has always been a central aspect of our supply chain. Our standards are constantly reviewed and developed in cooperation with qualified experts. To ensure compliance with these standards, slaughterhouses must pass animal welfare audits by independent third party companies and OSI technical staff..



The Amazon Biome

The Amazon Biome is a group of several interrelated tropical ecosystems. It covers an area of 6.4 million square kilometres (2.47 million square miles), of which 4 million (1.5 million square miles) are in Brazil. We seek to preserve this unique tropical forest region, often referred to as the "green lung" of our planet, for ourselves as well as for future generations.

OSI fully understands its responsibilities, especially when it comes to purchasing raw materials and only buys chicken meat from suppliers who use soy feed from regions outside the Biome.

For us, 100% traceability means that feed mills are first audited by our suppliers and then by OSI. In this way, we can provide evidence that the feed used does not come from the Amazon Biome.

MAAP Programme

OSI supports MAAP (McDonald's Agricultural Assurance Program) to ensure the availability of high quality raw materials now and in the future. Together with our client, we develop and seek "sustainable" agriculture - understood as not exploiting and depleting resources such as soil, water or livestock, but rather cultivating and preserving them.

The MAAP programme covers the following areas: ethical, environmental and economic, categorised under the following aspects:

- Protection of the environment

- Integrated, sustainable agriculture

- Proper handling and treatment of animals

- Transparency and traceability at all production levels

- Transparency in aspects related to biotechnology and genetic modifications.



Occupational health and safety

Compliance with all health and safety legislation is paramount to OSI. To further increase our responsibility to our employees, service providers and visitors, we are constantly improving health and safety precautions at our plant. The goal is an accident and hassle free work environment.

Social responsibility

OSI Food Solutions Spain, S.L. continually works to identify, evaluate and improve any of the elements of our operations that affect social responsibility. Our corporate values and beliefs must be integrated to meet the expectations of our stakeholders. These include customers, employees, investors, suppliers, the community and the environment.

We believe that business should be conducted in a way that achieves sustainable growth and demonstrates a high degree of social responsibility.

Our responsibility includes interacting with:

- Our market
- Our environment
- Our Community
- Our employees

In 2015, OSI achieved a certification according to the SA8000 Standard. Two follow-up audits were carried out in 2016: on 19/01/2016 and 21/07/2016.

In both audits the result was favourable and no non-conformities were found in the management of the system. From 14 to 16/11/16 the audit of renewal of the certification was carried out, being once again favourable and not finding major deviations.

At OSI Food Solutions Spain, S.L., we are committed to the following principles of Corporate Social Responsibility:

- We believe in complying with the law in everything we do.
- Our goal is to provide career plans for our employees through annual succession plans and training and development programs in Europe.
- Establish community programs that promote recognition as a contribution to local community development.
- Be proactive in assessing and improving the environmental impact of all our operations across Europe.
- Continuously benchmark and evaluate what we do to ensure we remain competitive in the workplace.
- Establish guarantees to ensure that all employees are treated with respect and without sexual, physical or mental harassment.
- Provide and maintain a clean, healthy and safe work environment.
- Undertake a range of initiatives to promote inclusion and diversity.
- Establishing animal welfare requirements for animals is a central issue for OSI.

Contact

For any queries regarding the information contained in this statement please contact the following people:

- María Blanco, Head of Quality and Environment Department (blancom@osifoodsolutions.es)
- Contact number: +(34) 925 231500

Verification

Esta Declaración ha sido verificada por AENOR, nº de verificador ES-V-0001

Próxima declaración

In 2018 corresponding to data from 2017.

Toledo, April 18, 2017

Signed: José M^a del Río
Managing Director

ENVIRONMENTAL STATEMENT VALIDATED BY

AENOR

IN ACCORDANCE WITH REGULATION (EC) NO 1221/2009
ENVIRONMENTAL VERIFICATOR ACCREDITATION NUMBER ES-
V-0001

Validation date: 2017-07-10



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