



**SANCHEZ**<sup>®</sup>  
AGUACATES HASS

**INTEGRATED ANNUAL REPORT (2018)**

## REGARDING SANCHEZ GROUP

Our core business is production, distribution, export and marketing of avocado, Mexican lemon and additional field products.

From which; in the national market were marketed 16,451 tons of Hass variety avocado and 5,232 tons at international level. (2018 yearly sales).

We are very proud to be the major avocado distributor at national level with 7 distribution centers and 1 in the USA.

The top quality in our Hass avocado has enabled us to become consolidated in other parts of the world as USA, Canada, Central America, Europe, Asia and Middle East.

# ¡El Hass que sabe más!

[The Hass which tastes more!]

It is our motto. During 35 years we have offered to different markets the quality of our land; the Hass variety avocado.

Thanks to, our new value activities, generate sources of employment, improving the quality of life in our community.



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**SANCHEZ**  
AGUACATES HASS

# 35 años

Produciendo calidad  
[35 years Producing quality]

[www.sanchezhass.com](http://www.sanchezhass.com)



# MESSAGE FROM THE SANCHEZ FAMILY

Times are not the same already, when we began this business we just were 8 people and our market was only local. Our demand grew and it was until then that we recruit the required individuals who may deliver ideas to improve our processes and depict our concerns.

We consistently heard the word globalization so we decided to stand outside our land and it allowed us to join new markets, new countries, where we never envision to get into and remain.

It has not been easy, since existing barriers as everything in life, but break away paradigms, not being afraid to face the challenges, has brought us together as the enterprise we are nowadays.

The Sanchez family recognizes the talent and thank all our collaborative team who have joined to our vision, and it has been the factor of our success, inasmuch as the growth opportunity has been for both sides.

However, we face a major challenge; **the global warming.**

Season after season this change is felt, we never imagine that challenges are also found in the natural environment, we must take action and do not stay with arms folded, our greatest challenge is counteract the ignorance and it is only with actions, sustainable projects and the support of our people, we may go beyond in order to perform a massive change.

***"If there is something new, let's deal with it, move forward and go ahead"***

## SOME HISTORY

**PERIBÁN DE RAMOS** is county seat and its main economic activity is agriculture, with a predominance of avocado growing.

It is located 180 km from the capital city of the State of Michoacán and counts with a territorial extension of 332 797 km<sup>2</sup>.

Its inhabitants number corresponds to 27,832 (INEGI 2010, National Institute of Geography and Statistics by its Spanish acronym meaning).

## SANCHEZ ENTERPRISE

Founded in 1983 in the locality of Peribán de Ramos; the Sanchez family with its ongoing effort and commitment; has seen the growth and rebound of this great enterprise.

Thanks to the investment, team and infrastructure; nowadays, the Sanchez family has developed in a recognized agro-business, where are activities incorporated of added value, generating direct and indirect jobs within and out of the locality.

## TRADITIONS, FESTIVITIES AND GASTRONOMY



One of the longstanding traditions of the locality is the elaboration of peribanas; which are the wooden trays lacquered in fine gold finishing. The main celebration in the municipality is the traditional fair of Palm Sunday, it takes place every year, having national and international renowned artists. The majority of the inhabitants, practice Catholic religion consequently the town festivities are taking place in accordance with liturgical calendar.

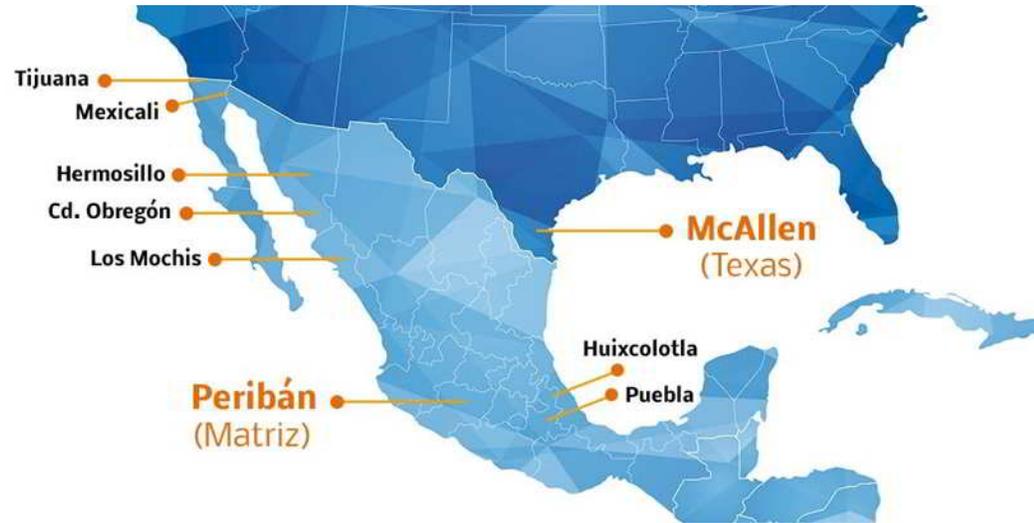
It is the headquarter of charrería events, count on one escaramuzas school.

Within its cuisine some typical dishes stand out, such as: tostadas raspadas, birria, carnitas and traditional dishes with guacamole, as well as homemade ice cream and the elaboration of avocado popsicles.

# SANCHEZ CURRENTLY

We are a Mexican enterprise with great presence in the market of Hass variety avocado.

Since more than 35 years, recognized for its excellence and high quality in each one of our products, which are perfectly selected for its distribution in México and several countries all over the world.



## National Distribution Centers:

- Huixcolotla
- Puebla
- Los Mochis
- Cd. Obregón
- Hermosillo
- Tijuana
- Mexicali

## Internacional Distribution Centers:

- Mc Allen - Texas

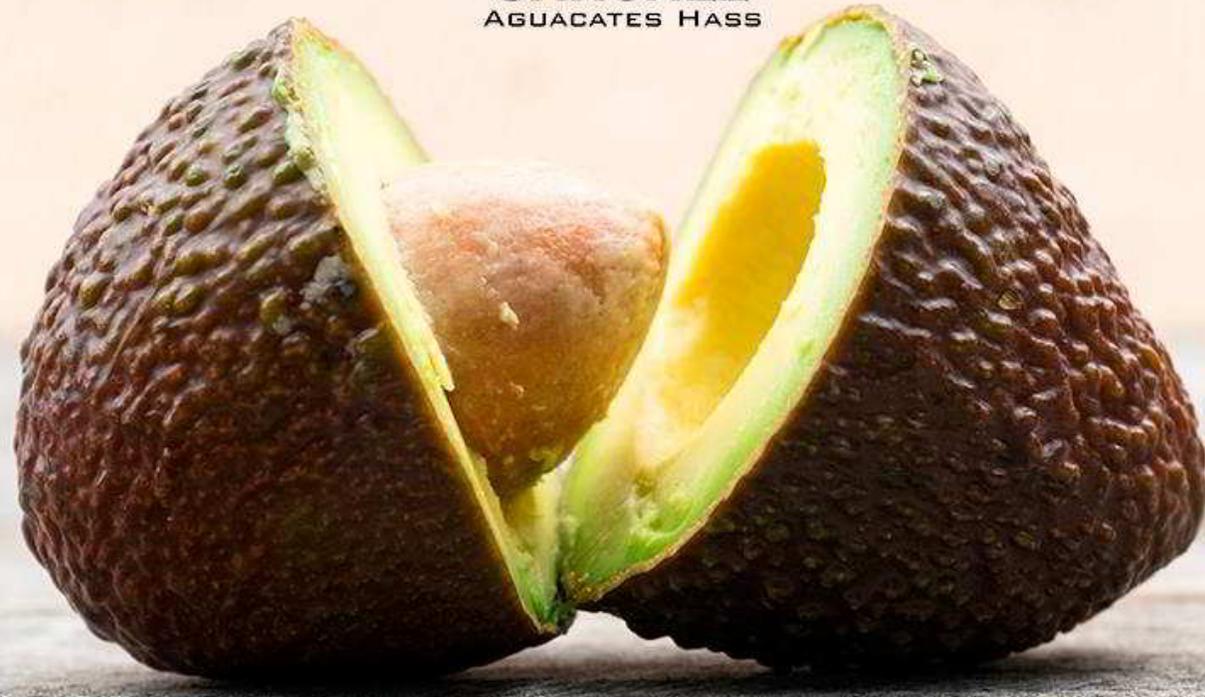
## Export Points:

- USA
- Canada
- Guatemala
- Spain
- France
- Netherlands
- Japan
- South Korea
- China
- Singapore
- Hong Kong





**SANCHEZ**  
AGUACATES HASS



**LLEVAMOS LO MEJOR DE  
NUESTRA TIERRA A TODO  
MÉXICO**

[We deliver the very best from our land to all Mexico]

[WWW.SANCHEZHASS.COM](http://WWW.SANCHEZHASS.COM)



# OUR PRODUCTS

- In the **INTERNATIONAL MARKET** avocados are packed in cardboard box of **4, 6 and 11.3 Kg.**
- In the brands: Sanchez Aguacates Hass “**El Pueblito and Avotlan**”



- In the **NATIONAL MARKET**, the variety of Hass Avocados are distributed in plastic boxes of 10 and 15.5 kg, according to **SANCHEZ QUALITY STANDARD.\***



\*Whether international or national market, have different standards in sizes, which you may consult in the official Sanchez website. ([www.sanchezhass.com](http://www.sanchezhass.com)).



SANCHEZ  
AGUACATES HASS

## VALUE CHAIN

From our orchards to final consumer, Sanchez provides quality and taste, to meet the demand of any palate.





**SANCHEZ**  
AGUACATES HASS

## MISSION

Endure to be a recognized agro-business, counting on a great professional team and trained, wherein our processes and facilities are provided with the infrastructure and leading-edge technology, incorporating a value chain from farming, distribution, marketing and export of our products.

# ¡ El hass que

# sabe más!



## VISION

Reinvent ourselves to become an authentic enterprise and visionary, generator of dignified work sources, promotor of breaking paradigms that transcend to new generations and to the society culture.

## RSC

Become an exemplary enterprise, which operate with dynamism, developing empathy and committed to society, wherein contribute to sustainability of the environment, following the quality standards and natural environment.

# ¡ El hass que sabe más!

Sanchez Aguacates Hass, is committed to offering and generating a better life quality, in both its products and services as in employment sources generated in the community.

Therefore the entrepreneurial culture is underpinned by the vision, mission and corporative ethic, on the basis of a socioeconomic French model named "ISEOR" (Socio-Economic Institute for Firms and Organizations), such tools provide us a continuous improvement in our internal processes and the guidelines of being an enterprise with social responsibility.

VALUES

Team work

Social responsibility

Competitivity

Innovation

Empathy



• We are committed with the locality and its people, therefore, we perform projects within the society is benefited and also the environment.



• We generate around three hundred direct employments and two hundred are indirect permanent in full compliance with the applicable regulation of the Federal Labor Law.



• We adapted the alliances of Sustainable Development of the UN (United Nations) as part of our business goals in order to become a Socially Responsible Company (ESR) with values and human sense.

“If you mind about future, start the change, help to eradicate poverty, decrease inequality and address climat change; together we can transform the world” (UN) United Nations by its meaning in English.



**TO A SUSTAINABLE  
LOW-CARBON PATH**

# TOWARDS A SUSTAINABLE PATH

We are committed to offering a product, which meets our customer needs, from its grow until its packaging, within we provide healthful nutritional profile in compliance with all the agro-standards and safety, where good agricultural practices are certified.

As well as meeting the technical specifications of each market in which we import and export.

<i>Calibration table</i> Sánchez Standards	
<b>Extra y primera</b>	Peso mínimo (gramos): 194 Peso máximo (gramos): +
<b>Mediano</b>	Peso mínimo (gramos): 147 Peso máximo (gramos): 193
<b>Comercial</b>	Peso mínimo (gramos): 111 Peso máximo (gramos): 146
<b>Cuarta</b>	Peso mínimo (gramos): 60 Peso máximo (gramos): 110
<b>Canica</b>	Menor de (gramos): 60



**Certifications**



# ISO 26000 SOCIAL RESPONSIBILITY

ISO 26000 is a social responsibility guide that advise organizations in the three dimensions of sustainable development: economic, environmental and social.

This regulation is voluntary nature, with the purpose of going beyond the legal compliance.

It is divided into seven holistic foundations:



It is therefore the company Sanchez takes as an essential part the practice of each of the fundamentals of ISO 26000.

It is the essential basis to improve and evolve our commitment to be a company with social responsibility, contributing to the sustainable development of our locality and its stakeholders.



# Alliances with institutions



**DONARI FOUNDATION**

Bottled water is purchased where through this, a donation is generated to support young Mexicans who are in vulnerable situations and are able to find the tools to boost their academic development.



**HELP CHAINS, CIVIL ASSOCIATION**

It currently donates avocado boxes at events that they have (child's day, posadas, parties) and during August month backpacks and school supplies are donated for school return.



**ALLIANCE FOR THE PETE**

In 2018 it was agreed with civil protection and firefighters from Periban, to join forces for the collection of single-use plastic bottles, where 455 kgs of PETE bottles were collected, which made plastic boxes with PETE material used for the packaging of avocado.

As well as seize his knowledge in first aid training.

Jackets were given in gratitude.

**SUPPORT FOR INSTITUTIONS**

\*In order to link with society, infrastructure remodeling supports have been made in local kindergartens.

\*As well as support in nursing homes and homes, whether it is monthly monetary support or in-kind support, depending on the needs of the institution.

# BUSINESS RALLY

*This project began in 2018 as a proposal for the integration of Sanchez collaborators, through these activities integration and teamwork is reinforced. It is an activity that takes place annually, with the support of the company "Passion for success"*

# OUR PEOPLE

- Annual growth of 1.06%
- 38 hours of female/male training.
- 100% in permanent employment contracts, subject to the regulations of the Federal Labor Law.
- 10% of scholarships and school supports delivered in 2018.
- Launch of maternity and paternity policy.
- Reduction of 2.3% in staff turnover.
- Reduction of .07% in work risks.
- Special date commemoration: birthdays, mother's day, father's day, and those established by Federal Labor Law.
- In 2018, as part of the job and career growth program, 8 employees were promoted to trust positions in the company.



<p><b>4</b> QUALITY EDUCATION</p> 	<p><b>5</b> GENDER EQUALITY</p> 	<p><b>8</b> GOOD JOBS AND ECONOMIC GROWTH</p> 	<p><b>10</b> REDUCED INEQUALITIES</p> 
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# CARE FOR THE ENVIRONMENT

The Sanchez team interacts daily with Mother Earth, so within our commitments is reduce the environmental impact generated by our operations.

- ⑥ Two thousand pine trees were reforested in 2017 on Parastaco mountain in Peribán de Ramos, Michoacan.
- ⑥ Our commitment in 2018 increased:
  - ⑥ 400 cypresses were planted in Periban Michoacan and Talpa, Jalisco.
  - ⑥ 2200 pine trees were planted and distributed in the town councils of Ario de Rosales, Zacapu and Periban (Michoacán).
  - ⑥ 22 volunteers.
- ⑥ A pest control system was implemented that consisted in adding beneficial insects on orchard plants, where they help to reduce the applications of insecticides or chemicals harmful to humans and the environment.
- ⑥ As part of the renewable energy project, a photovoltaic plant was installed in the packing area, reducing CO2 emissions.

Within the company policies, the following ecological practices are done:

- \*\* Remove single-use products.
- \*\* Recycling sheets of paper.
- \*\* Sort garbage out.



# *Aguacates que traspasan fronteras*

[Avocados that cross borders]



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# FINANCIAL PERFORMANCE

## Sales 2017 - 2018

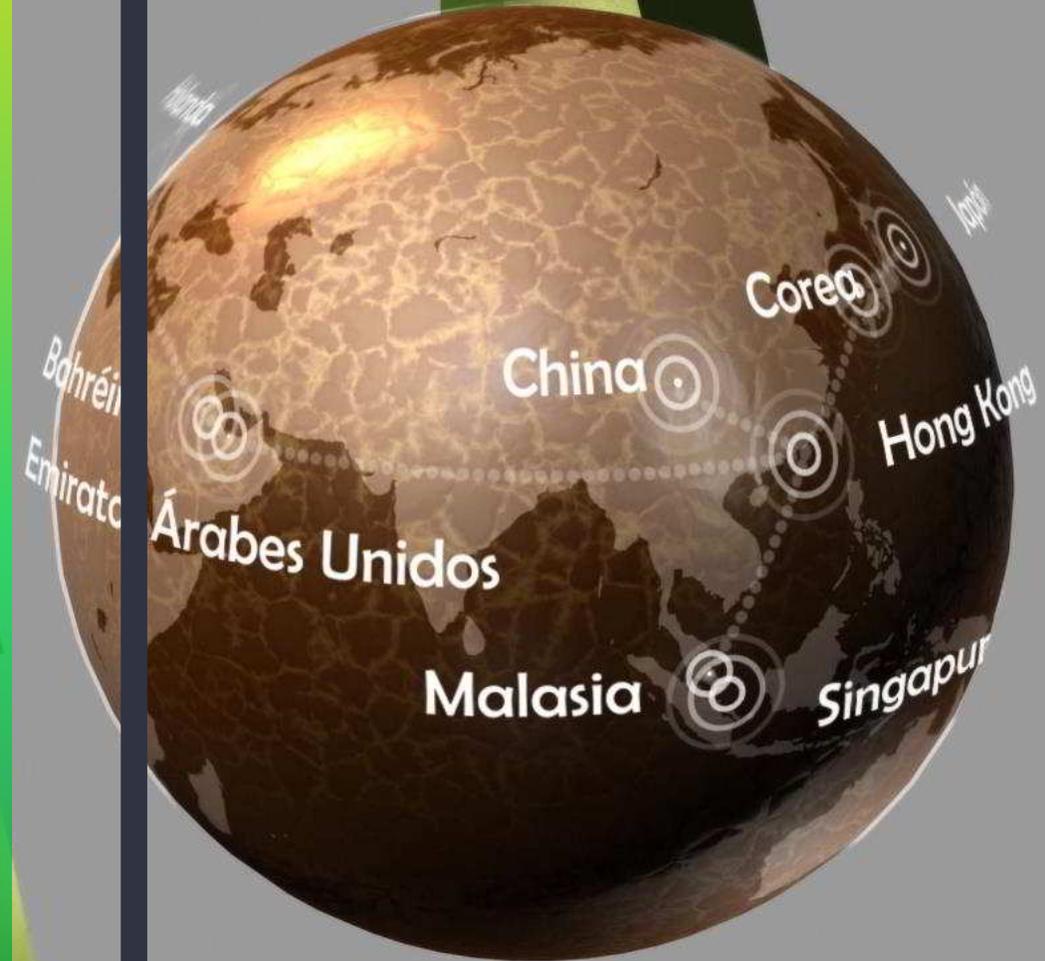
- Sales (\$) in 2018 compared to 2017 were higher by 13%
- Sales (Kg) in 2018 compared to 2017 were less by 10 %

## Markets

- During 2018, exports to Guatemala, the Netherlands, Korea, China, France and Hong Kong were opened. Maintaining our market in a nationally and internationally level.



[During 2018 exports of Mexican avocado to Asia growth up to 72%]



## STAKEHOLDERS

- **Sánchez Aguacates Hass takes part of:**  
1 of 29 associates of the Union of Avocado Packers of Periban de Ramos, Civil Association.



Unión de  
Empacadores de Aguacate  
de Peribán A.C.

- 1 of 54 authorized packers from the Association of Producers and Exporter Packers of Mexico Avocados.

