



# NOURISHING BONDS FOR DEVELOPMENT

Sustainability Report  
2019 Management Highlights



## RESPECT FOR AND PROTECTION OF HUMAN AND LABOR RIGHTS

**POLICY**  
on Commitment  
towards **CHILDREN'S RIGHTS**

Promotion of  
**EMPRESA-INFANCIA PROGRAM**  
(Institutional  
Commitment with  
Childhood)

**20% of LEADERSHIP AND MANAGEMENT POSITIONS** covered by **WOMEN**

**250 PEOPLE WITH DISABILITIES** as part of Arcor's staff

**225 INTERNSHIPS FOR SECONDARY SCHOOL STUDENTS** promoted

**2nd POSITION** in the **RANDSTAD EMPLOYER BRAND RESEARCH**

**YEAR-ON-YEAR REDUCTION** of the company's **DISABLING INJURY FREQUENCY RATE (DIFR)**

**47% OF WOMEN** participated in our **YOUNG ENTREPRENEURS PROGRAM**

**7th PLACE** among the **COMPANIES** that best attract and retain **TALENT**

**ERGONOMIC PROGRAM** for all our operating bases



**To put into practice the respect, protection and promotion of human rights, we promote due diligence processes in order to identify, prevent, and be accountable for the impacts that we could generate, contribute to or be related with as a company.**

We start by implementing and using complementary processes. For example, sustainability training, diagnoses that include the impacts on our value chain with more than 10,000 companies and people involved. Also, we apply a Sustainability Risks and Opportunities Matrix to each business for decision-making purposes, we monitor 10 performance and trends indicators of our human rights management, and we manage community impacts and apply this perspective to each of our operating bases.

We finally promote different activities and initiatives to protect, respect and remediate our impact on human rights, seeking to extend the scope of this practice into our entire value chain. ■



### CHILDHOOD FREE FROM CHILD LABOR

Preventing and eradicating child labor implies making decisions both economically and socially, as well as involving gradual and sustained long-term work. Since 2006, our Food Business has promoted the "Crecer jugando, por una niñez sin trabajo infantil" Program (Grow up playing, for a childhood free from child labor) to work on the prevention and eradication of child labor on the farms and producers that supply us with tomato, corn, peas and peaches in the Argentine provinces of Mendoza, San Juan and Río Negro.

We started by offering workshops to raise awareness about this situation and promote children's and adolescent's rights. Then, we worked together with the public sector and non-governmental organizations to install Child Development Centers (CDI, as per its initials in Spanish) to provide care to harvesters' children during workday and to stimulate their integral development.

As of 2019, we promoted 31 CDIs that care for 265 children. We also signed agreements and allied with municipal governments and civil society organizations. Moreover, we conducted 379 visits to 49 farms and producers for the early detection of risks, and we signed free child labor contracts to achieve its eradication.



## ACTIVE LIFE AND HEALTHY NUTRITION

**REGIONAL  
BONDING AND  
RELATIONSHIP  
Strategy**

**Launch of the  
ARCOR FOOD  
INNOVATION  
Program**

**340  
GLUTEN-FREE  
products**

**SUGAR  
REDUCTION  
in 69 presentations**

**SODIUM  
REDUCTION  
in 254  
presentations**

**SATURATED  
FATS REDUCTION  
in 226 presentations**

**30% of our  
SALES REVENUE  
comes from  
PRODUCTS WITH  
NUTRITIONAL  
BENEFITS**

**100% of our  
products with  
-2% OF  
TRANS FATS**

**60 PRODUCTS  
are part of the  
“TU PORCIÓN  
JUSTA” Program**

**APRENDIENDO A  
DISFRUTAR (LEARNING  
TO ENJOY) Program: 16,571  
children participated, and  
1,315 teachers were trained in  
Argentina, Brazil and Chile**



**We are one of the consumer foods company with the largest number of gluten-free products in Argentina. The commitment we have with the celiac community moves us to expand our product offer, following the premise that products have to be accessible to the largest number of consumers.**

Besides candies, chocolates, lollipops, nougats, Christmas candies, canned food, jams, corn flour, juices, mix of nuts and dietary supplements, in 2019 we added to our portfolio premixes, farinaceous-based foods that give consumers the possibility of having more - and richer - options in their meals, especially for those who should exclude gluten from their diet.

In addition, we provided information to celiac consumers through the Consumer Service, direct interactions on social networks, in supermarket shelves, and by posting the list of “Gluten Free” products registered by the Health Authority on our website. ■



### **ARCOR GLUTEN-FREE PREMIXES!**

In Argentina, it is estimated that 1 in 100 inhabitants may be celiac or gluten intolerant (almost 500,000 people!). These diseases are detected upwards year after year and, consequently, more and more people need gluten-free foods: wheat, oats, barley and rye-free (TACC, as per its initials in Spanish).

To respond to this growing demand, we developed new products year after year. After more than 2 years, and from a joint work of all areas of the company, we landed on a classical line of the gluten-free world: premixes.

We built a cutting-edge formula to create dye-less potato and spinach gnocchi premixes, vanilla and chocolate sponge cakes that do not shed, and pizza that is kneaded - a great novelty since gluten-free doughs are commonly liquid.

All are 100% gluten-free certified, which guarantees our consumers the safety and innocuousness of the products.

**Once again, Gluten-Free love from Arcor!**



## WATER

**9.4% REDUCTION**  
of water consumption  
to **MANUFACTURE**  
**1 TON OF PRODUCT**

**WE STOPPED**  
**EXTRACTING**  
**2,344,000 M<sup>3</sup>**  
of water from  
different sources

**98% of the water**  
used comes from  
**OUR OWN WATER**  
**HARVESTING**

**42% of**  
**SURFACE WATER**  
**HARVESTING**

**56% of**  
**UNDERGROUND**  
**STORAGE**

**Incorporation**  
of **NEW**  
**TECHNOLOGIES**  
to treat our  
**EFFLUENTS**

**INGENIO LA PROVIDENCIA**, 1st  
plant **OFFICIALLY APPROVED**  
by the Industrial Restructuring  
Program (PRI, as per its  
initials in Spanish) from the  
**ARGENTINE SECRETARIAT**  
**OF ENVIRONMENT**

**92.69%**  
of the water  
is used in **MASS**  
**CONSUMPTION**  
**AND INDUSTRIAL**  
plants

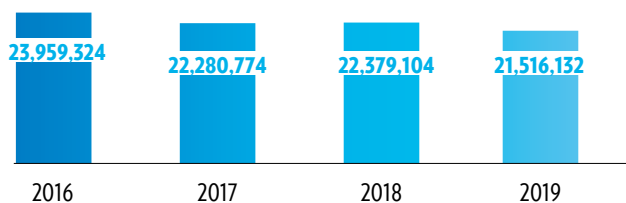
**4.83%**  
of the water  
is used for  
**AGRICULTURAL**  
**PRODUCTION**

**2.45% of the**  
water is used  
for **POWER**  
**GENERATION**



**In the last 4 years, we reduced by 9.4% the water consumption required to manufacture a ton of product in all our operations.**

**TOTAL WATER CONSUMPTION 2016-2019**  
(M<sup>3</sup>/YEAR)



The focus for consumption reduction is centered on plants with the highest demand and where there is a greater risk in terms of availability.

All our plants showed reduction, allowing us to achieve the goal we had set for ourselves during the year: to reduce water consumption by 10% per ton produced. ■

### **CORN SYRUP:** **SAME QUALITY, LESS WATER**

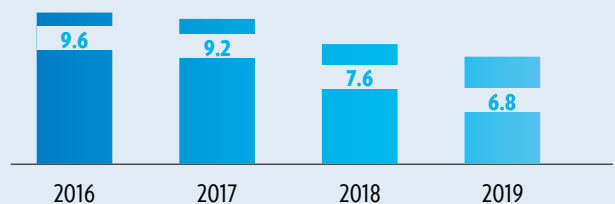
The Wet Milling Plant (PMH3) of the Arroyito (Córdoba - Argentina) industrial complex, intended to produce corn syrups from our Agribusiness Division, is one of our plants with the highest water demand.

During 2019, we carried out several actions aimed at reducing consumption and, thanks to our efforts, we achieved:

- The recovery of water condensate in GAC evaporators.
- The installation of a closed circuit to wash ion-exchange trains.
- The modification of the maceration process.
- The repair of drop separators in cooling tower equipment.

These improvements allowed a 26% reduction in the water needed to produce a ton of syrup, compared to 2017 values.

**PMH3 WATER CONSUMPTION**  
(M<sup>3</sup>/TN)







## ENERGY AND CLIMATE CHANGE

**GHG  
(Greenhouse Gas)  
INVENTORY**  
in all our  
operating bases

We issued **52,053  
NON-BIOGENIC TN  
CO2 EQ LESS**  
than in 2018

We developed  
the **ENERGY  
PERFORMANCE  
PROGRAM** in 15  
**PLANTS** in Argentina

We extended  
the **ENERGY  
PERFORMANCE  
INDICATOR** to  
**DISTRIBUTORS**

More than **50%**  
of the total **ENERGY**  
used comes from  
**RENEWABLE  
SOURCES**

**WE REDUCED**  
by **16%** the  
amount of **TOTAL  
WASTE** generated  
compared to 2018

**WE REDUCED**  
**6,945 TN OF  
BURIED WASTE**  
compared to 2018

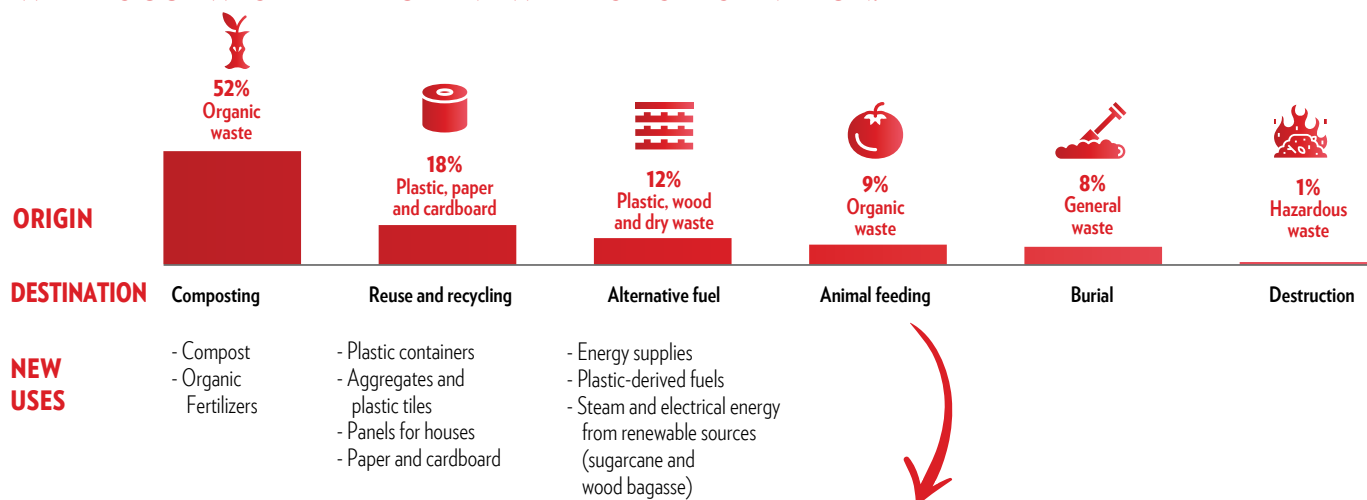
We generated **50%  
LESS HAZARDOUS  
WASTE** compared  
to 2016

We managed to  
**REUSE AND  
RECYCLE 92%**  
of the **WASTE**  
that we generate

Through **KAMAY  
VENTURES**,  
we **SUPPORTED  
ARQLITE**, a start-up  
that recycles  
complex plastics

To minimize the impact of our operations and to promote a positive economic, social and environmental impact, we revalued our waste through circuits that contribute to the construction of a circular economy.

### WHAT IS OUR WASTE MADE OF AND WHAT IS ITS DESTINATION?



### A CIRCULAR ECONOMY FOR TOMATO SKIN AND SEED

Driven by the desire to promote more integrated work in our value chain that, also allows us to revalue our waste, in 2019 we launched an initiative at the San Juan plant with its star raw material: tomato.

We managed that 1,500 tons of skin and seed - historically buried as worthless waste - become one of the main inputs to produce pet food.

We redefined our raw material and contributed to an economic activity for the province.

**Undoubtedly, tomato is 100% circular.**



## PACKING MATERIALS

**53% of the PACKAGING MATERIALS** used come from **RENEWABLE SOURCES**

**8.5% LESS PACKAGING MATERIAL** used for each kg of product

**74 INITIATIVES** to reduce packaging materials in Sustainability Plans

**94% compliance** with the **SUSTAINABLE PAPER SUPPLY POLICY**

**186,363 TN** of **RECYCLED CARDBOARD** used as **RAW MATERIAL**

**164,149 TN** of **CARDBOARD** produced using **RECYCLED INPUTS**

**REDUCTION of 11% in the use of PLASTIC MATERIALS** in 7 years

Since 2013 we have **REDUCED** the use of **PVC** by 54%

**-4.5% of the PLASTICS** used is **PVC**

**FCS and PEFC** certification in 100% of the packaging production bases

Considering the growing global concern around single-use plastics, we have defined an approach regarding the use of all our plastic containers that guides the initiatives to reduce and replace these materials in all our businesses.

We started from a trends analysis and benchmark to reveal policies, guidelines, goals and good practices in mass consumption companies. Then, we promoted a survey of the materials used in Arcor to reach a diagnosis by business.

Based on the results obtained, and after almost 2 years of work, we determined strategic guidelines that allowed us to develop a strategy.

Our Plastics Strategy seeks to design innovative solutions for the packaging we use for our products, through the optimization, simplification and replacement of materials. It includes both flexible and rigid plastics for the packaging of our Mass Consumption Food Business unit.

The defined strategic guidelines allow us to reach an approach regarding the use of all the plastic materials of our company.

Finally, each Business developed work proposals to carry out between 2019 and 2025, in which 63% of the actions underpin the reduction pillar and 37% the replacement pillar. ■



### PLASTICS STRATEGY - STRATEGIC GUIDELINES:



#### REDUCTION

Under the premise of conscious consumption, it was defined the optimization of packaging structures and sizes, prioritizing lightweight materials and eliminating redundancies in packaging.



#### REPLACEMENT

Under the premise of less impact, we decided to move forward with these alternatives:

- To prefer materials with better recyclability rates, eliminating complex combinations.
- To encourage the use of biodegradable or compostable materials.
- To encourage the content of recycled material in packaging.
- To eliminate non-recyclable or controversial plastics (for example PVC).



## GENERAL COMMITMENT TO SUSTAINABLE DEVELOPMENT

**10,055** suppliers signed the **LETTER OF ADHERENCE TO THE GUIDING PRINCIPLES FOR RESPONSIBLE MANAGEMENT**

**CERTIFIED QUALITY** and **SUPPLIER RELIABILITY** programs

**100%** of outsourced suppliers with **SOCIAL, ECONOMIC AND ENVIRONMENTAL AUDITS**

**\$16,865,000** allocated to **RESPONSIBLE INCLUSIVE PURCHASES**

**SUSTAINABLE AGRICULTURE PROGRAM** for sugar, corn, wheat, fruits and vegetables, palm oil, cocoa and eggs

**86.9%** of our **SITES** are **ISO 9.001** certified and **94.5%** comply with **FOOD SAFETY STANDARDS**

**2,830 TN** OF **DONATED PRODUCTS** in Argentina, Brazil, Chile and Mexico

Launch of the **RED ACTIVA (ACTIVE NETWORK) 2.0 PROGRAM** in Argentina, Bolivia, Paraguay and Uruguay

**DISTRIBUTORS SUSTAINABILITY STRATEGY**

**\$48,314,601** to support **181 REGIONAL SOCIAL INVESTMENT** projects

**We promote responsible management throughout our value chain since we understand that part of our responsibility is to foster the integration of sustainability in the daily management of the people that comprise it.**

Our Sustainable Sourcing Strategy is aimed at promoting the benefits of triple-impact management in the supply chain. It is the framework that allows us to think, design and develop specific projects and programs for more than 13,000 suppliers.

It aims at making a positive impact beyond the commercial aspects, which contributes to the traceability of inputs through a sustainable management. Its focus is the minimization of risks and the maximization of opportunities to ensure a sustainable supply in a comprehensive way.

In this way, we collaborate with increasing production standards of all the sectors with which we interact, working on their vulnerabilities, with an inclusive and long-term approach.

The initiatives offer our suppliers the possibility of being part of a continuous improvement process, aimed at developing their productivity and efficiency, and improving their capabilities. ■

### SUSTAINABLE SUPPLY STRATEGY



#### KNOWING TO TRANSFORM - AWARENESS & TRAINING:

It means the beginning of a conversation that allows us to clearly establish and communicate our expectations. In this way, we create a fertile ground so that we can later incorporate sustainability aspects into our business relationships.



#### PROMOTING TO COMMIT - PROGRESSIVE ALIGNMENT:

Under this line of work, we include all the actions aimed at incorporating sustainability into the usual managing procedures of commercial relationship with suppliers.



#### MEASURING TO IMPROVE - MONITORING & ASSESSMENT:

This dimension includes those initiatives that are aimed at assessing our suppliers in sustainability issues in order to promote the continuous improvement in their management.



#### PARTNERING TO GROW - SPECIFIC INITIATIVES:

It includes all those initiatives developed to promote the improvement in sustainability management issues and the creation of skills in specific groups of suppliers that, given their complexity, require specific approaches.

# WE ARE ARCOR, A SUSTAINABLE COMPANY

**833 SUSTAINABILITY INITIATIVES** included in Business Plans

**27 CORPORATE PROJECTS** led by the **ARCOR SUSTAINABILITY COMMITTEE**

**3,746 collaborators** with **SUSTAINABLE PERFORMANCE GOALS**

Contribution to the 17 United Nations **SUSTAINABLE DEVELOPMENT GOALS**

More than **USD 4,450,000 INVESTED** in the **SUSTAINABLE MANAGEMENT** of our bases

**100% of our SITES** are **CERTIFIED** under international management standards

**23,193** people **VISITED** our **PLANTS**

More than **\$355,180,000** aimed at **SOCIAL INVESTMENT AND COMMUNITY IMPACT MANAGEMENT**

**22 COMMUNITY RELATIONS** Committees

More than **15 AWARDS AND RECOGNITIONS** for our sustainability management

The conviction that economic development must be in harmony with well-being and social inclusion, and with the value, conservation and defense of the environment, has been present in Arcor since its earliest days.

Throughout our history, we have taken this conviction to the daily management of our businesses, through different strategies, governance, and action models.

With the aim of strengthening the sustainability advantage for the business and consolidating its integration in a cross-sectional way, in 2010 we created the Arcor Sustainability Policy, in which we assumed one general commitment and five specific ones towards sustainable development for the most relevant and priority topics for our business and our stakeholders.

## ARCOR'S SUSTAINABILITY POLICY

The Strategy that we are currently pursuing seeks to increase our corporate value through the sustainable management and governance of our business based on 3 pillars:



### SUSTAINABLE IDENTITY

To strengthen the company's identity, based on our values and culture as distinctive features;



### OPERATIONAL CONTINUITY

To guarantee the continuous improvement of our operations through sustainable management in all our processes; and



### DEMAND GROWTH

To promote business models and strategies, products and brands that generate sustainable links. ■



**GENERAL COMMITMENT TO SUSTAINABLE DEVELOPMENT**



**RATIONAL USE OF WATER**



**ENERGY EFFICIENCY AND CLIMATE CHANGE**



**RATIONAL USE OF PACKAGING MATERIALS**



**RESPECT FOR AND PROTECTION OF HUMAN AND LABOR RIGHTS**



**ACTIVE LIFE AND HEALTHY NUTRITION**



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