

NOURISHING BONDS FOR DEVELOPMENT



SUSTAINABILITY REPORT

2020 Management Highlights



70 Years Looking to the Future



WATER



WATER consumption **REDUCTION PER TON PRODUCED**, from **7.3 M³/TN** to **6.7 M³/TN**

WE EXTRACTED 1,078,059 M³ LESS of WATER, compared to 2019

HYDRIC STRESS RISK ANALYSIS performed in all **SITES WHERE WE HAVE INDUSTRIAL FACILITIES**

REDUCTION IN THE USE OF WATER coming from sites **WITH HYDRIC RISK**, from **14%** to **8.6%**

99% OF WATER derives from **OUR OWN INTAKE** mechanisms

24% WATER CONSUMPTION REDUCTION at the canned tomato **PLANT** located in the **PROVINCE OF SAN JUAN**

EXPANSION OF THE SECONDARY TREATMENT OF EFFLUENTS system at **COMPLEJO RANELAGH**, with an **ESTIMATED INVESTMENT** of **USD 2,500,000**

IMPROVED EFFLUENTS TREATMENT at our **PAPEL MISIONERO PAPER PLANT**

Water **REUSE** at the **PLANT** located in **VILLA MERCEDES**



NEW MANAGEMENT APPROACH: HYDRIC RISK ANALYSIS

We expanded our vision towards a more encompassing risk-based approach.

For that purpose, we use certain tools that help us classify the global hydric risk into three types: Physical, Regulatory and Reputational. As a result, we were able to better understand our priorities regarding water management at our plants.

Based on this analysis, three work strategies were defined for the next 10 years:

- **Reducing consumption based on a rational and adequate use of water.**
- **Ensuring availability.**
- **Minimizing or neutralizing the impact derived from the effluent discharges.**

NEW PLANT FOR THE SECONDARY TREATMENT OF EFFLUENTS AT COMPLEJO RANELAGH

In 2020, we started an expansion project of the effluents treatment system at the recycled paper plant located in Ranelagh, Province of Buenos Aires.

This project will ensure a secondary water treatment for the plant, allowing for a better recovery both of paper fiber and of the hydric resources, thus ensuring a discharge consistent with Grupo Arcor's external –and specially– internal requirements.

The estimated investment for this project is USD 2,500,000, with an approximate completion date by December 2021.





CLIMATE CHANGE AND ENERGY

GHG (GREENHOUSE GAS) INVENTORY in all our operating facilities

We generated **14,861 TONCO₂EQ. LESS** in our **OPERATING AND TRANSPORTATION ACTIVITIES**

6.4% IMPROVEMENT in **ENERGY PERFORMANCE** for the whole Grupo Arcor

ENERGY EFFICIENCY MANUAL created by Grupo Arcor, together with **UNIVERSIDAD TECNOLÓGICA NACIONAL**

5% reduction in the **ELECTRICITY CONSUMPTION PER TON** since 2017



ENERGY PERFORMANCE PLAN

Since 2017 we have in place an Energy Task Force and we promote an Energy Performance Program, aimed at caring for the environment and reducing GHG emissions; improving the profitability of our operations; complying with regulations currently in force; defining the energy matrix and the best supply strategies; being energy-efficient in the use of the equipment and reducing energy intensity in our operations; reducing energy consumption and saving energy; offering training and awareness activities to all our employees; and developing new business alternatives and environmentally-friendly technologies.

This Program covers three areas of analysis:

After analyzing these areas, different activities were defined in order to improve both specific and absolute energy consumption in all processes.

The Energy Performance Program includes energy intensity reduction goals for Grupo Arcor, set out at 2.5% for 2020, 8.8% for 2025 and 15% for 2030.

During the first stage, the Program was applied to 13 plants in Argentina, which were selected due to their electricity and natural gas consumption levels. Also, it was decided that at least one plant per business would participate in the Program. This group represents approximately 62.5% of Grupo Arcor's total energy consumption.



Energy consumption in its different forms: amount of energy used



Types of energy use: ways of applying energy



Relationship between energy consumption and production (or other variables)



PACKAGING MATERIALS



New **PLASTIC PACKAGING POLICY**

SUSTAINABLE DESIGN GUIDE containing technical guidelines on the design of **PACKAGING**

78 INITIATIVES aimed at **OPTIMIZING** the **PRODUCTS' PLASTIC PACKAGING**

REDUCTION of the **FLEXIBLE PACKAGING INDEX** (plastic) from **2.1%** to **2%** compared to 2019

Production of **160,000 TONS** of **RECYCLED PAPER** annually by the Packaging Division

70% of the **PAPER** and **CARDBOARD** used by the Packaging Division is made of **RECYCLED MATERIAL**

PLASTIC MATERIALS used contain **69.7%** of **RECYCLED** or **REUSABLE MATERIAL**



NEW PLASTIC PACKAGING POLICY

By means of the Plastic Packaging Policy approved by Grupo Arcor's Sustainability Committee we are committed to moving forward in the development of more sustainable solutions for our packaging. Taking into account the different

functions of packaging within the food industry (i.e., product preservation and transportation, efficient communication), this Policy lays down the work guidelines regarding the development of more sustainable packaging:

RATIONAL CONSUMPTION

Optimizing use while preserving the product

- Reducing density, size and weight
- Improving technologies
- Exploring new materials
- Developing special product presentations

CIRCULARITY DESIGN

Improving recyclability, promoting reuse and reducing the impact on the whole life cycle of the materials

- Small primary packaging: migrating to biodegradable or compostable materials
- Larger primary, secondary and tertiary packaging: evolving towards recycled materials, aiming at simplification
- Using recycled material

Some important reduction and replacement projects carried out during 2020 are the following:



Less plastic in the packaging of Cofler chocolate tablets: Weight change from 69.7 g/m² towards 53.2 g/m², thus allowing for an annual 12,000 kg reduction of plastic material.



Less aluminum and more paper in the packaging of Toplevel chewing gum: We started using bioxide paper, thus allowing for an annual 26,000 kg reduction in non-recyclable material sent to the market.



More sustainable packaging for Águila chocolate: We replaced the three-ply paper structure with PaperBack, thus allowing for an annual 12,000 kg reduction in the use of plastics, and a 12% packaging material saving as a result of the weight reduction.

HUMAN AND LABOR RIGHTS



TRANSITION of OHSAS 18001-certified **PLANTS** to the **NEW** Occupational Health and Safety **STANDARD ISO 45001**

20 ISO 45001- certified **PLANTS**

41% REDUCTION in **ACCIDENTS** at our **DISTRIBUTION CENTERS**

1,800 DRIVERS TRAINED IN **GOOD DRIVING PRACTICES**

1,061 EMPLOYEES participated in training activities through **UNIVERSIDAD ARCOR**

692 STUDENTS participated in the **TECHNICAL SCHOOLS LIAISON PROGRAM**

Grupo Arcor's **CHILDREN RIGHTS COMMITMENT POLICY** and Company-Childhood Initiatives



TECHNICAL SCHOOLS LIAISON PROGRAM: TRAINING IN THE PROVINCE OF SAN LUIS

As part of the Community Relations Strategy, Grupo Arcor aims at fostering liaison actions with technically-oriented educational institutions.

For the past 15 years, we have implemented different initiatives aimed at fostering the articulation and cooperation between both sectors, such as: career exploration workshops; training; participation in academic events; guided visits; secondary, tertiary and university level internships; contribution of materials and equipment to educational institutions; and employment recruitment for young professionals.

During 2020 our employees at Arcor and Bagley plants in Villa Mercedes, together with advisors from INTI's Red de Tecnologías de Gestión (National Institute of Industrial Technology's Management Technologies Network) in the

Province of San Luis and other teachers, carried out a series of virtual trainings aimed at four secondary schools in Villa Mercedes.

These trainings focused on Kaizen's Continuous Improvement methodology, and involved 150 students in the last secondary-school years of the following schools: Colegio N° 15 Ingeniero A. Mercau, Colegio N° 17 V Brigada Aérea, Escuela N° 19 Bernardino Rivadavia, and Colegio N° 11 Benito Juárez.

The students showed great interest in the activity and provided a positive feedback regarding the opportunity of sharing with professionals within the industrial sector and specialized technical organizations.



ACTIVE LIFE AND HEALTHY NUTRITION

55% of our **PORTFOLIO** (in kilograms) meets the guidelines set by **ARCOR'S NUTRITIONAL PROFILES SYSTEM**

129,053 **KG LESS OF SODIUM** into the market

6.7% of our **PRODUCTS** contain **MODIFIED AMOUNTS OF SUGAR**

11% of our total **SKUs** are **PRODUCTS REDUCED IN OR WITHOUT SENSITIVE NUTRIENTS**, such as sugar, trans fats and sodium

2,730,990 **KG LESS of SATURATED FATS** into the market, as part of our reduction plan

Corporate Program on **BASIC NUTRITION EDUCATION** for **EMPLOYEES**

"Learning to Enjoy" Program: **13,645 CHILDREN INVOLVED** and **1,364 TEACHERS TRAINED** in Argentina, Brazil and Chile



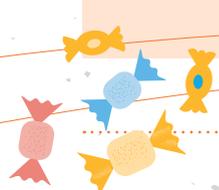
CORPORATE PROGRAM ON BASIC NUTRITION EDUCATION

As part of the Internal Nutrition and Food Awareness Management, the first module of the Corporate Program on Basic Nutrition Education was carried out, aimed at employees in the Marketing, R&D and other related teams, organized by the Corporate Nutrition and Human Resources Area through Universidad Arcor.

This Program has a regional scope and over 80 employees are currently participating in Argentina, Brazil, Chile, Mexico and Peru.

The Program's curriculum –which covers one year and a half– will be given during 2020 and 2021, and has been structured to further and reinforce nutrition and health concepts, provide impact evaluation tools and ensure effective implementation, in order to foster projects and make them feasible by including the health aspect.

The Program's first module was given by renowned specialists in each of the areas involved, thus allowing for strengthening the network with the scientific-technical system. Some of the specialists were researchers at CONICET (National Council on Scientific and Technical Research), who participated through the STAN (High Level Technological Services) modality.



IN 2020, WE WERE PRESENT WHERE WE NEEDED TO BE



The COVID-19 pandemic posed a real challenge for the company, its strategy and its daily operations. As a leading food company in the region, we are aware that we played a key role during the sanitary crisis in every country where we operate.

During 2020, we fostered a series of initiatives aimed at supporting our interest groups.



CUSTOMERS AND CONSUMERS

- Creation of the **e-commerce** platform www.arcorencasa.com.
- **"Salvemos al Kiosco"** (Save the Kiosks) initiative: We contributed over 140 million pesos to support the reopening of more than 10,000 kiosks all over the Argentine territory.
- **"Ayudando a un Kiosco tu Plata Vale Doble"** (Your Money is Worth Twice Its Value by Helping a Kiosk) initiative: Consumers were encouraged to purchase money vouchers at the Compra Futura (Future Purchase) platform and then exchange them at their local kiosks for twice their value.



COMMUNITY

Corporate Food Donation Program:

- Donation of **1,337,021 kg of products**.
- Specific donations for **Easter, Candy Week and Children's Month** in Argentina, reaching 121,000 children.
- **Special Food Assistance Program:** Together with Fundación Arcor, we donated 200,000 meals and 65,000 snacks to organizations that provide food assistance to the most vulnerable sectors in the City of Córdoba and in the Buenos Aires Metropolitan Area.

Donation of sanitary protection supplies and materials:

- Donation of **16,000 liters of alcohol**, produced by the Agri-Industrial Business, the Argentine National Defense Department, and several municipalities and local hospitals.
- Contribution of sanitary protection materials, scrubs, supplies and equipment to the communities where we operate.
- Manufacturing of **alcohol-based gel** and **safety masks**, together with local technical schools and universities.
- Donation of **more than 628,000 boxes and cardboard sheets** that were distributed through different Argentine initiatives and organizations.

Responsible Inclusive Purchases Program:

- Purchase of **more than 360,000 face masks** from the social organizations "El Arca" and "La Rañatela", which were used by our employees as an essential work equipment.

Social Investment - Fundación Arcor Argentina, Instituto Arcor Brasil and Fundación Arcor Chile:

- **Educational portal** in Spanish and Portuguese, displaying 234 courses aimed at people working with children.
- Discussion and reflection webinars, created together with national and international organizations.
- **Educational micro-site in times of lockdown:** courses, materials, activities, videos and reference websites for families and teachers.
- Production of a series of **videos** containing **"Tips for a Healthy Lockdown"**.



EMPLOYEES

- Reconditioning of office and industrial plant spaces, applying **sanitary safety measures** and **hygiene protocols**.
- Information to foster **sanitary prevention and protection actions**, such as guidelines to enter home, vehicle disinfection, family hygiene care, homemade face masks, and food sanitization, among others.
- Delivery of **12,860 homecare kits**, containing cleaning and hygiene products.
- **Flu shot campaign** at all Argentine sites.
- Development of resources containing **tips for doing physical exercise** at home, active stretching breaks and ergonomic tips.
- **Six mass webinars** to support employees doing remote work.
- **Educational activities to do with children at home**, focusing on prevention aspects during the pandemic, the development of emotions, and physical activity.
- **Benefits** to purchase products, raffles, and delivery of vouchers to be exchanged at our **platform www.arcorencasa.com**.

10 Years of Arcor's Sustainability Policy



WE DREAM BIG... WE BUILD THE WORLD WE DESIRE

In 2020 we celebrated 10 years of our Sustainability Policy.

During this period, we have achieved significant goals that show Arcor's commitment to sustainable development and to the most relevant and urgent environmental and social issues for our business and our interest groups.

COMMITMENT TO THE COMMUNITY AND THE VALUE CHAIN

- **28 Community Relations Committees** established at Grupo Arcor's industrial facilities.
- **+10M kilos** of products donated since 2015 as part of the Corporate Food Donation Program.
- **+12,000 suppliers** involved in the Sustainable Supply Strategy.
- **1,070 suppliers** evaluated through the REconocer program.
- **Responsible Inclusive Purchases:** +100M pesos allocated to purchases and 3M pesos allocated to technical assistance and financing aimed at 50 community-based ventures that generate work opportunities for more than 1,000 people.
- Development of the **Sustainable Agriculture Program** to supply sugar, corn, wheat, fruit, vegetables, palm oil, cocoa, eggs and milk.
- **Distributors Sustainability Strategy.**
- **Sustainable Logistics Plan.**

RATIONAL USE OF WATER

- **+880 initiatives** related to water care at our facilities.
- **+USD 24M invested in technology** in order to reduce water use, encourage water reuse and treat effluents.
- **21.25% reduction in water consumption** per ton of manufactured products.
- **2030 Goal:** 30% reduction in water use per ton of manufactured products.

ENERGY EFFICIENCY AND CLIMATE CHANGE

- **+1,300 initiatives** to encourage energy efficiency, reduce energy consumption and increase renewable energy use.
- **+USD 12.2M invested in technologies** in order to improve energy performance at our facilities and expand the use of renewable energies.
- **59%** of the energy matrix consists in renewable energies.
- **92%** of the waste generated by the industrial facilities is recycled.
- **2025 Goal:** zero landfill waste at all Grupo Arcor's plants.

RATIONAL USE OF PACKAGING MATERIALS

- **+1,000 initiatives** to decrease packaging through the optimization and reduction of containers, and the replacement of packaging materials with other materials having less environmental and social impact.
- **-13% of packaging materials used** per manufactured ton.
- **-11% of plastic material used** in our products in the last 7 years.
- **65% reduction in PVC use.**
- **96% of paper and cardboard used derives from sustainable sources.**

HUMAN AND LABOR RIGHTS

- **+2,800 initiatives** aimed at ensuring decent working conditions, labor development, know-how improvement and gender equality.
- **60% reduction in accidents** since 2014.
- **49% reduction in the Disability Frequency Rate** since 2010.
- **+76% increase** in the number of women in leadership positions.
- **+24.2% increase** in the percentage of women entering the company since 2015.
- **255 persons with disabilities** on board of our work teams.

ACTIVE LIFE AND HEALTHY NUTRITION

- **+1,200 initiatives** to encourage an active life and a healthy nutrition.
- **20% of our portfolio with sodium reduction** since 2014.
- **24% of our portfolio with saturated fats reduction.**
- **100% compliance with the Trans Fats Policy.**
- **274 presentations of products with sugar modifications.**
- **424 presentations of gluten-free products.**
- **74.1% of products with GDA labels.**
- **31.8% of the invoicing comes from food with special attributes.**
- **175 projects encouraging healthy life habits in children**, as part of the **Escuela en Movimiento (School in Motion) Program**, and **193 projects** launched as part of the **Aprendiendo a Disfrutar (Learning to Enjoy) Program.**



FOLLOWS US ON



The full version of this Report is available at www.arcor.com