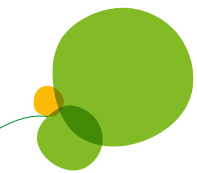




**A BETTER**  
*Life*

## 2021 Management Highlights





# New Sustainability Policy

In 2021, as a result of a strategic planning process, we developed and approved the new Arcor Group's 2030 Sustainability Policy and Strategy, aimed **at making sustainable food, fostering people prosperity, and preserving the planet, so that everyone can live a better life.**

In order to accomplish this goal, the company assumed nine commitments based on three pillars:

## Sustainable Food

We make sustainable and responsibly manufactured products, without waste, offering our customers quality, affordable and safe options to contribute to their well-being, while providing them with moments of pleasure.

-  **Healthy and Affordable Nutrition**
-  **Quality at Every Step**
-  **Regenerative Agriculture**

## People Prosperity




We foster people prosperity, based on inclusion, diversity and equality to establish bonds of trust, ensuring our employees' well-being at the workplace, and strengthening the progress of the communities we are part of, together with our broad value chain, to contribute to the economic and social growth of our environment.

-  **Inclusion, Diversity and Equality**
-  **Workplace Well-being**
-  **Community and Value Chain Development**



## Living Planet

We preserve the planet by taking care of water, taking actions that benefit the climate and biodiversity, and encouraging a circular business model of supplies and waste to help enhance ecosystems.

-  **Water Care**
-  **Action for Climate and Biodiversity**
-  **Circular Economy of Materials**

# Healthy and Affordable Nutrition



**11.2% of our SKUs are alternative modified products with no or reduced content of sugar, sodium and/or saturated fat**



**+55% of our portfolio is comprised by products compliant with the thresholds established in Arcor's Nutritional Profiles System**



**34% of our turnover derives from nutrient-rich products—reduced in or free from sugar and sodium; enriched in vitamins and minerals; rich in fibers and reduced in saturated fats, and containing positive ingredients**



**Regional Program on Nutrition Education for 80 employees in Argentina, Brazil, Chile, Mexico and Peru**



**“Learning to Enjoy” Program: 92,993 children benefited and 5,565 teachers trained**

## Natural Break: More Affordable to Everyone

We redesigned our Natural Break portfolio to offer alternatives more aligned with current demands. These efforts resulted in the creation of Natural Break exclusive mixes—a product that combines natural and nutritious food with enjoyment.

Nuts are energetic and highly nutritious food, with cardio-protective effects. Nuts are also a great snack as they contain a combination of fiber, protein, healthy fats, and slow-digesting carbohydrates, which are a sustained source of energy and, therefore, provide a feeling of fullness.

In addition to the portfolio redesign, we launched an online healthy food store which offers more than 30 products under the Natural Break brand, distributed by Arcor en Casa (Arcor at Home).

The major challenge was cutting costs to make a tasty and nutritious consumer product at an affordable price. With the brand expansion, we enhanced the product offering, making it more accessible in terms of price and distribution.

We launched 32 products—exclusive mixes of nuts, dried fruit and tasty ingredients, in individual packs, bars, and family packs.



## Quality at Every Step

42 manufacturing sites with some form of food safety certification

All our products and manufacturing processes comply with the regulatory requirements of the respective countries of origin and destination

50 manufacturing sites certified under ISO 9001:2015

100% of our outsourced suppliers have contractually committed to passing quality, social, economic and environmental audits

1,147 food safety and quality assessment activities at our suppliers in 2021



### Quality-oriented Cultural Change

In order to ensure the implementation of our quality pillar, we have developed the 2021-2024 Strategic Plan, encompassing 5 strategic initiatives with key and specific actions for each of them:

- Quality at suppliers.
- Quality at operations.
- Quality at the marketing chain.
- Quality experience at consumers and customers.
- Quality culture across the organization.

We will build upon the work done in 2021 to continue pursuing our challenge for 2022—working on the quality culture across the value chain for each member to understand its role in building quality and be able to act accordingly.

To such end, we developed 5 well-defined cultural avenues, building a close bond between the Quality and the other areas of the company in order to jointly move towards a truly quality-oriented cultural change:

- Communications.
- Sponsorship / leadership / alignment.
- Listening to customers and consumers.
- Capacity transfer.
- Symbols and rituals.

# Regenerative Agriculture



10,536 tons of organic sugar produced for American and Canadian customers, and 550 tons of organic sugar for the European and Argentine markets



28,900 tons of sugar cane supplied to the sugar mill by 33 small sugar-cane producers as part of the Cobra Project



6,500 tons of organic compost produced to enhance the soil physicochemical properties and to produce sugar cane at proprietary fields



60,000 tons of sustainable syrup produced by processing over 86,000 tons of corn from producers certified under the SAI-FSA standard



## Development of Fruit and Vegetable Producers

During 2021, we made progress against the implementation of the 2025 Strategic Plan to ensure the supply of agricultural produce for our Food business. The goal pursued is having a source of raw materials to ensure volumes, quality and safety to be able to address changes in the prevailing conditions, whilst minimizing climate risks.

The plan encompasses the development of the following initiatives:

- Strengthening of and support to strategic producers. Actions to identify productive areas, follow-up on the crop cycle, production advice to suppliers, implementation of good agricultural practices, productivity gains, full mechanization,

producer-community relationship building, and financial support, among others.

- Certification under agricultural standards at producers' facilities.
- Cost containment and management. Profitability and prices, efficiency in agricultural machinery, and supply logistics.
- Development of agricultural entrepreneurs. Productive innovation, management, sustainability and community impact management.
- Productivity gains and production at proprietary fields.
- Sustainable agricultural production development. Reuse of by-products from the industrial activity and utilization of non-productive areas.



# Inclusion, Diversity and Equality

**Mentoring Programs for women with potential: 54 mentees and 48 mentors from Argentina, Chile, Brazil and Mexico**

**271 persons with disabilities joined our teams**

**Young Entrepreneurs Program: 29 new hires (48% women)**

**Relationship with Technical Schools Program: 1,413 young people and 123 teachers from 36 schools**

**Internship Program: 115 interns selected among more than 6,900 candidates and 23 interns hired**



## Renewed Commitment to Diversity

We are determined to foster a more inclusive company that encourages equal opportunities. To such end, we have renewed our commitment to diversity, since we know that having diverse teams enriches us, and allows us to be better persons and closer to those who prefer us and our community.

We commit to:

- Fostering an internal culture that embraces different perspectives as a growth opportunity.
- Fostering processes that ensure equal opportunities for everyone.
- Providing the tools required to support career development, with special emphasis, at this first stage, on women growth for them to reach leadership positions.
- Creating rooms for learning, dialogue and reflecting on diversity and inclusion across the organization.

In 2021, we started a new chapter of our Gender Equality Program, setting new goals: Hiring 50% of women by 2030 and having 50% of management positions occupied by women by 2025.

These guidelines, together with defined action plans, will mark the beginning of a cultural change that will further drive our company growth.



# Workplace Well-being



Migration of all plants certified under OHSAS 18001 to ISO 45001 (Health and Safety)



24% reduction in losses and “0” casualties according to the logistics Loss Frequency Ratio



1,886 drivers from all services received training on safe driving practices



51% of vacant positions in Argentina were filled by Arcor Group's employees



Relaunch of the Managerial Development Program (PDG, as per its initials in Spanish) with 60 employees from Argentina, Chile, Brazil and other international businesses. It corresponds to the first year of Tocuato Di Tella University's MBA



12,259 employees participated in training activities through Arcor University

## Personal Change Program

We launched the Personal Change Program, designed for analysts and heads to be able to learn more about their own skills and how to handle their emotions to become truly change agents, starting from their own personal change. This program was designed to include workshops, group coaching, feedback and reflecting activities, and will allow 240 participants to build closer bonds with their teams and leaders.

During 2021, we held two sessions at the analyst level convening 60 participants, and one session at the head level with 30 participants..





# Community and Value Chain Development

+12,000 suppliers involved in the Sustainable Supply Strategy

9,366 suppliers signed the Letter of Adherence to the Guiding Principles for Responsible Management

1,122 suppliers evaluated through the REconocer program since 2017, accounting for 47.3% of the total procurement volume

Responsible Inclusive Purchases for ARS 60,437,534 from 32 social economy suppliers

1,123,063 kg of products donated in Argentina, Brazil, Ecuador, Chile, Paraguay, Uruguay, Bolivia, and Mexico

28 Community Relations Committees established at Arcor Group's industrial facilities

145 distributors evaluated through the Good Sustainability Practices Guide

Rescued products for the equivalent to 150,500 food servings from 134 Cencosud, Walmart and Libertad stores, delivered to Food Banks and Cáritas

Arcor Group's Children Rights Commitment Policy and Company-Childhood Initiative

## Food Bank Strengthening Project

As part of our 70<sup>th</sup> anniversary, we strengthened our alliance with the Food Bank Network in Argentina, as well as with Food Banks from Chile, Brazil, Paraguay, Uruguay, and Bolivia, by contributing funds to purchase equipment and management systems to

streamline the Food Banks' activities and mission of rescuing and distributing food, to avoid waste.

In Argentina, the initiative was carried out with the aid of distributors. In Paraguay, Uruguay and Bolivia, it was conducted by each

country's sales offices. These donations benefited 30 Food Banks from the region.



**98.82% of the water used in our operations comes from our own intake facilities**



**Water-risk based analysis across all sites from which we extract water**



**95% of the water used in high water risk areas comes from our own supply, ensuring that our operations monitor and preserve the water source in terms on quantity and quality**



**7% reduction in water specific consumption (m3/ton produced)**



**Only 8.65% of total water used is extracted from high water risk areas**

## Arroyito Industrial Complex: Treatment of Household Effluents

Since 2011, at our Arroyito Industrial Complex, pursuant to an agreement entered into with the Arroyito municipality, we have started to receive sewage effluents from households located to the North of the city in order to treat such effluents, simultaneously with the treatment of effluents from the industrial complex.

In 2021, we installed trunk lines in order for all sewers to be treated at our effluent treatment plant, integrating the Southern area of the city. Thanks to this effort, we incorporated approximately

3,000 connections, in addition to the existing 4,600 active ones. We are proud of this public-private partnership we have established a long time ago, which has resulted in significant social and environmental benefits to the local community.





## Action for Climate and Biodiversity

Launch of the Climate Change Strategy in order to achieve a 30% reduction in greenhouse gas (GHG) scope 1, 2, and 3 emissions by 2030 (base 2017)

5.47% reduction in carbon emissions compared to 2017

6.58% improvement in energy performance across the entire Arcor Group

2 natural protected areas of high conservation value: Native Forest at La Providencia Sugar Mill and Papel Misionero Cultural Natural Reserve

57% of the energy matrix comprises renewable energies



## Electric Power Generation Efficiency at La Providencia Sugar Mill

Since 2019, we have been working on enhancing the electric power generation at La Providencia sugar mill:

- **Quality of condensate recovery water:** Enhancements in equipment basic conditions, technology replacements, automation and enhanced detection and classification of condensate which helps reduce corrosion and organic contamination at boilers, in addition to recovering discharged condensate.

- **Quality of make-up water:** Installation of new water treatment technologies to eradicate low quality issues in make-up water, and boiler out-of-spec water inflow, thereby reducing unavailability in steam generation.
- **Bagasse boiler operation and maintenance status:** Enhancements to the boiler, chronic failure trouble-shooting, definition of methods for the correct conservation and optimization of control and maintenance plans, achieving efficiency gains.

- **Treatment of water from plant boilers:** Enhanced dosing of chemicals used for equipment internal conservation, avoiding overdosing and eradicating abnormal vibration issues, as a consequence of the enhanced quality of the generated steam.

As a result of these improvements, we managed to increase electric power generation from a baseline of 21,843 MWh in 2019 to 33,622 MWh in 2020 and 30,695 MWh in 2021, which means a more than 40% increase in generation. In turn, we managed to reduce energy consumption by 13.3% vis-a-vis the baseline.

# Circular Economy of Materials



**3 Argentine plants accomplished the zero landfill waste target: Cartocor plant in Luján (Buenos Aires), Bagley plant in Villa del Totoral (Cordoba), and Complejo Recreo (Catamarca)**



**100% of paper and cardboard used derives from certified sustainable sources**



**Reduction of the Corporate Packaging Index (product weight attributable to packaging material) from 9.5% to 9.1% compared to 2020**



**19,983 tons less of waste in landfill relative to 2017**



**272,573 tons of recycled paper used in the manufacturing process of corrugated cardboard boxes, accounting for 60% of total paper used**



**65 projects in place leading to reduce the use of plastic packaging materials and to replace them with more sustainable ones**

## Corrugated Cardboard Packaging for Sachets

For several years now, the dairy industry has been demanding an easily recyclable package to carry milk sachets associated with the growing demand from retailers to receive the products in a manner that would make things easier for the logistics chain, with the ensuing impact on the environment.

To such end, we made progress in manufacturing a cardboard box that could replace returnable plastic and which, in turn, could

fit the end of the existing line and logistics, whilst having the robustness and strength required for wet environments. On the other hand, the speed of production was a challenge that involved automating the assembly and studying the optimal geometry to fulfill all these requirements.

Creating such a package resulted in several benefits, including enhanced stocking space, reduced inverse logistics and, therefore,

fuel consumption, reduced inventories, increased secondary packaging recyclability, enabled assembly under the demand from the line, eliminated need for washing and the ensuing use of sanitizing detergents.

At a second stage, we developed a closed package to facilitate picking at distributors or shelf stocking, and also to enhance product handling/exposure at the retailer.

# Integrity, Human Rights and Innovation at the Core of Our Actions



Integrity is the value that guides all our decisions. We endeavor to do always the right thing and encourage responsible, consistent and transparent business conduct. We also expect all people we work with to display conducts based on corporate ethics.



Respecting Human Rights is a core condition to all our relationships. It is our responsibility to enforce such rights both at the workplace and at our broader areas of influence.



Innovation in our products, services and processes is the key to our forward-looking approach. It will allow us to work on creative solutions and to find new opportunities to address the challenges ahead.



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