



SUSTAINABILITY REPORT

NOURISHING BONDS FOR DEVELOPMENT



2017 Management Highlights



THIS IS ARCOR GROUP

Arcor Group was born in 1951 in the city of Arroyito in Córdoba, Argentina, with the aim of manufacturing quality food products affordable for consumers all over the world.

With a sustained growth, we consolidate ourselves as an industrial group made up of three business units: **Consumer Food Products**, **Agribusiness** and **Packaging**.

Through the promotion of sustainable management, we are the Argentine group with the highest number of open markets around the world.



CONSUMER FOOD PRODUCTS



Food

97 sustainability initiatives
FOCUS: Sustainable Supply.



Confectionery

163 sustainability initiatives
FOCUS: Gender equality.



Chocolates and Ice-creams

69 sustainability initiatives
FOCUS: Reduction in the use of packaging materials.



Cookies and Crackers

133 sustainability initiatives
FOCUS: Reduction of gas consumption.



AGRIBUSINESS

106

sustainability initiatives

FOCUS: Reduction of the Incapacitating Frequency Index due to improvements in working environment conditions.



PACKAGING

106

sustainability initiatives

FOCUS: Gender equality and labor inclusion of disabled people.

47 INDUSTRIAL
PLANTS IN LATIN AMERICA

21,000
EMPLOYEES

US\$ 3,100
MILLION IN SALES

1 MILLION
POINTS
OF SALE
IN ARGENTINA, BRAZIL,
CHILE, MEXICO AND PERU

MANUFACTURE OF
PACKAGING
MATERIAL
OF PRODUCTS

200
PRODUCTS
LAUNCHED EVERY YEAR

ARGENTINE
LEADER IN
CORRUGATED
CARDBOARD
PRODUCTION

MAIN FOOD
COMPANY
IN ARGENTINA

ONE OF ARGENTINA'S
MAIN
PRODUCERS
OF **CORN SYRUPS** AND **ETHYL ALCOHOL**

3
MILLION KG.
OF PRODUCTS
MANUFACTURED DAILY

SUSTAINABILITY

We promote the creation of economic, social, and environmental value in the long term, by managing risks and maximizing opportunities from the business and its environment.

We promote watercare initiatives, respect and protection of human and labor rights; actions to optimize the efficient use of energy and packaging materials, and initiatives aimed at promoting active life and healthy nutrition as part of our **Sustainability Policy's commitments.**



2020 SUSTAINABILITY STRATEGY

We seek to increase our corporate value by supporting sustainable business governance and management following three pillars of action:

SUSTAINABLE IDENTITY

in order to strengthen our identity through values and culture as differentiating elements.



OPERATIONAL CONTINUITY

to ensure the continuity of our operations through a sustainable business management of all processes.



DEMAND GROWTH

using business models and strategies, products and brands to build sustainable links.



GOVERNANCE, MANAGEMENT AND MONITORING

To implement the Strategy and enforce our Policy, we promote the planning, management, monitoring and governance of sustainability in our businesses.

CORPORATE SUSTAINABILITY COMMITTEE



38 INDICATORS
IN THE SUSTAINABILITY
SCORECARD



820 INITIATIVES
IMPLEMENTED AT **13**
OPERATING BUSINESS PLANS



LOCAL SUSTAINABILITY COMMITTEES
IN **BRAZIL AND CHILE**



PRESENCE IN
10 RANKINGS
AND SUSTAINABILITY
AWARDS



MORE THAN
3,000 EMPLOYEES
SUBJECT TO SUSTAINABILITY GOALS



SUSTAINABILITY RISK AND OPPORTUNITY MATRIX
PER BUSINESS



SUSTAINABLE DEVELOPMENT IN OUR VALUE CHAIN

We understand that economic development must be in harmony with welfare and social inclusion, as well as the appreciation, preservation and protection of the environment.



MORE THAN 17,100 PLAYERS TOOK PART IN **91,900 SUSTAINABILITY TRAINING HOURS** IN 2017

01 SUPPLY

MORE THAN **300 SUPPLIERS** EVALUATED UNDER THE SUSTAINABILITY AND BUSINESS QUALITY INDEX.



SUSTAINABLE AGRICULTURE PROGRAM:

- **12 STRATEGIC SUPPLIES.**
- MORE THAN **1,3 MILLION** tn OF RAW MATERIAL.

1ST ARGENTINE SUGAR MILL TO ACHIEVE THE **BONSUCRO CERTIFICATION.**



02 PROCESSING

COMPREHENSIVE MANAGEMENT SYSTEM (SGI, AS PER ITS INITIALS IN SPANISH).

CERTIFIED INDUSTRIAL PROCESS:

- **40** PLANTS ACHIEVED THE ISO 14001 CERTIFICATION.
- **35** PLANTS ACHIEVED THE OHSAS 18001 CERTIFICATION.
- **5** PLANTS ACHIEVED FOREST MANAGEMENT CERTIFICATIONS.

20 COMMUNITY RELATIONSHIP COMMITTEES.

03 COMMERCIALIZATION AND DISTRIBUTION

CONTAINER SYNERGY WITH RENAULT COMPANY:

- **-100** TRIPS.
- **-45,500** KM.
- **-15,000** L OF GAS OIL.

102 SUSTAINABILITY INITIATIVES AT **7** DISTRIBUTION CENTERS.

250 TRAINED RETAIL CUSTOMERS.



04 CONSUMPTION

321 GLUTEN-FREE PRODUCTS.

SOCIAL NETWORK COMMUNICATION CAMPAIGN FOR CONSUMERS ON **CHILDREN'S RIGHTS.**

BRIDGE PROJECT (PROYECTO PUENTE) TO DEVELOP VALUE CREATION PROPOSALS FOR LOW-INCOME CONSUMERS.

05 END OF USEFUL LIFE

FOLLOW-UP ON TRENDS AND REGULATIONS FOR **EXTENDED PRODUCT RESPONSIBILITY.**

RECYCLING PROGRAM TOGETHER WITH THE "ANTONIO DA COSTA SANTOS" COOPERATIVE.

URBAN SOLID WASTE IMPACT STUDY.



ENVIRONMENTAL CARE



Environmental care is a key focal point in fostering a sustainable business management. Accordingly, at Arcor Group we apply the best practices of environmental preservation, focused on the most significant issues for our business: **water, energy and packaging materials**.

RATIONAL USE OF WATER

US\$ 4.850 MILLION
FOR INVESTMENT IN THE TREATMENT
OF LIQUID EFFLUENTS.

**14 PLANTS WITH WATER
CONSUMPTION REDUCTION
INITIATIVES.**

20% REDUCTION
OF LIQUID IN MASS
CONSUMPTION PLANTS.

ENERGY EFFICIENCY AND CLIMATE CHANGE

93.7% OF RECYCLED WASTE
AT INDUSTRIAL CONSUMPTION PLANTS AND
76.5% AT MASS CONSUMPTION PLANTS.

42.8% OFF FUEL
COMES FROM
RENEWABLE SOURCES.

**ZERO-WASTE OBJECTIVE
FULFILLED**
IN 3 PLANTS IN BRAZIL.

RATIONAL USE OF PACKAGING MATERIALS

**100% OF PAPER USED IN
PLANTS WITH FSC
OR PEFC CERTIFICATION.**

93% OF BOXES
USED IN MASS CONSUMPTION
PLANTS ARE MADE WITH PAPER
FROM CERTIFIED SOURCES.

80 ACTIONS
TO REDUCE
OR REPLACE MATERIALS.

MORE THAN **5,500 CHILDREN** TRAINED IN ENVIRONMENTAL CARE



LEADING CASE

ELECTRIC POWER MANAGEMENT IN ARCOR GROUP

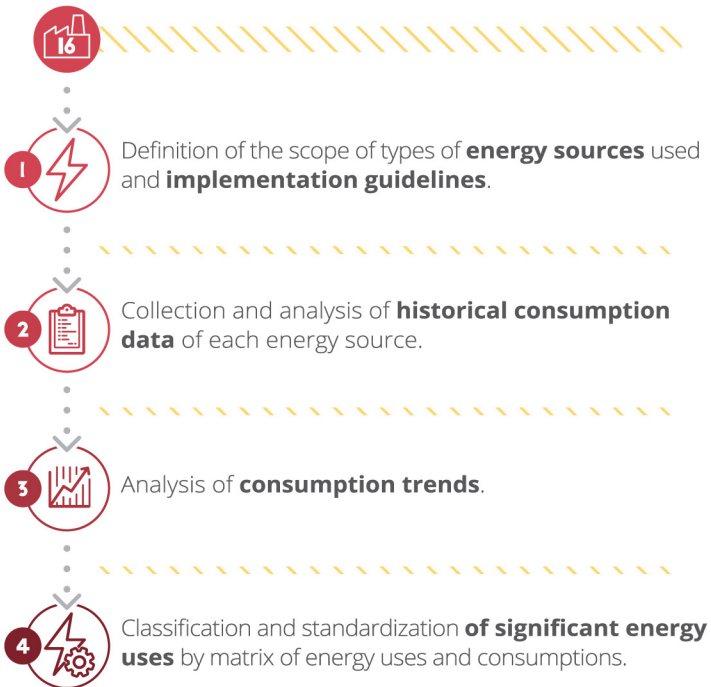
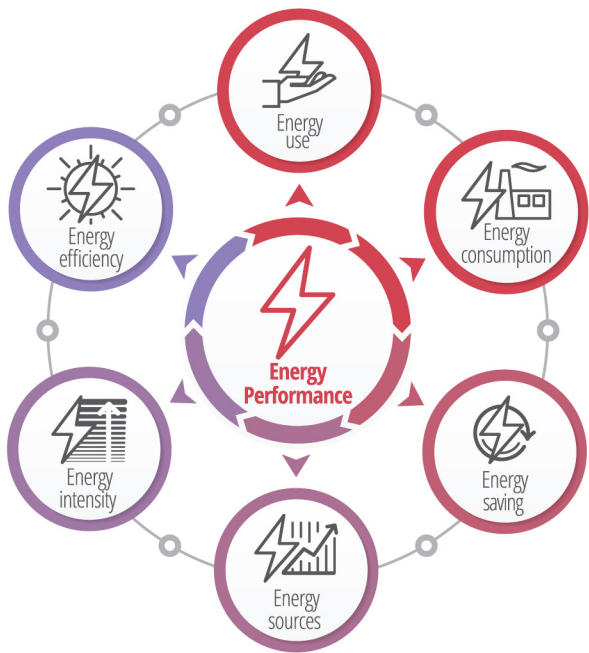
Energy Efficiency Committee - two action lines:

1. EXTENSION IN THE GENERATION AND USE OF ENERGIES FROM RENEWABLE SOURCES:

- Investigation of new alternatives of **energies from renewable sources**.
- 25.7%** of electric power from **renewable sources in 2017**: Hydroelectric (Brazil), Eolic (Mexico), Biomass (Argentina).

2. REDUCTION OF ELECTRIC POWER CONSUMPTION:

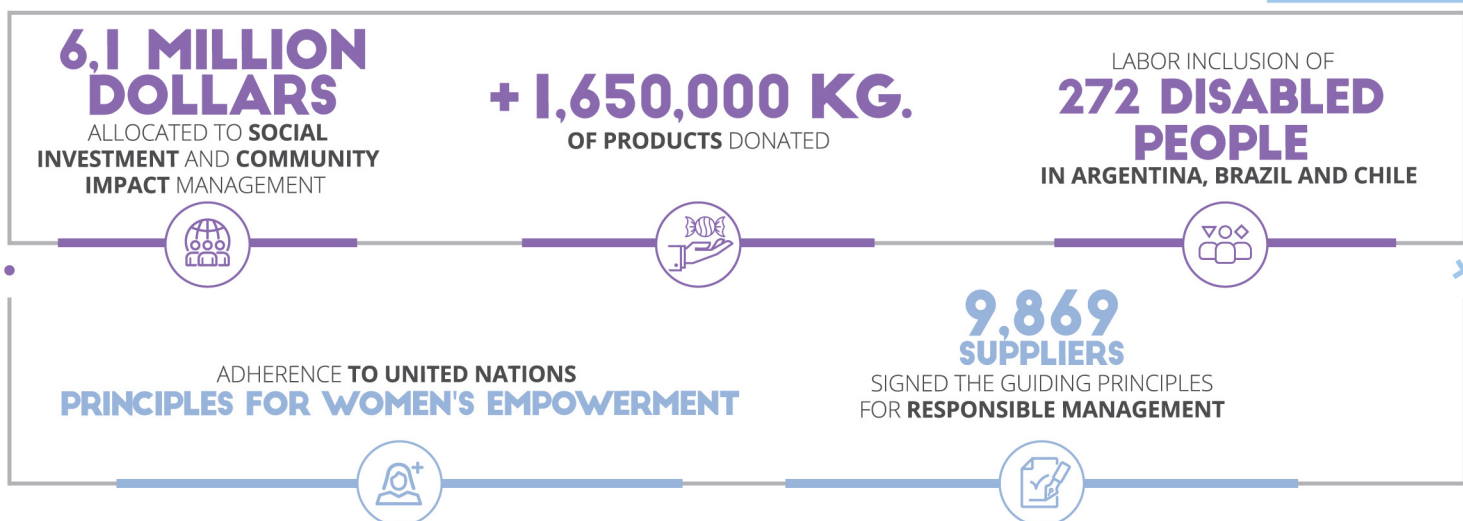
- Incorporation of **"Energy Performance"** concept:
 - Methodology involves the fulfillment of **7 steps**, structured within Arcor Group's SGI, 4 of which were completed in **16 plants**:



RESPECT FOR AND PROTECTION OF HUMAN AND LABOR RIGHTS



As a company, we are responsible for making Human and Labor Rights be respected both at workplaces and at our broadest spheres of influence, introducing this new way of thinking and conduct into our entire value chain.



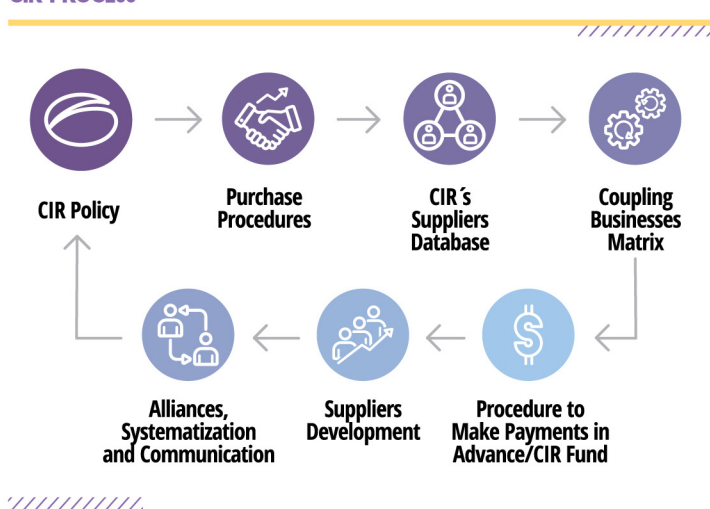
LEADING CASE

RESPONSIBLE INCLUSIVE PURCHASES (CIR, AS PER ITS INITIALS IN SPANISH)

PURPOSE

Social and economic inclusion in our supply chain for suppliers with fewer opportunities to access the market.

CIR PROCESS



LINES OF ACTION



HIGHLIGHTS

- **Acquired services:** textile clothing, corporate gifts for employees and customers, catering services, graphic services, bags and production supplies.
- **Model:** Replicability and transfer of learnings.
- **Articulation:** INCIDE, government agencies (INTI, INTA, Ministries of Production and Social Development), NGOs, Work Cooperatives, protected workshops, entrepreneurs and universities.
- **Scope:** Argentina, Brazil, Chile and Mexico.

RESULTS

50 ACTIVE CIR SUPPLIERS.

31 PLANTS AND COMMERCIAL OFFICES
WITH CIR SUPPLIERS.

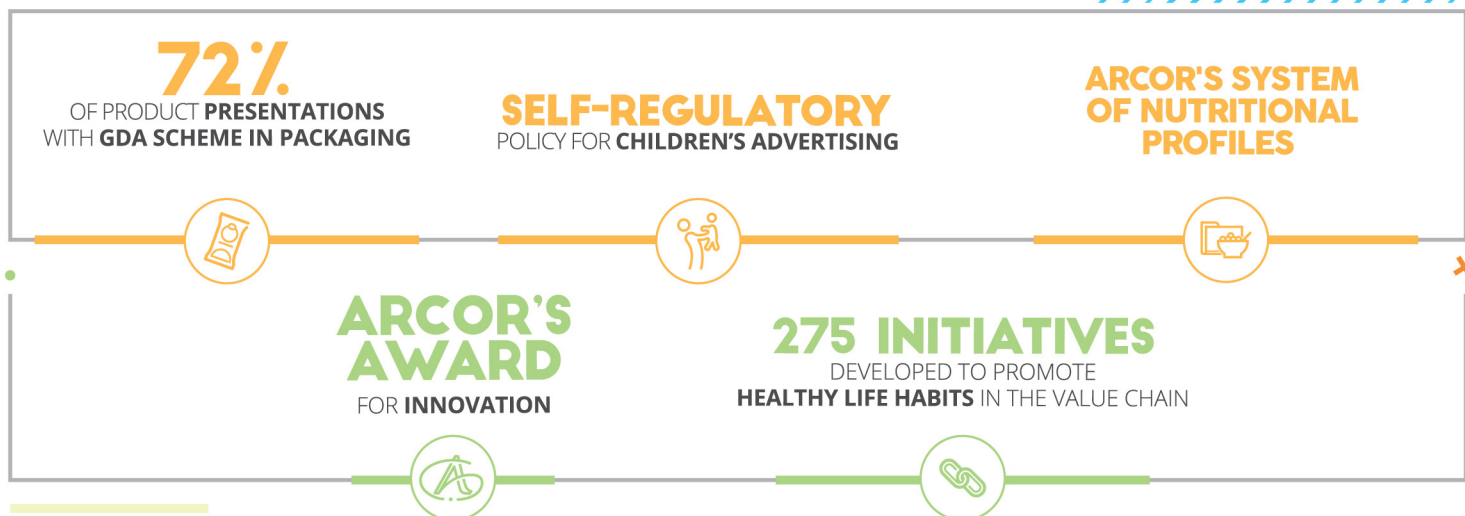
PURCHASES FOR MORE THAN
740 THOUSAND DOLLARS
IN 2017.

MORE THAN
500 PARTICIPATING ENTREPRENEURS.

ACTIVE LIFE AND HEALTHY NUTRITION



We commit to promoting healthy life habits, producing food that contributes to nurturing with pleasure, investigating and developing product lines according to the recommendations of the World Health Organization and the national health plans, and adopting responsible advertising and promotion practices.



LEADING CASE

LEARNING TO ENJOY PROGRAM (APRENDIENDO A DISFRUTAR)

Commitment to active life and healthy nutrition since childhood.

- **Corporate social investment program.**
- **Promoted by Arcor Group and managed by the Arcor Foundation.**

PURPOSE

To support initiatives that contribute to creating healthy life habits through projects that foster an active life and healthy nutrition in primary school children.

LINES OF ACTION



CHILE



19 PROJECTS

FROM 7 SCHOOLS AND 12 KINDERGARTENS



COMMUNES OF PEÑALOLÉN, RENCA AND SANTIAGO



+ 4,000 CHILDREN

COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

WHAT ARE THE SDGs?

In September 2015, the 193 Member States of the United Nations adopted the new 2030 Agenda for Sustainable Development that includes 17 Objectives with 169 goals that cover the economic, social and environmental spheres, in order to eradicate poverty, protect the planet and ensure peace and prosperity for all.

From Arcor Group we consider this to be a unique opportunity to align, prioritize and enhance the impact we generate. With our business:

WE CONTRIBUTE WITH
46 OF THE
169 GOALS OF THE SDGs

WE CONTRIBUTE TO THE
17SDGs
WITH DIFFERENT INITIATIVES PROMOTED
ALL ALONG OUR **VALUE CHAIN**



193
STATES



17
OBJECTIVES



169
GOALS

OUR PRIORITY SDGs*

We established 11 priority SDGs for our Sustainability Strategy 2020 considering the specific and general commitments assumed with the sustainable development within our Policy .

SUSTAINABLE IDENTITY



OPERATIONAL CONTINUITY



DEMAND GROWTH



**The 17 United Nations SDGs are identified with a numerical code to facilitate their comprehension and use globally.*



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