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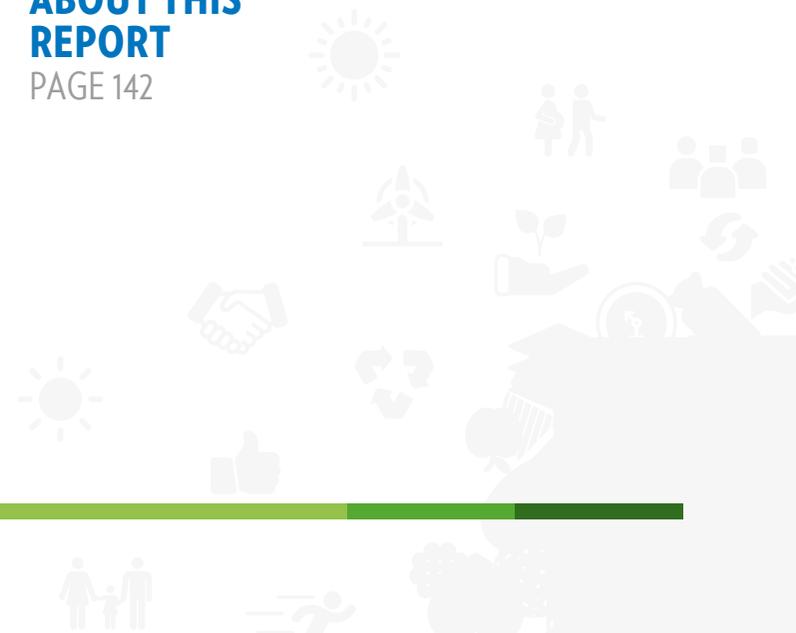
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# MESSAGE FROM OUR PRESIDENT



With great enthusiasm, I present to you Arcor Group's 15th Sustainability Report, which, undoubtedly, demonstrates and restates our commitment to a management that considers the economic, social and environmental impacts of our businesses.

2019 was marked by a highly challenging political, economic and social context, both regionally and locally for the countries in which our operations are located. This context led us to make very difficult decisions, but faithful to our

entrepreneurial spirit, we did not abandon the search for new growth opportunities, not only for our company, but also for the whole value chain and people involved.

With an eye on the medium term, and with the unwavering goal of continuing to grow, in 2019, together with Bain&Co., we elaborated the "5.0 Arcor Plan", our road map for the next 5 years. The challenge will be twofold: to remain competitive in price and accessibility in order to grow in volume, while maintaining our quality, innovation sustainability standards.

Undoubtedly, in 2019, our alliance with Mastellone Hnos. continued to develop. During the year, we launched products with co-brandings, understanding that this strategy is a way to boost the brands of both companies.

Seeking to be more and more present in every moment of our consumers' day, in 2019 we launched our first consumer product in the Agribusiness Division: Arcor fractionated sugar. It is 100% quality guaranteed and it is certified under the highest sustainability standard in sugar production (Bonsucro). The same ingredient that is used to manufacture our products is now at the table, and in the hands of our customers.

In addition, together with another strategic partner, Coca-Cola, during 2019 we launched Kamay Ventures, the first Argentine open capital corporate fund to promote innovation in solutions that contribute to the digitalization of the production process and that transform people's lives

Although Latin America is our focal point for growth, we do not stop looking at the world or losing sight to winning and consolidating other markets. This is why, in 2019 we started the construction of a new industrial plant in Angola, a project that is just in its early stages and that we hope will be a reality by the end of 2020.

Throughout the document, besides reviewing the initiatives, actions and programs developed during the year from a triple-impact approach, we set out to establish the challenges that await us in the future.

I invite you to get to know each of these topics in depth by visiting our Sustainability Report. We are convinced that this is the way forward to achieving a world in which companies act responsibly, contribute to sustainable development and generate a positive impact.

Thanks a lot!

**Luis A. Pagani**  
Arcor Group's President

## MESSAGE FROM OUR CORPORATE SUSTAINABILITY MANAGER



In 2019, we maintained the commitment to offer a close Sustainability Report, which shows how Arcor integrates sustainability into its business strategy, in a joint and continuous work with all the collaborators that integrate our value chain.

During the year, 833 initiatives were included in 13 Sustainability Operation Plans developed by our businesses and corporate areas, and 27 programs promoted by our Corporate Sustainability Committee and local committees in Brazil and Chile.

In all, 3,746 collaborators were involved in divisional sustainability goals (76.2% coverage rate), 1,019 collaborators at management levels set specific sustainability goals (89.5% coverage rate), and 13 business feedback meetings were held.

Throughout the year, we reasserted and strengthened our Sustainable Supply Strategy, which encompasses more than 13,000 suppliers, with whom Arcor maintains a yearly active business relationship. Among the main results of the initiatives, projects and programs that it comprises, we can highlight: more than 90 sustainability messages linked to our commitments which were included in the Purchase Orders that we generate; 10,055 suppliers signed our Letter

of Adherence to the Guiding Principles for a Responsible Management; 97% of the suppliers of production materials are qualified with a Potential Supplier Index (IPP, as per its initials in Spanish); 100% of our outsourced suppliers go through an environmental, social and economic audit; 150 suppliers were assessed under the Commercial Quality and Sustainability Index (overall, we have assessed more than 860 suppliers following this modality). We allocated \$ 16,865,000 to purchases within the framework of our Inclusive Purchases Program. Also, we continue with the consolidation of the Sustainable Agricultural Program with a focus on sugar, corn, fruits and vegetables, eggs, palm and cocoa.

In addition, within the framework of our Operations' Sustainable Management, more than 4 million dollars were devoted to investments linked to the promotion of sustainable management. Via our 22 local Community Relations Committees, we promoted an impact management strategy throughout the territory with an industrial presence in Argentina, Chile and Mexico; and with the Corporate Donations Program we delivered a total of 2,830 tons in Argentina, Brazil, Chile and Mexico, which allowed more than 3,200 community organizations to facilitate access to food for 370,000 people, mainly children and adolescents.

Also, during 2019, we deepened the work with clients and we launched Arcor's Distributors Strategy, a proposal that, from different successive and interconnected pillars, seeks continuous improvement in the sustainable management of our Distributors.

In order to contribute to make education an equal opportunity tool for boys and girls, during 2019, from Arcor Foundation Argentina, Arcor Institute Brazil and Arcor Foundation Chile, 181 projects were supported. They were attended by 100,157 boys and girls and 144,562 adults. And a total amount of \$ 48,314,601 was invested for those projects (own funds and those of third parties).

We continue to promote our commitment to the rational use of water, energy efficiency and the rational use of packaging materials: we achieved a 9.4% reduction in water consumption per ton of product, we incorporated new technologies to treat our effluents. Once again, we collected data from our GHG (Greenhouse Gases) Inventory in all our operating bases, we promoted the Energy Performance Program in 15 plants in Argentina, we achieved that more than 50% of the energy we use is from a renewable source and that the recyclability rate in our plants rises to 92 %. In addition, considering the growing global concern around

single-use plastics, we established our Plastics Strategy, a corporate approach to the use of flexible materials, to target reduction and replacement initiatives of this material in all of our businesses.

We work daily to ensure that, in our workplaces and in our broader spheres of influence, human rights are respected and best practices related to them are promoted. Committed to diversity, we continue promoting our Gender Equality Program. We incorporated 250 people with disabilities to our teamwork at the regional level, and we provided employment opportunities to the youngest through different programs that foster employability.

In the framework of our Food and Healthy Lifestyle Strategy, we defined an approach and a relations plan with key stakeholders at a regional level to analyze and describe the situation of Healthy Nutrition at the international, regional and national levels. Also, in 2019 we created Arcor Food Innovation, a new interrelation work with nutrition professionals, which seeks to exchange ideas and knowledge so that, together, we can promote changes in the habits of our community. Finally, it should be highlighted that we continue improving the nutritional profiles of our products, entering new categories and expanding our range of products in individual portions.

We would like to thank all our collaborators, strategic partners and people involved in our value chain for their commitment to accomplish each of the actions that enrich our sustainable management on a daily basis. We count on your enthusiasm to continue promoting triple-impact management in the future

Thanks a lot!



**Claudio Giomi**

Arcor Group Corporate  
Sustainability Manager





# WE ARE ARCOR, A SUSTAINABLE COMPANY

## CHAPTER 1

### 1.1 ARCOR GROUP

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## 1.1 ARCOR GROUP

Hand in hand with a group of friends, a few young entrepreneurs, who dreamed of manufacturing candies to share with the whole world, on July 5, 1951, in the city of Arroyito, province of Córdoba, Argentina, Arcor Group was born.

From that moment, with a lot of work and effort, we grew until consolidating ourselves as a leading multinational industrial group. Currently, we specialize in 3 business units: Consumer Food Products, Agribusiness, and Packaging.

**Our mission is to be a leading food and confectionery company in Latin America, as well as in the international market, and to excel in our sustainable practices and our ability to venture into new businesses;**

**Our vision is to provide people all over the world with the opportunity to enjoy delicious and healthy food and confectionery products of high quality, that will turn their everyday bonding into magical moments for gatherings and celebrations.**



To this end, we promote -in the framework of our corporate philosophy- values that guide our daily work: diversity, integrity, internal culture of entrepreneurs, closeness and commitment to the value chain, and human bonds.

Leaning on the conviction to promote cross-sectional sustainable management of our businesses and spreading

this way of working throughout our value chain, we became the Argentine group with the highest number of open markets: we reached more than 100 countries out of the five continents. We were born in Argentina; we grew up in Latin America and our market is the world.

## COMMERCIAL OFFICES

-  Asunción, Paraguay
-  Barcelona, Spain
-  Bogotá, Colombia
-  Buenos Aires, Argentina<sup>1</sup>
-  Córdoba, Argentina<sup>1</sup>
-  DF, Mexico
-  Guayaquil, Ecuador
-  Miami, United States of America
-  Montevideo, Uruguay
-  Santa Cruz De La Sierra, Bolivia
-  Shanghai, China



We started the construction of a new **Industrial Plant in Angola**. It is a project that is just at its first stages and we hope that it will be a reality by the end of 2020.



The **Packaging Division** will also inaugurate a **Plant in Perú**, reinforcing its leadership as a packaging company in the region.



**USD 272 million in exports.**

<sup>1</sup> Arcor Group Headquarters



## GROUP IN THE WORLD



USA - Mexico

Barbados - Honduras  
El Salvador - Costa Rica  
Guatemala - Haiti -  
Jamaica - Puerto Rico  
- Panama - Dominican  
Republic - Nicaragua

Argentina - Brazil - Chile  
- Bolivia - Uruguay -  
Paraguay - Colombia  
- Peru - Guyana - Trinidad  
and Tobago - Surinam

The Netherlands - The  
UK - Georgia - Bulgaria  
- Spain - Estonia - Sweden

Congo - Ghana - Gambia  
- Mozambique  
- Madagascar - Angola  
- Cabo Verde - Cameroon  
- South Africa

Russia - India - China  
- Israel - Japan - Thailand -  
Mongolia - Arab Emirates  
- Saudi Arabia - South  
Korea

New Zealand



## OUR STRATEGIC ASSOCIATIONS

We build our leadership with the conviction of reinvesting our profits in industrial, technological, commercial and community developments; in the creation of a vertical integration model for our strategic inputs and successful distribution - regionally applied; and in the expansion of an important trademark heritage.

Likewise, as a continuous growth strategy, we look for strategic allies to empower each other, becoming partners.



In 2005, we were able to take a quality leap for the cookies, alfajores and cereals business thanks to the joint venture with Danone Group named Bagley Latin America S.A.



In 2006, we partnered with the multinational company Bimbo in Mundo Dulce to develop joint businesses in Mexico.



With Coca-Cola, the alliance begins in the middle of 2010, to develop a series of new products with original combinations, which are offered in several countries in Latin America. Our partnership surely got even deeper in 2019 when we launched Kamay Ventures (see infobox).



47.4% stakes in Mastellone Hnos.

In late 2015, we partnered with Mastellone Hnos, celebrating a milestone agreement between leading companies in the food market. As of December 31, our total participation was 47%. Our alliance continues growing and, during 2019, we launched products with co-branding, a great way to enhance both companies' brands.



In 2018 we created an alliance with Laboratorios Bagó to boost innovation and face new challenges that contribute to improving the quality of people's lives. This alliance represents the union of two Argentine companies who decided to share their experiences and achievements.



## KAMAY VENTURES

Through an open innovation practice, in partnership with Coca Cola, and together with Overboost - an accelerator and specialist in the creation of companies with disruptive ideas - in 2019, we launched Kamay Ventures.

As the first Argentine open corporate fund, its goal is to promote innovation in solutions that contribute to the digitalization of stages in the production process and the transformation of people's lives. It will promote sustainability of ventures through investment, training, and a physical space that encourages networking and active business development.

It is based on 3 pillars: to be a company builder, in which businesses start from scratch; to be an accelerator, investing in existing projects (between US \$ 100,000 and US \$ 300,000 per project); and to bring together start-ups and companies through alliances.



The call started in Argentina, but it will analyze projects from all over Latin America. On a yearly basis, it will guide ventures in one of the seven verticals that, from our perspective, will be the foundations that support the basis of the future of business: AgTech, FinTech, Digital S&OP, IoT, Biotechnology, Digital Commerce and the Environment.

Hand in hand with a Google Expert, we selected a group of people among our collaborators - each one specialized

in their area - to be part of Kamay's group of mentors. From 2 face-to-face meetings, mentors were trained to guide entrepreneurs and transmit their expertise to them, in order to make positive contributions to the empowerment of their projects.

During the first edition, we received more than 300 projects interested in becoming part of Kamay Ventures.

**This challenge is just kicking off!**



## WITH AN EYE TO THE FUTURE

With an eye on the medium term, and with the goal to continue growing, in 2019, together with Bain&Co., we elaborated the “5.0 Arcor Plan”, our road map for the next 5 years.

The challenge will be twofold: to remain competitive in price and accessibility in order to grow in volume, while maintaining our quality, innovation and sustainability standards. We have to focus on streamlining the implementation of each initiative to generate resources that allow the group to continue expanding in the future.



## WHICH ARE OUR BUSINESSES?

### CONSUMER FOOD PRODUCTS

We specialize in manufacturing consumer food products. Through the different businesses, our goal is to provide an exclusive offer with continuous innovation and an extensive brand portfolio.

#### Confectionery

Confectionery is the business that gave rise to the company. Arcor is the world's first manufacturer of hard candies and the largest company in the region regarding production capacity, production volume, sales and brand development. We produce filled, hard, sour, crystal, soft, milk and gummy candies. We also produce lollipops in different shapes, chewing gum (sugar-free or not), bubble gum, nougat candies (turrone), tablets, jellies and marshmallows. Its main brands include: Topline, Bigtime, iPoosh!, Menthoplus, Mr. Pop's, Mogul, Butter Toffees, Alka and Big Big.

#### Chocolate

Since 1970 we have been part of this segment, with the chocolate production as a finished product

as well as suppliers of raw materials to pastry shops, bakeries, chocolate shops, ice cream shops, alfajores, puddings, sweet bread, and cookies factories. We manufacture a wide variety of chocolates such as bonbons and bite-size chocolates, tablets, sugar-coated, baking chocolate and pastry products, chocolates for children, chocolate-coated wafers, chocolate bars and seasonal products for relevant dates such as Easter, Halloween and Christmas. Our brand portfolio includes major brands, among which stand out: Águila, bon o bon, Cabsha, Chokko Snack, Cofler, Hamlet, Nikolo, Rocklets, Sapito, Tofi and Tortuguita.

#### Food

Arcor participates in categories that include marmalades, solid sweets, sauces, tomatoes, canned vegetables, fruits and fish, desserts, beverages, juice powders, premixes, polenta, dressings, dulce de leche (caramel spread), oils, seasoning mixes with oven bags, among others. Our offer of high-quality products is marketed with the endorsement of Arcor and La Campagnola.

#### Cookies, Crackers, Snacks and Cereals

Arcor produces a wide variety of products, such as cereals, snacks, crackers, cereal cookies, assorted cookies, filled cookies, sweet dry cookies, Christmas products, wafers, alfajores and cereal bars. Within this business the following brands are featured: Bagley, Maná, Saladix, Rumba, Formis, Aymoré,

Triunfo, Selz, Opera, Chocolinas, Cereal Mix, Tentaciones, Danix, Criollitas and Sonrisas.

#### Ice creams

Arcor's presence in the impulse ice-cream market represented since 2005 a strategic bet, which consolidated consumers' preference for chocolate and confectionery brands. Arcor produces popsicles, cups, cones, chocolate-coated ice-creams, frozen bonbons and frozen desserts. Among the main brands that are marketed are Tofi, bon o bon, Cofler, Slice, Aguila and Rocklets.

#### Functional Products

It seeks to develop product profiles that adapt to the different needs of our consumers. Currently, it offers nutraceuticals (nutrition + pharmaceuticals) to promote options that allow consumers to easily incorporate nutrients that the body needs to be well, physically and mentally. Arcor is responsible for Simple, the functional products brand.

## AGRIBUSINESS

The Agribusiness Division seeks to add value to the agro-industrial processes in order to offer new and better solutions to different industries driven, the same as Arcor, by a commitment to quality in all of their products.

Arcor Group produces fructose, maltose, glucose, corn starch, corn flour, semolina and corn oil, generating a significant number of by-products used for animal feeding. We are the first corn flour producer, one of the leaders in the production of ethyl alcohol from cereals, and one of the main milk producers in Argentina.



**1,4 MILLION TONS**

OF MILLED SUGAR  
CANE PER YEAR

**1,800 TONS**

OF GROUND CORN  
PER DAY

**85,000 LITERS**

OF ALCOHOL PRODUCED  
PER DAY

**50,000 LITERS**

OF MILK PRODUCED P  
ER DAY



## DOING OUR BIT... OF SUGAR!

In 1994, and as part of our vertical integration strategy, we acquired Ingenio (sugar mill) La Providencia (Río Seco - Tucumán, Argentina) in order to explore the crop of sugar cane in the country and supply sugar to our plants.

Since then, the sugar mill has grown from a self-sufficiency scheme to supplying third parties with an annual sugar production capacity of 150,000 tons.

Our sugar mill generates renewable electrical energy through sugarcane bagasse, part of which is used for its own operation and the surplus is delivered to the Arcor distributed self-generator. In addition, it was the first of all Latin America – except for Brazil - to be certified by the Bonsucro standard, a global platform that promotes economic, social and environmental sustainability in the sugar cane sector.

In October 2018, the business decided to take a leap and come into direct contact with consumers. After many months of work, in 2019, we launched Arcor sugar to the market: the same ingredient that we use to manufacture our products, so 100% certified quality!

The entire team - business and sugar mill - worked hard to guarantee its quality and traceability, renewing once again our commitment to promoting sustainable management throughout the value chain.

The result? The arrival to the points of sale of our fractionated sugar and the entry into a new category of sweeteners: the muscovado sugar, a product obtained thanks to a specific manufacturing process that manages to preserve the natural molasses of the sugar crystal, with caramelized flavor. It contains small amounts of the typical nutrients of cane juice such as antioxidants, vitamin B and minerals such as potassium, magnesium, iron and calcium.



## PACKAGING

The Packaging division of Arcor Group has a leading position in the region, being the most important packaging solutions company in the Southern Cone.

Through our brands: Cartocor, Converflex, Papel Misionero, Puntapel and Zucamor, Arcor offers its customers innovative and sustainable packaging solutions, at the forefront of world market trends. We offer flexible packaging, POP material, paper bags, corrugated cardboard, recycled paper, virgin paper, cardstock packaging.

We stand out for our special emphasis on customer service, ongoing innovation, productivity, quality, and environment conservation.



**260,000 TONS**

OF PAPER  
PER YEAR

**900 MILLION M<sup>2</sup>**

OF CORRUGATED CARDBOARD  
PER YEAR

**12,000 TONS**

OF FLEXIBLE MATERIAL  
PER YEAR

**23,000 HECTARES**

OF OUR OWN FOR FORESTRY  
DEVELOPMENT



POLÍTICA DE  
**Sustentabilidad**  
SOLUCIONES INNOVADORAS PARA UN FUTURO SUSTENTABLE

From our beginnings we are committed to: providing our customers innovative and sustainable solutions in packaging materials. During the last years we have consolidated and expanded the scope of our business, extending the offer of packaging solutions to those who choose us every day to transport, care and communicate their products.

To value what has been done and to prepare for future challenges, we understood that it was necessary to develop our own policy outline to guide our sustainable management. Thus, we based our Sustainability Policy on 5 commitments:



**Sustainable Supply**, to promote traceability and sustainable management of our supply, to foster care for forest resources and high conservation value areas, and to encourage the use of raw materials and supplies of renewable, recycled or reused origin.



**Care for the Environment and Resources**, to promote rational use of water, good energy performance, generation and use of renewable energy, pollution prevention, and reduction, reuse and recycling of materials in our operations.



**Human Development**, to contribute to the respect for and promotion of human and labor rights, local development, community impact management, inclusion and diversity.



**Innovation and Sustainable Solutions**, to encourage innovation in the technological development of solutions, to guarantee security, safety and adequate preservation of products and to offer packaging that generates less environmental impact.



**Circular Economy**, to promote circularity from the design stage of our products, and to encourage the creation and operation of circuits to recover discarded materials and to keep them within the production system.

We are confident that this Policy will help us guide our actions towards managing business risks and maximizing opportunities. We have a history, a present and, above all, a great future.

## OUR COLLABORATORS' TEAM

Undoubtedly, our business is sustained thanks to the daily work of the 20 thousand collaborators who are part of the group.

	2019			2018
	Men	Women	Total <sup>2</sup>	Total
<b>By country<sup>(*)</sup></b>				
Argentina	10,053	2,218	12,271	13,173
Brazil	2,314	1,653	3,967	4,140
Chile	1,527	210	1,737	1,729
Perú	254	60	314	330
Mexico	602	434	1,036	1,036
Spain	4	5	9	347
Rest of the world	205	161	366	
<b>Total</b>	<b>14,958</b>	<b>4,742</b>	<b>19,700</b>	<b>20,755</b>
<b>By category<sup>(*)</sup></b>				
Director	6	3	9	9
Manager	337	48	385	430
Head	600	191	791	856
Supervisor/Analyst	2,049	958	3,007	3,068
Operator/Assistant	11,966	3,542	15,507	16,412
<b>Total</b>	<b>14,958</b>	<b>4,742</b>	<b>19,700</b>	<b>20,775</b>
<b>By age<sup>(**)</sup></b>				
Operator/Assistant	2,553	1,033	3,586	-
Between 30 and 50	9,579	3,082	12,661	-
More than 50 years old	2,863	636	3,499	-
<b>Total</b>	<b>14,995</b>	<b>4,751</b>	<b>19,746</b>	<b>-</b>
<b>By collective labor agreement (%)</b>				
Not covered by the agreement	20.10%	32.60%	22.40%	22.30%
Within the agreement	<b>79.90%</b>	<b>67.40%</b>	<b>77.60%</b>	<b>77.70%</b>

(\*) Base: Arcor BI / (\*\*) Base: PeopleSoft

<sup>2</sup> The difference between both totals lies in the fact that Arcor BI calculates monthly averages in the number of employees with eventual and seasonal contracts; and PeopleSoft uses the data in force on the last day of each month.

## 2019 MAIN ECONOMIC DATA

Main Economic and Financial Indicators <sup>(1)</sup>	2019 (millions of pesos)	2018 (millions of pesos) <sup>(7)</sup>
Net sales	134,710,2	131,725,1
Marketing and Administrative Expenses	29,161,6	30,048,9
Salaries, Wages and Social Security Contributions	32,105,1	33,479,0
Investment in Fixed Assets and Other Assets	2,813,0	4,642,2
EBITDA	11,048,5	11,447,2
<b>Total taxes<sup>(2)</sup></b>	<b>6,233,2</b>	<b>1,628,4</b>
<i>Direct taxes</i>	2,028,9	2,174,4
<i>Export rights</i>	590,0	259,3
<i>Taxes, Rates and Contributions</i>	518,0	525,8
<i>Income tax<sup>(3)</sup></i>	3,096,3	-1,331,1
<b>(Loss) / Net Income for the Fiscal Year<sup>(4)</sup></b>	<b>-1,469,1</b>	<b>-2,799,8</b>
<b>Payment to capital providers<sup>(5)</sup></b>	<b>11,280,4</b>	<b>8,836,1</b>
<b>Total Capitalization<sup>(6)</sup></b>	<b>73,398,3</b>	<b>73,565,9</b>
<i>Shareholders' Equity<sup>(4)</sup></i>	19,120,6	21,806,1
<i>Non-current Loans<sup>(5)</sup></i>	37,813,6	34,805,4
<i>Current Loans<sup>(5)</sup></i>	16,464,0	16,954,4

<sup>(1)</sup> All figures are expressed in Argentine pesos, except where otherwise indicated. / <sup>(2)</sup> Tax breakdown by country (in millions of pesos): Argentina 5,702.4 - Bolivia 75.4 - Brazil 229.8 - Chile 81.8 - China 0.6 - Colombia 0.3 - Ecuador 10.0 - Spain 62.4 - United States 12.4 - Mexico 82.3 - Paraguay 23.9 - Peru (101.8) - Switzerland 5.0 - Uruguay 49.0 / <sup>(3)</sup> It includes deferred taxes. / <sup>(4)</sup> Result and Equity attributable to the Shareholders of the Company. / <sup>(5)</sup> It includes heading "Lease liabilities". <sup>(6)</sup> It includes Shareholders' Equity and the total Financial Loans of the Group (It includes heading Lease liabilities). <sup>(7)</sup> 2018 figures are restated taking into account December 2019 values, as presented in the 2019 Arcor Group Financial Statements.

For more information, please refer to the 2019 Annual Report and Financial Statement of Arcor Group, available at [www.arcor.com](http://www.arcor.com)

## 1.2 SUSTAINABLE MANAGEMENT

Since our early days, we are convinced that economic development must be in harmony with well-being and social inclusion, and with valuing, preserving and defending the environment.

From the beginning of our history as a company, we have expressed this conviction to the daily management of our businesses, through different strategies and government and action models.

Thus, in 2004, we began to work with the aim of generating a shared vision on Corporate Social Responsibility (CSR) and consolidating practices in a comprehensive way throughout the company. Later, in 2006 we aligned, integrated and enhanced existing practices, and we also generated new practices and promoted a social co-responsibility process.

With the purpose of strengthening the sustainability advantage for the business and consolidating its integration in a transversal way, in 2010 we created the Arcor Sustainability Policy and our first work strategy.

The Sustainability Strategy that we are currently going through, seeks to increase our corporate value through sustainable management and governance of businesses. From it, we defined corporate guidelines for each commitment of the



Sustainability Policy related to diversity, inclusion, reduction of water consumption and emissions, waste management, renewable energy generation, PVC replacement, sustainable paper supply, and nutritional profile of the products.

We are currently developing a tool to typify the value added by the initiatives promoted within the framework of sustainable management, as well as our own methodology to measure the return on the investment in sustainability.

In 2020, we will take on the challenge of developing our new Sustainability Strategy for the next 5 years (2021-2025). Building on the progress made during the first 10 years from the stimulus of a sustainable management at Arcor Group, this new policy will seek to enhance the integration of sustainability into the business model of the company.



## ARCOR'S SUSTAINABILITY POLICY

We assumed a general commitment and five specific commitments to sustainable development for the most relevant and priority topics of our business and stakeholders:



General commitment to sustainable development

See Chapter 2



Rational use of packaging materials

See Chapter 5



Rational use of water

See Chapter 3



Respect for and protection of human and labor rights

See Chapter 6



Energy efficiency and minimization of the impacts that contribute to global climate change

See Chapter 4



Active life and healthy nutrition

See Chapter 7

## 2016-2020 SUSTAINABILITY STRATEGY

To increase our corporate value through the sustainable management and governance of our businesses 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.



## GOVERNANCE SYSTEM

We defined a sustainability organizational structure that allows us to integrate the socio-environmental values on a daily basis business, at two levels: a political and strategic one, and a strategic and operational one.

Within the first level, since 2009, Arcor's Corporate Sustainability Committee (CSA) operates, led by our President and made up of the heads of the areas and company business.

Due to the fact that they are a Board Committee, their duties are the following:

1. To advise the Management in all aspects related to sustainability, supporting identification and treatment of critical issues that may offer risks and relevant impact opportunities;
2. To set priorities and implement policies, strategies and corporate actions, related to sustainability of the businesses;
3. To evaluate the performance of the company regarding the sustainability of their businesses, and to monitor and minimize the environmental and social impacts that emerge from its operations;
4. To evaluate and make recommendations about sustainability with respect to the relationship strategy with different audiences;

5. To follow up and evaluate the correct implementation of the Arcor Sustainability Plan (corporate initiatives led by the CSA, initiatives of the Operational Plans of business and corporate areas, and initiatives, projects and programs promoted by the Sustainability Management). Also, to annually review, reorder and prioritize corporate initiatives that constitute it;
6. To ensure that adequate and effective communication policies exist to build and protect Arcor's reputation as a sustainable company; and
7. To evaluate the new investment proposals of the company under the perspective of sustainability.

In 2014, the Local Sustainability Committees of Chile and Brazil started operating. These committees, made up of General Managers of each country and its most significant reports, are in charge of the local implementation of corporate guidelines, the definition of priorities, and the follow-up and monitoring of their local Sustainability Plans.

In addition, Arcor has a series of Committees for the governance of specific issues related to commitments assumed in its Policy:

- Ethics Committee (see separate box).
- Nutrition Committee: main governing body of the Active Life and Healthy Nutrition Strategy whose function is to guarantee this strategy and coordinate those actions related to it (See chapter 7).

For the strategic and operational level, since 2010, Arcor has the Corporate Sustainability Management, made up of three Managements: Regional Social Investment (in charge of Arcor Foundation Argentina and Chile, and Arcor Institute Brazil), Community Relations (responsible for managing the community impacts of the company) and Sustainability.

The Sustainability Management is in charge of acting as a source of information and impulse for innovation in the best existing sustainability practices, facilitating and providing technical advice to different areas of the company. Their responsibilities are:

1. To carry out the planning, coordination and monitoring of plans and projects;
2. To monitor programs' implementation, the strategy and compliance of the Sustainability Policy and the Sustainability Scorecard indicators;
3. To promote the annual planning process of the Sustainability Operational Plans;
4. To offer support and feedback twice a year to the 10 businesses and 3 corporate areas regarding the configuration and progress of implementation of their Sustainability Plan;
5. To be a link with internal and external collaborators; and
6. To participate in the development of Inter-Area Working Groups, created to define sustainability approaches for the topics determined by the CSA. Among these groups are: Supplies & Suppliers, Energy Performance, Flexible Materials, Waste and Sustainable Agriculture.

## CODE OF ETHICS AND CONDUCT & ETHICS COMMITTEE

Our Code of Ethics and Conduct, in addition to reaffirming the commitment made by Arcor with the Global Compact and the principles of human and labor rights, care of the environment and anti-corruption, establishes ethical principles and norms that guide the performance of all our collaborators.

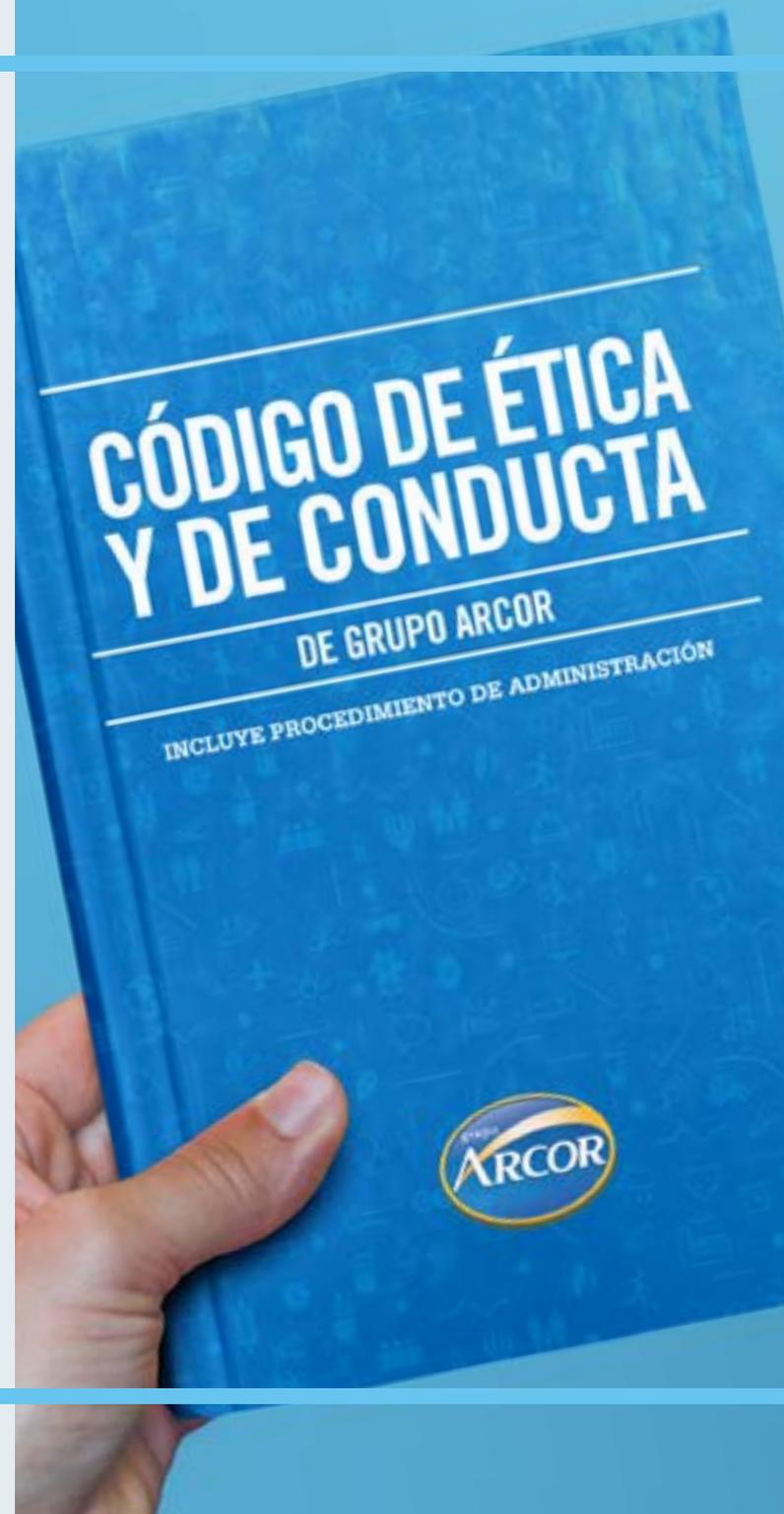
The values, principles and norms of conduct that comprise it promote a culture of integrity for a sustainable and competitive commercial context, covering topics such as the comprehensive development of communities and society; the sustainable process management based on a balance between the economic, social and environmental dimensions; and the integration of the value chain in this commitment.

The Code is delivered to all the people who are part of Arcor Group and it is available at our corporate website. Its provisions apply both to the members of the Board of Directors and to all the staff of Arcor Group. All members are responsible for ensuring their compliance within their positions and roles.

In order to guarantee its compliance, we created a Management Procedure:

- Through an anonymous and confidential Ethics Line, the Internal Audit Management Division receives and records inquiries and complaints related to the Code, and it is responsible for investigating, analyzing and preparing each case to be presented to the Ethics Committee (government body in charge of this process).
- The Ethics Committee, appointed by the Board of Directors, chaired by a member thereof, and made up of members from several areas of the company, is responsible for evaluating and resolving disputes that arise in relation to compliance with the contents of the Code. Moreover, it is in charge of contributing to the continuous improvement of the ethical environment of the company. Therefore, meetings are scheduled when necessary.
- Once cases are resolved, this Committee formally communicates the resolution to the corresponding head of the area so that this collaborator makes effective what was resolved, guarantees its compliance and follows up the measure, notifying in writing to the person or sector involved with a copy to the Internal Audit Management.

In 2019, 41 consultations were received (33% of cases were related to suppliers and customers, 43% to work-related relationships, 11% to environmental issues and relations with the community and 13% to other topics included by the Code) and 79 complaints through the Ethics Line, and 3,740 Declarations of Conflicts of Interest. Meanwhile, the Ethics Committee met 11 times and resolved 120 cases to throughout the year.



## MANAGEMENT SYSTEM

The sustainability management system is a scheme made up of different tools that provide feedback and complement each other.

Its main function is to provide different businesses and corporate areas with tangible instruments that are both useful and functional for the definition of initiatives, projects and programs to include every year on their Sustainability Operational Plans.

First, we have Arcor's Sustainability Policy with its 6 commitments and 23 priority lines of action, and the current Sustainability Strategy. Then, we have corporate initiatives -that are defined and driven directly by CSA- and, our corporate goals. Subsequently, we have the Sustainability Risks and Opportunities Matrix - a triannual updating instrument that analyzes the impact, risks and opportunities of critical issues related to the sustainability of each business. This is done by connecting the Sustainability Policy commitments with the links of the value chain for a medium-term scenario -3 to 5 years-, and the Sustainability Scorecard. This scorecard is a control panel that considers 48 indicators that allow us to measure the compliance progress of sustainability initiatives, as well as to establish different performance levels and metrics.

Using all of these tools as a policy outline, businesses yearly build their Sustainability Operational Plans that, since 2012, have turned into a Sharepoint platform that manages the life cycle of projects and monitors progress and impacts on the economic, social and environmental dimensions.

Day by day, businesses manage initiatives and projects included in the plans to meet the goals set for that year and, thus, contribute to the compliance of the company's Sustainability Strategy.

In 2019, 833 sustainability initiatives were included in the business plans. They were complemented with 27 corporate projects led by the CSA. 3,746 employees of 10 businesses and 3 corporate areas were included in divisional sustainability goals (76.2% coverage rate), 1,019 employees of management levels set specific sustainability goals (89.5% coverage rate), and 13 meetings were held to provide feedback to business.



## OUR COMMITMENT WITH THE 2030 AGENDA TAKEN TO ACTION

At Arcor Group, we carried out a management aligned to the 17 Sustainable Development Goals of the United Nations and we contributed to 46 of 169 set goals.

In 2019, just as we have been doing since its launch, we presented on the Platform of The Argentine Business Council for Sustainable Development (CEADS) - Argentine chapter from World Business Council for Sustainable Development (WBCSD) - different cases that demonstrate how Arcor Group contributes to meeting the 2030 goals for Sustainable development.



### USE OF ENERGY AT ARCOR GROUP

In the framework of our commitment to energy efficiency and the minimization of the impacts that contribute to global climate change, we promote initiatives to reduce energy consumption and the emissions that we generate, to reuse energy, and to replace energy from conventional sources for others that are cleaner. Moreover, we use materials that generate less environmental impact.



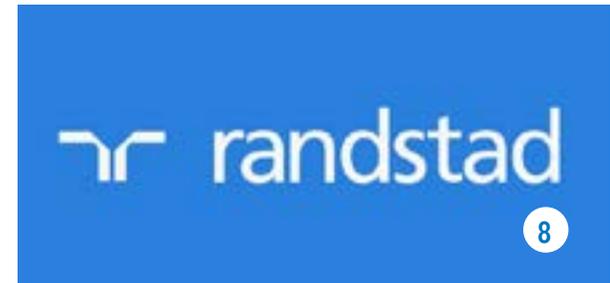
### PAMPA DRUM FOR INNOVATIVE AND SUSTAINABLE PACKAGING

Within the framework of our commitment with the rational use of packaging materials, we promote initiatives to reduce materials, replace them by others more efficient and eco-friendly, and recycle them. The principles of Circular Economy help us to boost innovation to offer to the market more and more sustainable packaging and solutions. It was thought like an innovative and sustainable option to be introduced in the food industry, agroindustry and some non-hazardous industrial products like adhesives. It is unique in its kind, and it represents a 100% recyclable alternative that allows replacing plastic and sheet drums for a renewable resource.



### POLITWIST, 60% COMPOSTABLE

In order to boost circular innovation, we created Politwist, a composition which is formulated with a component called PLA, a bio plastic that comes from cornstarch and makes a 60% compostable packaging. We managed to apply this in the complete wrapping line of Butter Toffees, improving the wrapping process of packaging. This achievement encourages us to develop sustainable packaging to be implemented in other products, taking this innovation to a larger scale.



## SUSTAINABILITY AWARDS & RECOGNITIONS

### ARCOR GROUP

1. Argentine-British Chamber of Commerce (CCAB, as per its initials in Spanish) Award for Sustainable Leadership: 2nd place in the category of “Innovative Organization” for the development of Sustainability Report 2018.
2. Corporate Citizenship Award of the The United States Chamber of Commerce in Argentina (AmCham): 1st place in the category of Thematic Initiatives- Values of socio-environmental responsibility for our Management & Government and Sustainability Strategies.
3. Gold Eikon Award- Sustainability General Campaign Category- Campaign on Healthy Lifestyles Strategies

- Within the Category Sustainability General Campaign.
4. Ranking “The 100 best Images”, Apertura magazine: 1st place in the Image Ranking published by Apertura magazine, we have conserved this position for 17 editions. Main attributes where Arcor is at the first place: “reliability on its products”, “ethics and transparency on its business”, “Trajectory”, and “Investment and production in the country”.
  5. Prestigious Enterprise Ranking, Prensa Económica magazine: 1st place as the most prestigious group. Also, our president was selected as the most prestigious businessman in Argentina, once again.
  6. Ranking Merco Responsibility and Corporate Government 2019, Clarín newspaper: for the tenth consecutive year, Arcor is in the 1st place in this ranking. It considers the company’s image regarding to its role in the community,

- its ethics behaviors and transparency in the executive leadership. In addition, Luis Pagani led the ranking of the 100 most outstanding businessmen at a local level, and also, we got 1st place in the Ranking of Responsibility and Corporate Government.
7. Ranking Merco Talent, La Nación newspaper: We are 7th most attractive corporate to work with in Argentina.
  8. Ranking Randstad: “What Argentinians look at to select where to work”: Arcor was recognized as the most attractive company to work, in the mass consumption sector in the Randstand Employer Brand Research.
  9. Ranking Top Brands: 2nd place on the Top Brands from Argentina.



1



3



4



5



7



2



6



8

### ARCOR ARGENTINA FOUNDATION, ARCOR BRAZIL INSTITUTE & ARCOR CHILE FOUNDATION

1. Motion of Congratulations from Río das Pedras Town Hall to Arcor Brazil Institute, for work developed in the community in order to benefit children and teenagers education.
2. Health and Food Professionals Association Award (APSAL): 1st place within the category of physical activities for the Regional Campaign “For an Emoji of girls and boys playing”

girls and boys playing” in alliance with Digital Plague & Social Media Trends.

3. Darcy Ribeiro Award: Arcor Brazil Institute received the Educational Merit Diploma to its contribution to educational practice in Campinas city.
4. Regional Council of Physical Education Award: Arcor Brazil Institute was one of the awarded institutions due to developed initiatives to encourage the practice of physical activities, playing and movement.
5. Eikon Award for Innovation: 1st place for Regional Campaign “For an Emoji of girls and boys playing”. It

was granted for the first time to the most innovative communication campaign.

6. Golden Eikon Award Córdoba – Category of Digital General Campaign: 1st place for the Regional Campaign “For an Emoji of girls and boys playing”.
7. Golden Regional Eikon Award – Category of Digital General Campaign: 1st place for the Regional Campaign “For an Emoji of girls and boys playing”.
8. Red Eikon Award to Innovation in Córdoba: 1st place for the Regional Campaign “For an Emoji of girls and boys playing”.



## ARCOR'S AWARD TO INNOVATION

Arcor Group and Government Secretary for Science, Technology and Productive Innovation of Argentina, launched the 6th edition of “Arcor’s Award to Innovation”, aimed at entrepreneurs, researchers and PyMEs.

The aim of the initiative is to foster technological development in the food sector, so that it has a positive impact on the community. It also seeks to acknowledge and encourage the talent and entrepreneurial attitudes and contribute to the relationship between science and industry.

In the last edition, the terms and conditions were modified so that all the awards focused in proposals directly related with food. It was a historic record of announcements: we received more than 100 projects!

We trained 5 selected finalists with virtual trainings and face-to-face mentoring. On September 5th 2019, we attended the awards ceremony in the Cultural Science Center of Buenos Aires City. It was a revolutionary event with “TEDx” format, where each finalist presented a short live “pitch”.



Arcor’s Award to Innovation 2019 was won by the project “Candies for diabetic people, high in fiber based on cereal and a low-cost by product from brewing industry” presented by Paula Bucci, part of the team from the Center for Research and Development in Food Cryotechnology (CIDCA - CONICET). The project was born three years ago, it proposes to produce a candy, specifically a cereal bar, which is high in insoluble fiber suitable for people who suffers from diabetes, taking advantage of a low cost derivative from brewing industry, like bagasse. In addition, sugary components in the formula were replaced by sucralose or stevia. This development aims to solve an environment problem, too, since bagasse produced in large amounts is highly toxic, if it is disposed as common waste.

The project “Development of a social profile and healthy bakery product”, directed by Maria Celina Malvazo, part of the Civil Association “Out of the blue” from Luján, Buenos Aires-Argentina, was awarded with Arcor Foundation Special Mention. In cooperation with National University from Luján (UNLu), they developed a bakery product, muffin type, which has incorporated proteins of high biological value, soluble fiber, vitamins and minerals (especially calcium and iron), and disguised vegetables to gain acceptance from children. The bakery product will be made in the Civil Association’s gastronomy school where young people and women who need to return to labor market are trained and work there. It will be addressed to children from vulnerable sectors.

# 1.3 DIALOGUE WITH STAKEHOLDERS

Communicating actions, achievements and main challenges is part of our culture of dialogue building and long-term relationships with our stakeholders.



## GOVERNMENT & SOCIETY

- Involvement in more than 90 corporate organizations in a regional level.
- Collaboration with governmental organizations to improve competitiveness.
- Participation in networks that are in favor of childhood.



## PRESS & OPINION LEADERS

- We were granted more than 10 awards to recognize our sustainable management.
- We led Rankings at regional level.
- More than 100 notes, interviews and articles related to sustainability.



## SHAREHOLDERS

- Shareholders Assembly.
- Report about level of compliance of the Code of Corporate Governance
- Inventory, accounting status, Financial status and Sustainability Report.



## COLLABORATORS

- Occupational Inclusion of 250 disabled people.
- Gender equality goals about total income amount for all kind of contracts.
- Year-over-year reduction of Incapacitating Frequency Index (IFI).



## PROVEEDORES Y CLIENTES

- Relationships with more than 13,000 suppliers in Argentina, Brazil, Chile, Mexico and Perú.
- 42% of suppliers from mass consumption plants have some GFSI Certification.
- Sustainability strategies to Arcor distributors



## COMMUNITY

- 22 Community Relationship Committees in Argentina Chile and Mexico.
- Presence in 12 dialogue and articulation spaces.
- Donation of 2,830 tons in product in Argentina, Brazil, Chile and Mexico.



## CONSUMERS

- Customer service
- 340 gluten-free products offered
- 60 products belong to “The Right Portion Size” Program.



## END OF LIFE CYCLE

- Agreement with the Network of Recycling Cooperatives Reciclamp (Campina).
- 92% of recycling rate in our operating bases.
- We sent 6,945 tons of waste less to dispose.



## ALL OF US FEED COMMUNICATION

We started the first stage of a new internal communication model, RedCom “All of us feed communication”. In order to develop a new internal communication model adapted to new modalities and methods. It reaches out to all organization collaborators in an effective manner and aims to achieve corporate and local objectives.

This model allows managing internal communication in Arcor through Leaders and Referents and a new channel network, and the Communications Department, so that communication becomes an increasingly strategic tool.

In 2019, we trained more than 100 leaders on new tools and digital communication concepts. In the first stage we launched Radom TV -for digital advertising- in 17 plants. We are currently, in the process of Redcom App mobile implementation to extend our communication to more collaborators from 2020.





# GENERAL COMMITMENT TO SUSTAINABLE DEVELOPMENT

## CHAPTER 2

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### 2.6 SOCIAL INVESTMENT IN CHILDHOOD

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## 2.1 OUR GENERAL COMMITMENT

In Arcor Group we believe that economic development must harmonise with well-being of people, social inclusion and valuation and care of the environment and our settings.

For this reason our general commitment with sustainable development is focused in:

- Establishing a sustainable process management, based on balance among the economic, social and environmental aspects;
- Fostering the comprehensive development of the communities in which we act and contribute to the sustainable development of the regions where we operate;
- Supporting and respecting the protection of human rights within our area of influence, ensuring not to be accomplices in cases of infringement of these rights;
- Facilitating and sponsoring actions and projects to promote sustainability and human development;
- Applying the best practices of environmental preservation, minimizing and compensating the impact of our operations; and
- Promoting awareness and training programs, seeking to make each member of the Company and the whole value chain, as active agents, aware of building a corporate culture committed towards sustainability.



## 2.2 HOW IS OUR VALUE CHAIN MADE UP?



	SUPPLY	PROCESSING	DISTRIBUTION & COMMERCIALIZATION	CONSUMERS	END OF LIFE CYCLE
PROCESS	<ul style="list-style-type: none"> <li>Supply or purchase of raw material and inputs.</li> <li>Logistics to processing plants.</li> <li>Pre-processing of certified inputs.</li> <li>Purchase of recycled materials.</li> </ul>	<ul style="list-style-type: none"> <li>Industrial operations/ transformation.</li> </ul>	<ul style="list-style-type: none"> <li>Storage of end product.</li> <li>Distribution of end product to customers and distribution centers.</li> <li>International transportation.</li> </ul>	<ul style="list-style-type: none"> <li>Use of the product by the final consumer.</li> </ul>	<ul style="list-style-type: none"> <li>Disposal of used product.</li> <li>Disposal of packaging</li> <li>Waste treatment/disposal.</li> <li>Recycling/reuse.</li> </ul>
ACTORS	<ul style="list-style-type: none"> <li>Internal primary production.</li> <li>Primary producers.</li> <li>Outsourced suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Our own industrials plants.</li> </ul>	<ul style="list-style-type: none"> <li>Own logistics.</li> <li>Logistics suppliers.</li> <li>External customers -distributors, supermarkets, wholesalers Specials customers-</li> <li>Internal customers -operations inside Arcor Group-</li> </ul>	<ul style="list-style-type: none"> <li>Consumers.</li> </ul>	<ul style="list-style-type: none"> <li>Consumers.</li> <li>Waste pickers/recyclers.</li> <li>Waste processors.</li> </ul>

We promote a responsible management throughout our whole value chain, because we understand that part of our responsibility is driving a sustainable management in each actor involved, since our suppliers to our consumers.

With this aim, we implement innovative practices to create economic, social and environmental shared value, and solutions that help to manage risks and maximize opportunities in each of the links that it comprises.

## 2.3 WHERE EVERYTHING STARTS

### ARCOR GROUP SUPPLIERS

#### ARCOR GROUP SUPPLIERS (2019 VS. 2018)

Country	2019	2018
Argentina	7,655	8,108
Brazil	2,569	2,691
Chile	1,610	1,711
Mexico	886	915
Perú	641	659
<b>Total</b>	<b>13,361</b>	<b>14,084</b>

#### 2019 SUPPLIERS BY PRODUCT/ PROVIDED SERVICE

Product/Service	Quantity
Raw materials	1,163
Auxiliary materials	1,121
Packaging	226
Services	10,851
<b>Total</b>	<b>13,361</b>

### SUSTAINABLE SUPPLY STRATEGY

Arcor Group's Sustainable Supply Strategy is aimed to promoting sustainable management benefits in the supply chain.

Working on finding a positive impact beyond commercial area, the focus of the Sustainable Supply Strategy is reducing risks and maximising opportunities that arise from our relationship with more than 13,000 suppliers, and it aims to ensure a sustainable supply of all our products and services, in a comprehensive way.

Initiatives, projects and programs which conform it, offer to our suppliers possibilities to integrate a continual improvement process oriented to develop their productivity and efficiency, and to improve their abilities to manage risks and economic, social and environmental opportunities. From this general setting, initiatives are organized in different work lines. These are designed according to needs, challenges and opportunities to each kind of Arcor Group's supplier.

#### KNOWING TO TRANSFORM: AWARENESS & TRAINING

For all initiatives, our starting point is awareness and training. It means the starting point of a dialogue that allows us to establish and clearly communicate our expectations.

In this way, we generate a fertile ground to later incorporate aspects of sustainability in our commercial relationship.

To do so, we use different tools:

- We include more than 90 different sustainability messages linked to our commitments in the Purchase Orders that we generate
- We share our Code of Ethics and Conduct and make the Ethics Line available;
- We provide information about our sustainable management at ArcorBuy, the digital communication channel that we specifically have for current, potential and interested suppliers; and
- We promote training opportunities on various topics related to sustainability depending on the specific needs of each group, and within the framework of each project.

#### PROMOTE TO IMPLICATE: PROGRESSIVE LINE-UP

It is a fundamental aspect of supplier-customer relation to establish clear expectations. In Arcor Group we begin a commercial relationship with our suppliers requesting a formal commitment to a sustainable management.

We do this signing the Letter of Adherence to the Guiding Principles for a Responsible Management, a guide of values related to the ten principles of the United Nations Global Compact, the international labor regulations set forth by the International Labor Organization (ILO) and the best business practices. Since 2015,

the adherence to the Letter is a requirement to be registered as an Arcor's supplier. Until now, 10,055 suppliers had signed the letter.<sup>3</sup>

## MEASURING TO IMPROVE: MONITORING & ASSESSMENT

This dimension includes those initiatives that are focused on assessing our suppliers in sustainability matters with the aim of promoting continuous improvement in their management.

### Quality guarantee

Arcor has implemented a thorough selection, assesment, monitoring and improvement process, to ensure our material production suppliers comply with standards required to produce safe, genuine and best-quality products.

After an auditing process, we obtain an index for each supplier (called Supplier Potential Index -IPP-, by its initials in Spanish), which allows to evaluate their reliability, and we rate each one with a number value. We consider a supplier approved when he scores over a minimum defined level<sup>4</sup> and when they have certification of some recognised standards for Global Food Safety Initiative -GFSI- (for example, BRC<sup>5</sup>). Undoubtedly, the initiative contributed to make many of our suppliers work to get some recognised GFSI food safety certification.

When suppliers do not achieve a minimum required score, our Supply and Quality equipment accompanies them to develop improvement plans, so that in the future they can comply with the required standards and turn into active suppliers of our company.

In 2019, we promoted 865 food quality and safety assessments

on suppliers<sup>6</sup>, in 90% of these activities suppliers obtained an IPP>70 and 97% of them (suppliers and primary producers) were qualified<sup>7</sup>. 42% of suppliers (of raw materials and direct contact packaging materials) of our mass consumption plants have a recognised standard GFSI (for example BRC, IFS<sup>8</sup>, FSSC 22.000<sup>9</sup>, Global G.A.P<sup>10</sup>., SQF<sup>11</sup>).

In this framework, in 2019, we also promoted the development and assesment of agricultural producers associated to Food Business and Agribusiness, defining strategies to be implemented and specific surveys for them.

Also, we continued with the implementation of a Certified Quality Program –with strategic suppliers, based on reliability of their operations, raw materials and packaging materials received-, and we started to plan the development of a Reliability on Suppliers program –identifying those who didnot achieve the minimum performance scores, suppliers associated to raw materials that have globally proved vulnerable to fraud or that are associated to critical danger in the supply chain.

### Outsourced Suppliers Assessment Procedure

For 10 years, we have had an assessment procedure for outsourced suppliers in terms of quality and socioeconomic-environmental aspects.

For the qualification, hiring, monitoring and control of these suppliers, in addition to using the audit checklist developed by Arcor Group, certain recognized certifications began to be considered valid: GFSI (for quality matters), SA8000<sup>12</sup> (for hiring conditions matters), ISO14001 (for environmental

management matters), OHSAS18001 (for health and occupational safety matters), WCA<sup>13</sup>, BSCI<sup>14</sup> and SMETA<sup>15</sup>.

The Outsourced Suppliers Corporate Committee, responsible for supervising the implementation of these procedures, met monthly throughout the year to issue 56 reports. At present, 100% of outsourced suppliers have signed contracts which include as main requirement undergoing quality and socioeconomic-environmental audits.

3 Argentina: 6,285; Brazil: 2,012; Chile: 991; Mexico: 576; and Peru: 191

4 70 points.

5 British Retail Consortium - <https://www.brcgs.com/>

6 Include on-site auditing in our plants /in suppliers' plants and verification of suppliers' current recognised GFSI certifications.

7 Due to an specific audit or because of having a recognised certification GFSI

8 International Featured Standards - <https://www.ifs-certification.com/index.php/es/ifs>

9 Food Safety System Certification - <https://www.fssc22000.com/>

10 Global Good Agricultural Practices - <https://www.globalgap.org/>

11 Safe Quality Food - <https://www.sqfi.com/>

12 Social Accountability - <http://www.sa-intl.org/>

13 Workplace Conditions Assessment

14 Business Social Compliance Initiative - <https://www.bsci-intl.org/>

15 Sedex Members Ethical Trade Audit - <https://www.sedexglobal.com/smeta-audit/>



### REconocer Program

It has the purpose of evaluate and manage risks and opportunities which can come from the economic, social and environmental management of our supply chain. REconocer allow us to obtain a global and specific vision of our suppliers through a qualification system that considers commercial quality and sustainability matters.

In 2019, 150 suppliers of all areas and countries participated in the self-assessment of Reconocer Program and obtained their Commercial Quality & Sustainability Index, which allows to identify their strengths and opportunities for improvement in the management of economic, social and environmental issues.

For Arcor Group, the Commercial Quality & Sustainability Index allows promoting improvement in suppliers management and, in turn, making better purchase decisions. In this sense, in combination with Purchasing areas, during 2019, a discussion process was opened to define how the results of REconocer will be integrated into the habitual management procedures of the area. To do this, we coordinated 8 Laboratories of the Reconocer Program, where 108 participants analyzed different alternatives and developed proposals that will be soon integrated into the management processes. In addition, in 2019, we progressed in the systematization of the Continuous Improvement Strategy for Suppliers, which proposes a variety of actions for improvement to be promoted according to obtained results by the supplier its the self-evaluation: awareness (communication), training,

monitoring & improvement (socioeconomic-environmental audits and development of improvement plans).

### BECOME A PARTNER TO GROW: SPECIFIC INITIATIVES

This course of action includes all those developed initiatives with the aim of promoting improvement in the management of sustainability issues, and the creation of skills for specific suppliers groups that, given their condition, require particular approaches.

#### Responsible Inclusive Purchases Program (CIR, by its initials in Spanish)

With more than 12 years of implementation, the CIR Program allows us to incorporate in our supply chain suppliers with less opportunities to enter to the formal market, due to their vulnerable social and economic condition.

The initiative includes three work axes: technical assistance for the development of the supplier; auxiliary materials purchase, work clothes, gifts, raw materials; and a loan revolving fund for venture and/or projects financing.

Particularly in 2019, 1 new productive venture was incorporated, which supplied semi-finished products for a new production process. In addition, the commercial relationship with suppliers of auxiliary materials, catering, gifts and textile clothing was maintained.

It is a great challenge for Arcor to sustain and expand the results of this program, considering that the impact of this initiative

in Argentina results in a model to be followed by companies of several sectors.

The total amount of purchases made in 2019 was \$16,865,000. They were made to 30 suppliers that support more than 550 entrepreneurs in poverty condition from Argentina, Brazil and Mexico.



### Agri Sustainable Program

Our Agri Sustainable Program, promoted since 2012, seeks to ensure the quantity, quality, safety and environmental and social responsibility of main raw materials that we produce and acquire.

The intervention strategy in each one of the inputs depends on the traceability of each chain (direct supply of producers, supply of suppliers, supply of traders or brokers), and of risks and opportunities that each one presents from sustainability perspective.

During 2019, within the framework of the Program, we started to work on defining a corporate approach on animal welfare. Based on the findings of this first exploratory instance, we expect to establish a formal commitment.

In order to give continuity to the defined approaches for each one of the inputs that participate in the Program, during 2019, the following projects were implemented:



## SUSTAINABLE PRODUCTION OF SUGAR

Previous activities to the renewal audit of the Bonsucro standard certification were performed. The audit was carried out in January 2020 for our cane production. Re-certification of 5,132ha is foreseen, which during the 2019 harvest turned into 16,677tn of sugar.

In addition, we continued expanding the organic sugar production: audit USDA-NOP<sup>16</sup> was made in 1,670ha of

own fields and in 950ha of 8 producers, from which 9,206tn of organic sugar were obtained.

Also, we re-certified Global G.A.P. (for 9th consecutive year) and Local G.A.P. –that ensures “no burning” of sugar cane- (for 2nd consecutive year).

On the other hand, harvesting mechanization initiative called “Cobra Project” has continued being implemented. It aims to systematically replace manual harvesting with mechanized harvesting for small producers (less than 20ha) who are suppliers of the sugar mill. During 2019, scope increased to

a total of 23 small producers, who approximately gathered 21,600tn of sugar cane to the sugar mill.

Also, we continued promoting our Forest Plan “Ingenio La Providencia” (sugar mill) that consists on taking advantage of non-suitable places for sugar cane crop (river banks, lands with a big gradient, etc.) growing forest species there. During 2019, we cultivated 2,500 species. Since the begging of this initiative, we cultivated around 40,500 forest species.

<sup>16</sup> United States Department of Agriculture – Agricultural Marketing Service - National Organic Program <https://www.ams.usda.gov/publications/content/about-national-organic-program>





## FRUITS & VEGETABLES

This initiative focuses on continuous improvement on the incorporation of sustainable practices in our own farms, and for fruit and vegetable producers that supply our Food Company.

In our own farms, we obtained the re-certification of Global G.A.P. On the other hand, within the framework of “Integral development of Producers” Program, we made together with the Government of San Juan Province a progress in giving a credit line to finance the development of tomato producers in new areas -from the changes in the industrial print of the Business-; and the Protocol for the Safe Use of Agrochemicals T2000 was implemented.





## DEVELOPMENT OF SUSTAINABLE CORN PRODUCERS

With the aim of advancing in the construction of a sustainable corn producer's basis for the different millings of Arcor Group, during 2019 the "Certified Sustainable Supply" initiative was launched. It seeks to promote the implementation of sustainable practices in corn producers who supply Arcor Group through a certification program based on the sustainability standard SAI17-FSA18.

For its implementation, it was formed a Group of Producers committed to the best agricultural practices, experiences exchange and continuous improvement in management. The Program was formally launched through 2 face-to-face coordinated meetings in the Arcor Group Corn Wet Milling Plants in the provinces of Córdoba (Arroyito) and Tucumán (Lules).

During December, 8 corn producers from Córdoba, Tucumán, Salta and Santiago del Estero that integrate the Group –and that jointly manage the production of more than 130,000ha of corn– participated in a self-assessment process based on SAI-FSA standard, through field visits and interviews carried out by the Cereal Purchasing area of Arcor. The assessment comprehended general aspects of business management, such as business plan, access to markets, links with local communities, corporate conduct and production specific topics such as sowing



procedures, soil management and nutrition, irrigation practices, protection crop systems and safe use of products, biodiversity management, air quality and waste management, among others.

As a result of the process, according to what is established in SAI-FSA standard, some producers (in representation of the group) participated in certification audits at the beginning of 2020.

17 Sustainable Agriculture Initiative – [www.saiplatform.org](http://www.saiplatform.org)  
18 Farm Sustainability Assessment



## FREE CAGE EGG SUPPLY

Since 2018, in Arcor Group we fostered Free Cage Egg Supply project, with the goal of ensuring that egg products used by Arcor Group come from suppliers who use breeding and hens management systems which allow these animals to develop their natural behaviors.

Within the framework of this initiative, during the year, we started with the implementation of a supply transition plan towards “cage free egg”, which in the period 2019-2020 will reach sweet filled cookies, assorted biscuits, wafer cookies and sandwich cookies lines. For the future, we foresee to continue expanding such lines. In order to do that we need to ensure supply conditions at local level as well as quality and accessibility of our products.

## “FREE CAGE” OPERA

In 2019 we achieved that “Classic Opera Wafers” cookies line became 100% free cage. Since December, 100% of egg yolks used in this line has Certified Humane certification, which guarantees that the eggs come from “free cage” hens, a breeding and management system based on animal welfare standards of the Certified Humane Raised & Handled Certification Program, that includes nutritious diet, refuges and resting areas for animals, and enough space for them to develop their natural behaviors.

Transformation was achieved through joint work with input suppliers, and it involved investments on new breeding and management systems, transformations in traceability systems, adaptations in production lines, among others.

In December 2019, we made the first purchase of “cage free egg”, for a volume equivalent to 1,500 kg. of powder egg yolk.





## SUSTAINABLE SUPPLY PLAN OF PALM

During 2019 Arcor made the Annual Communication of Progress (ACOP) presentation to RSPO<sup>19</sup>, in which the palm volume and by-products consumed in 2018 were reported, as well as the volume of certified input under RSPO and the Action Plan to reach 100% of sustainable supply.

In addition, we continued working on the identification of an approach for the sustainable supply of palm, beyond the purchase of RSPO certified palm/palm kernel. With this aim, we carried out an analysis of programs encouraged by non-profit organizations, with the participation of private sector companies, with focus on sustainable supply of palm and byproducts. As a complement, a survey with Arcor Group palm and palm kernel suppliers was coordinated, with the goal of analyzing the positioning of surveyed programs in the market.

Based on such analysis, we decided to move on towards a traceability analysis of the Arcor Group's palm and byproducts supply chain, which will begin to be promoted from 2020.

<sup>19</sup> Roundtable on Sustainable Palm Oil - <https://rspo.org/>

<sup>20</sup> It means good coffee in Maya language, Quiché - <https://utz.org/>



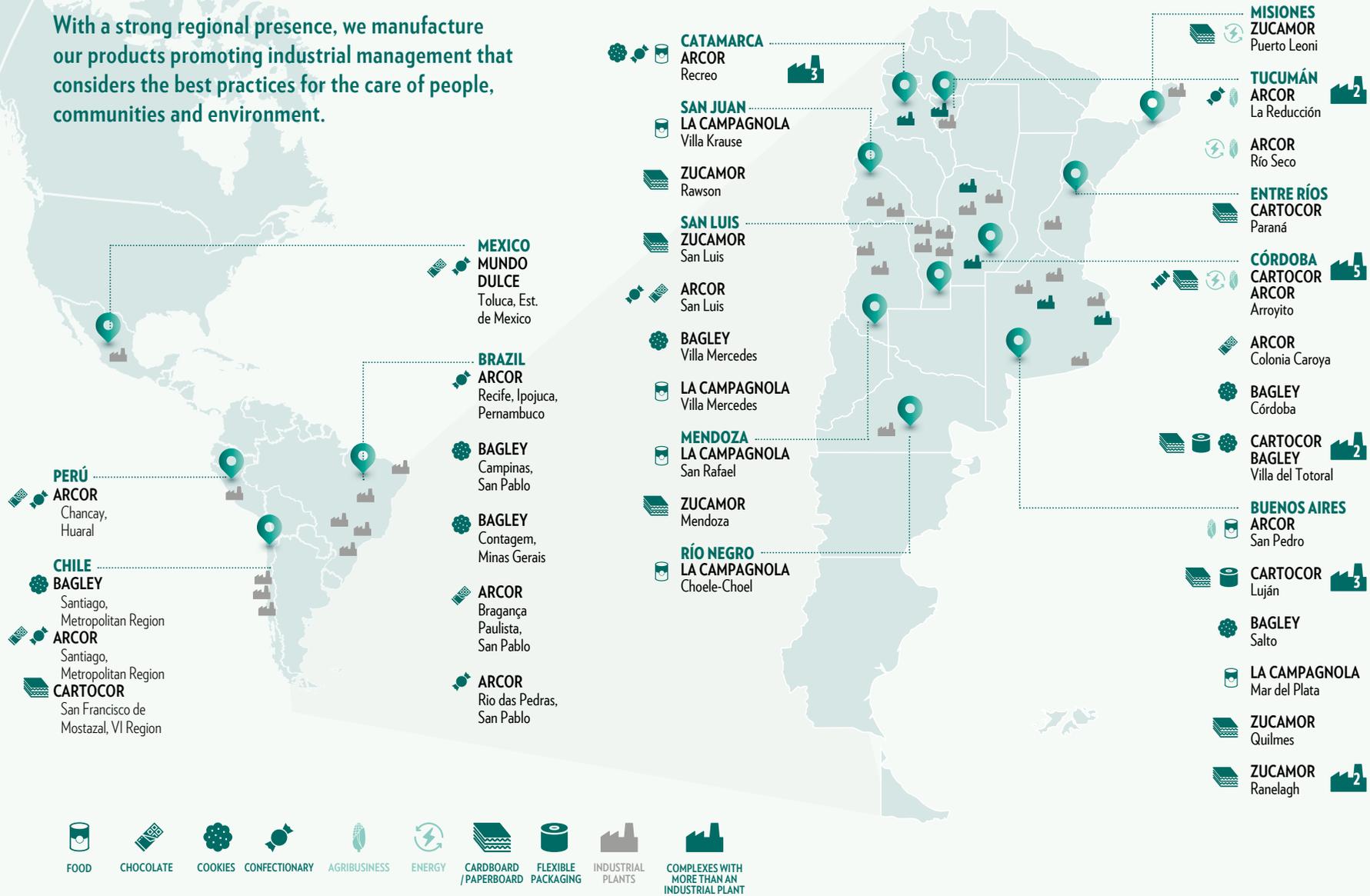
## SUSTAINABLE COCOA SUPPLY

**We continue purchasing UTZ20 certified cocoa, and we advance in the analysis of strategies to promote sustainability in the sustainable supply of cocoa, beyond certification.**

**Given that most of cocoa byproducts used by Arcor Group are produced in Latin America, we made progress in the survey of initiatives promoted by the food sector in that region.**

## 2.4 SUSTAINABLE MANAGEMENT OF OPERATIONS

With a strong regional presence, we manufacture our products promoting industrial management that considers the best practices for the care of people, communities and environment.



In 2019:

 23,193 people visited Arcor Group plants in 2019.

 We invested more than USD 4,450,000 in sustainable management for our operational bases.

## CERTIFIED INDUSTRIAL MANAGEMENT

Environmental management is part of all Arcor Group business units. It integrates SGI<sup>21</sup>, the main operating tool in our bases.

Based on a Strategic Planning for the 2016-2020 period, we scheduled our plans and industrial goals. It comprehended all operations considered fundamental aspects for the company such as operational efficiency, supply assurance, excellence in quality of our products, innovation, people management, safety in operations and environmental care.

To comply with that, it is required:

- Capital investments to make processes more efficient, minimize negative environmental impact of operations, financing projects to reduce water consumption, energetic efficiency, and reduction of wastes during processes;
- The involvement of people in projects to improve processes that allow obtaining significant results.
- The design of new processes that minimize the consumption of natural resources (energy, water, etc.). Its progress is monitored through 14 indicators<sup>22</sup> that allow a broad and complete view of the environmental performance of operations and the impacts that they produce in the environment.

Tools that structure our SGI -hence, the management of our operations- include TPM<sup>23</sup>, the main worldwide validated parameters -standards ISO 9,000, 14,000 and, since 2020,

the OHSAS 18,000 transition to ISO 45,000-, certifications of food safety standards –such as BRC and FSSC 22,000 mentioned before- and other certifications focused on sustainability, such as Global G.A.P. and Bonsucro for agricultural activities, and FSC<sup>24</sup> and PEFC<sup>25</sup> for paper supply.

This process continues to evolve, and a very high percentage of our operations have one or more of this certifications. At present, 86.9% of our locations have ISO 9,001, 89.74% have some recognized GFSI certification, and 94.5% comply with food safety standards.

Since the acquisition of Zucamor in 2017, we have begun to standardize the environmental measurements of its operations. From 2020, we will consolidate information of these plants within the environmental performance monitoring of Arcor Group.

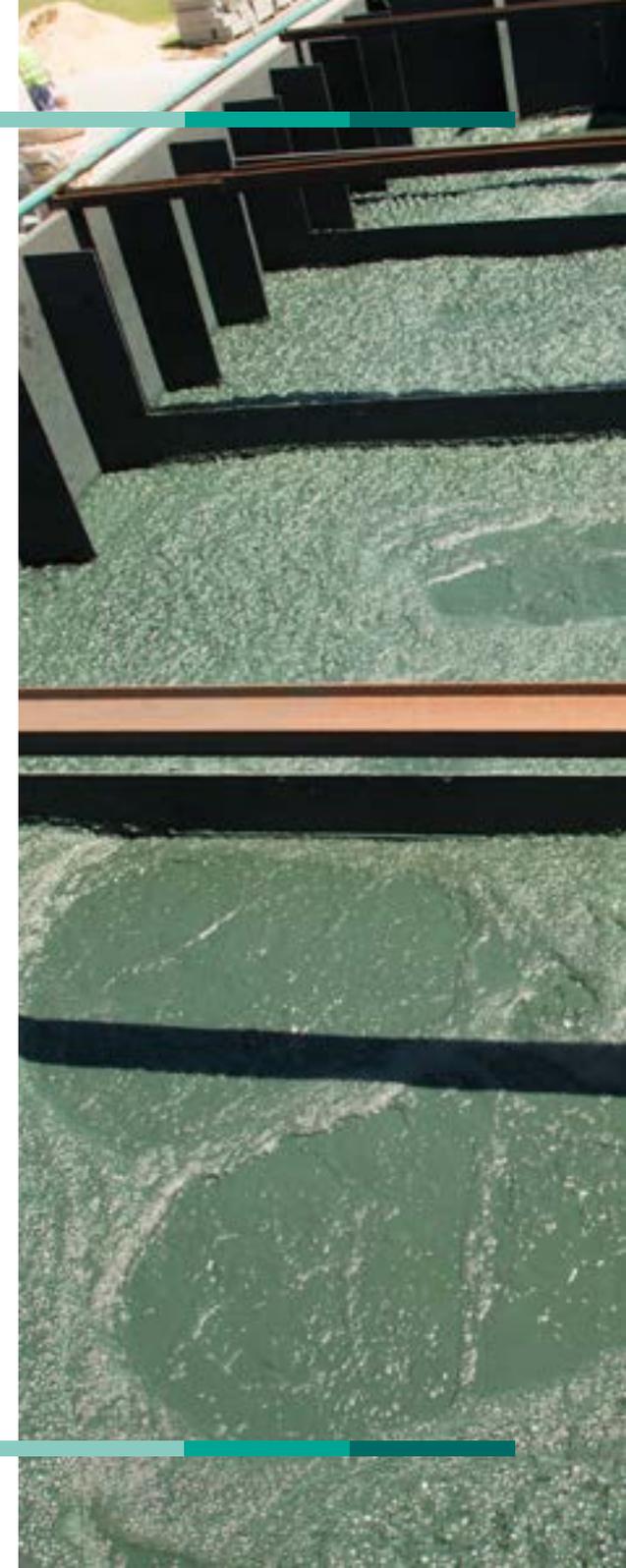
<sup>21</sup> Integral Management System.

<sup>22</sup>The 14 indicators that we develop to measure ourselves allow us to rigorously evaluate the environmental performance of our operations; know the evolution of the different aspects of its environmental management; and check or improve established standards.

<sup>23</sup> Total Productive Maintenance

<sup>24</sup> Forest Stewardship Council

<sup>25</sup> Program for the Endorsement of Forest Certification

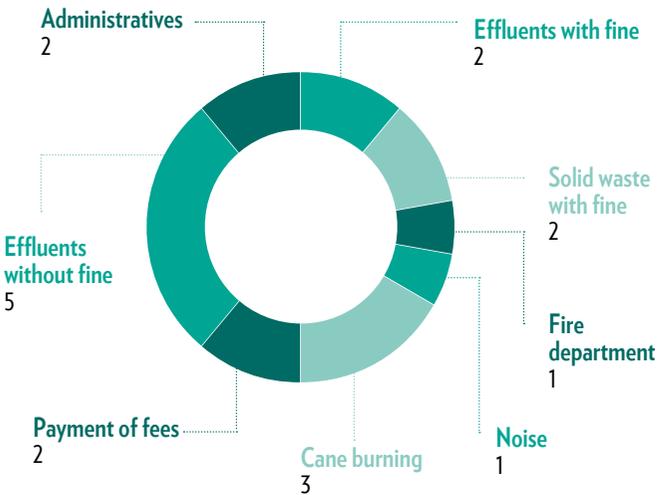




From frequent controls performed by different control organizations in our operational bases, specific deviations were found. Because of that, we received some notifications.

These were analyzed to assess whether they were appropriate, and then we began conversations with the competent authorities to explain our reasons.

In Argentina, we received 18 notifications, of which only 4 corresponded to infringements punishable with fines: 2 cases referring to hazardous solid waste, and 2 deviations in effluent parameters for Mar de Plata Plant (Food Business unit) and Ingenio La Providencia (Sugar Mill) (Agribusiness Division).



### “SER PARTE” (BEING A PART) PROGRAM

For the sixth consecutive year, we implemented “Ser parte” Environmental Training Program, with the main objective of making known the environmental management and protection practices that, as a company, we carry out in our industrial operations. They are mainly related to water care, energy and waste treatment.

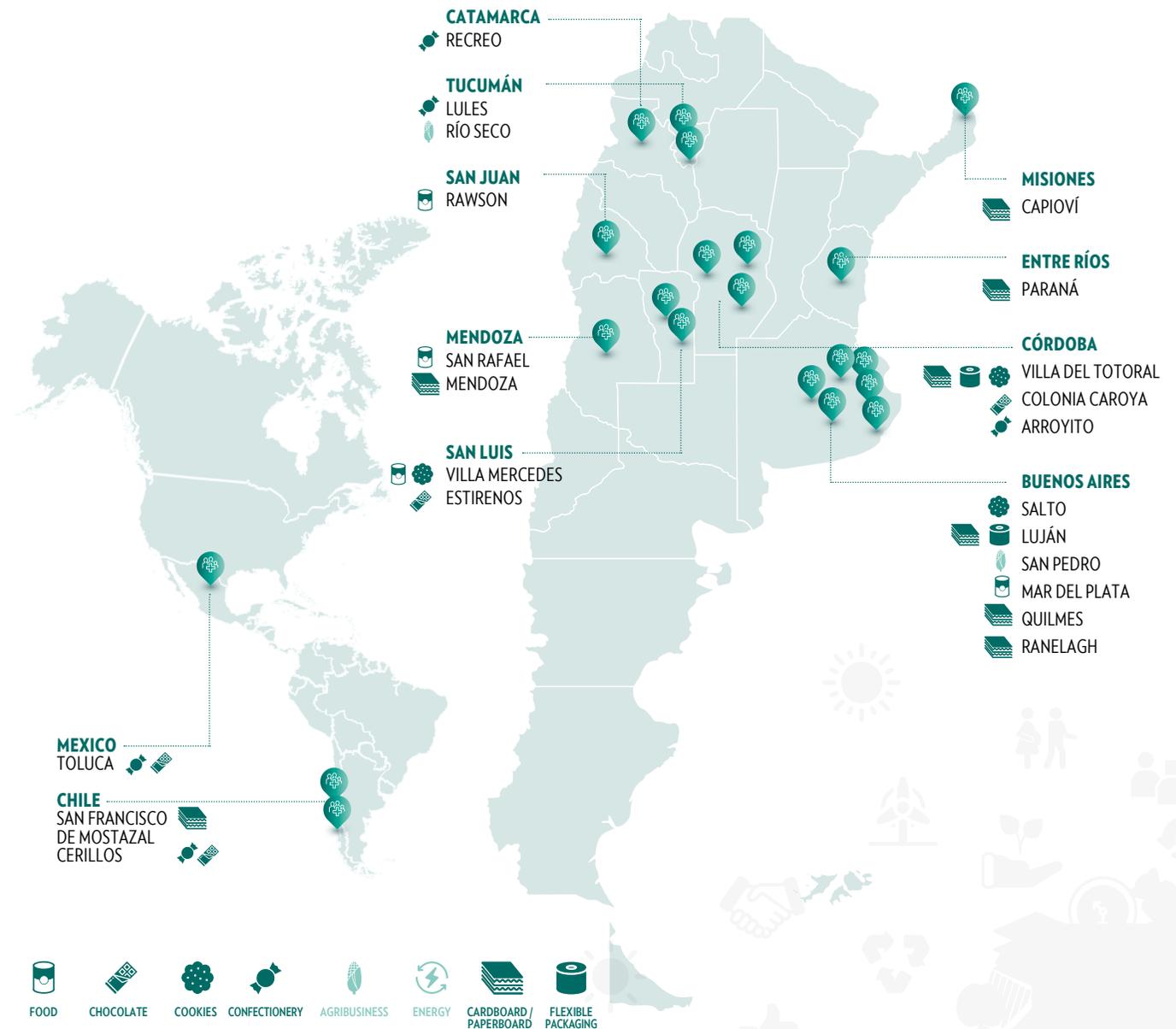
During 2019, we developed the Program in 38 primary schools of 7 provinces of Argentina and in San Francisco de Mostazal – Chile. The program was performed by collaborators from different areas of the company, in this period 131 employees joined. Along the year more than 130 workshops were provided, in which 2,254 children participated, who presented 20 projects about environmental care to apply in their communities.

## RELATIONS WITH THE COMMUNITY: OUR APPROACH FOR THE MANAGEMENT OF COMMUNITY IMPACTS

In Arcor, we are interested in promoting the integral development of communities where we work, as well as the sustainable development of the regions where we operate. This commitment, established in our Sustainability Policy, leads us to seek different ways to contribute to productive, environmental, human and social capital increase of communities which we are part of.

In them, we are able to –in articulation with participating districts and from the construction of alliances, and public-private networks - support the generation of wealth and the creation of job opportunities, the improvement of local infrastructure, the comprehensive waste management, the promotion of eco-efficient natural resources, the generation of values, knowledge and skills for the economic and social inclusion of people, the promotion of education and public participation.

During 2019, we designed a new company-community relationship management model applied to each industrial plant. In the first instance, we identify the main economic, social and environmental impacts of that community; then, we analyze the incidence that we have in that territory, as well as the environmental conditions where it is inserted. After that, we categorize the relationship based on 2 typologies; and, finally, we define a management structure according to established categories.



## COMMUNITY ENVIRONMENTAL INTERVENTION STRATEGY APPLIED TO SAN PEDRO COMMUNITY

Our industrial complex in San Pedro, Buenos Aires province - Argentina, is situated at the entrance gate to the city, an area whose territorial and urban configuration has been transformed in the last 10 years, increasing the number of adjoining neighborhoods, and therefore, with significant population growth.

In this context, we receive -from different sectors- demands referred to:

- Traffic Safety;
- Sanitation of the rainwater and industrial channel; and
- Environmental Training in Educational Institutions.

In order to minimize the impacts generated by our industrial activity, we consider it essential to promote a dialogue process with the different community actors involved (recognizing that these spaces are social learning processes) to address common issues with a view on sustainable and local development. For that purpose, we promote a general intervention methodology, making a diagnosis on: trouble focuses, problems, people, and involved institutions.

Internally, we form a local Committee integrated and led by the Industrial Management on the plant and Areas of RRHH, MAHPI and RRCC. Then, we promote training

and awareness instances, giving value to the importance of understanding the interdependence between the company and its territory, in which the actions of each actor impact in the other (Neighborhood- Institution-Community in General). It allows us to think that it is necessary to create a shared work agenda with others, to design work plans for sustainable development.

To understand the external context, we applied our Impact Matrix of the Company-Community Relationship, which identifies and quantifies the effects of industrial operation on the economic, social and environmental dimensions. Subsequently, we made a Perception Study on those same aspects. For this case, we developed 3 focus groups, 10 semi-structured interviews and a social cartography, which allows us to analyze links with the different actors in the community.

In the following stage, we created a discussion panel, formed by the company, neighbors -represented by Neighborhood Commissions-, the Educational Institutions and the local government with the goal of being able to dialogue about what was observed and about the data obtained from the diagnosis, increasing the importance of the community, and defining actions to follow in each of the axes. In this framework, community actors seek to carry out an effective communication about environmental management of the plant and to make a specific diagnosis with neighbors and closest organizations, to identify trouble focuses, problems, people and institutions involved. The diagnosis included

that all the actors went together to walk through affected neighborhoods.

Thus, we came to design a shared action plan, with measured and achieved results in each of the axes, specifying economic investments of the different involved actors, improvement of infrastructure and resolution of trouble focuses identified. Finally, we promoted the implementation of the Environmental Training Program “Ser parte” in 2 educational institutions of the community.

As main results and lessons learned, we can mention the implementation of actions and tasks in each of the work lines contemplated by the community, which allowed finding long-lasting and stable solutions; the importance -for a company- of creating links with local neighbors and public actors to perform a real transformation in the community; and that (although the processes are not at short term, simple, or exempt of investment or expenditure of economic resources) this kind of processes allow to acquire a greater knowledge of the environment which causes a change in neighbors’ attitude with regard to the influence degree and responsibility on the part of the company, which broadens and facilitates social license to operate.

## ALLIANCES AND WORK SPACES

Strengthening bonds with the different actors of the communities where we operate, also, implies, building alliances and work agreements with other companies that are in the same territory, municipalities, intermediate entities, grassroots organizations and civil society.

These relationships take different forms: since institutional alliances, agreements and management boards to agreements with influence in public policies. In this way, we, together with the rest of the social actors, contribute to the enrichment of the social network and a responsible citizenship.

In 2019, we participated in different spaces for exchange aiming to externally spread and share our advances on the strategy of community-company relationship:

#	Community/Base	Province	Country	Articulation/participation space
1	Bagley Salto	Buenos Aires	Argentina	Provincial Council of Education and Work -COPRET University of Salto
2	Luján	Buenos Aires	Argentina	Local Development Agency
3	Recreo	Catamarca	Argentina	Scouts Recreo Association - Community Management Board
4	Arroyito	Córdoba	Argentina	Arroyito Development Agency
5	Colonia Caroya	Córdoba	Argentina	Regional Employment Board
6	Papel Misionero	Misiones	Argentina	Tabay Basin Committee
7	La Campagnola San Juan	San Juan	Argentina	Provincial Commission for the Eradication of Child Labor -COPRETI- Provincial Board for Social Responsibility Tomato Association 2000 Technical Education, Technology and Production Council-CoPETTyP-
8	Bagley Villa Mercedes	San Luis	Argentina	Industry Chamber of Villa Mercedes
9	La Campagnola Villa Mercedes	San Luis	Argentina	Industry Chamber of Villa Mercedes
10	La Reducción	Tucumán	Argentina	Inter-institucional Management Board
11	Río Seco	Tucumán	Argentina	Public-private Institutions Commission and the OSC
12	Mundo Dulce	Toluca	Mexico	Secretary of Labor and Social Security - "Opening Spaces" Office Women State Council



## CORPORATE DONATION PROGRAM

With the implementation of the Corporate Product Donation Program, we renewed our commitment with institutions that systematically work with sectors living in poverty and vulnerable situation in countries, regions and communities where our company has industrial presence.

Of the total of our donations, a 70% is distributed through the main Food Banks, and the remaining 30% is given to Diocesan and Parish Caritas (catholic organization), educational Institutions and organizations of the communities where the company is established, in Argentina, Brazil, Chile and Mexico.

In 2019, we donated a total of 2,830 tons in Argentina, Brazil, Chile and Mexico which allowed that more than

3,200 community organizations facilitated the access to food to 370,000 people, mainly children and adolescents.

A fluid communication is maintained through the corporate management and the local Community Relationship committees, and a systematic monitoring of the destination and distribution of donated products is made.

## 2.5 DISTRIBUTION AND COMMERCIALIZATION

### HOW DO WE MAKE OUR PRODUCTS REACH THE SALE POINT?

The boost and construction of an efficient logistics network is essential to ensure that our products arrive on time and due form to distribution centers, distributors and sale points. In addition to efficiency, we are convinced that it must contribute to preserve the quality of our products and generate the least possible environmental impact.

Given the size of our company -and the amount of movements that we must make to get our products to our customers and consumers-, it is essential that we make our best efforts in optimizing the productivity levels and the quality of our logistics service, from a sustainable approach.

Thus, every year, we promote a Sustainable Logistics Plan, defined through our sustainability risk and opportunities matrix, which considers all the processes involved.

Within the 2019 plan, 107 initiatives were raised and developed in the 4 logistics pillars: Transportation, Logistics Operations, Relationship with Customers and Logistics Planning. We successfully fulfilled 97% of the actions.

As main work lines of our Plan, we can mention actions that seek to:

- Optimize the occupation place of cargo compartments in transportation units.
- Achieve synergy of containers between the different businesses and operating bases of Arcor Group, with our customers or with other companies.
- Make direct deliveries of products (base-sale point).
- Use different types of vehicle units to deliver our products (Mix of units).
- Reduce the empty places.
- Use units that run on alternative fuels in strategic corridors.
- Measure emissions generated from logistics activity to include them within the GEI inventory of the company (see Chapter 4).
- Develop and implement transport accident indicator (see Chapter 6).
- Launch training to promote good safety practices and safe driving (see Chapter 6).



## EVALUATION MATRIX FOR TRANSPORTATION SUPPLIERS

This tool measures the level of supplied service that our transportation suppliers provide us for the mass consumption business. For that purpose, it assesses different factors and variables that we understand have an impact in the quality of the service. The results are recorded in a general matrix to be able to compare between different suppliers to, finally, propose a work plan –to carry out with each supplier individually-. This plan seeks to manage the weak points, establish continuous improvement processes and promote the best logistics and transportation practices.

During 2019, we worked on its redesign. It was launched through a multidisciplinary team where, in addition to Transports and SGI Logistics areas, corporate areas such as Purchasing, Human Resources, Taxes and Suppliers management participated.

Some factors and estimations that made up the initial Matrix model were modified or replaced with others, seeking to develop a simpler and more operative assessment, making this a more objective tool. In this new version, the Matrix assesses to our suppliers in dimensions related to invoicing, subcontracting, financial situation, dependence with Arcor, compliance in the presentation of the legally required documentation (GCG index), punctuality, sustainability, number of units, age of units, safety and hygiene, claims, and missing products.



## MUCH MORE THAN CUSTOMERS: OUR STRATEGIC PARTNERS

### CUSTOMERS OF GROUP ARCOR (2019 VS. 2018)<sup>26</sup>

Year	Distributors	Wholesales	Supermarkets	Sellers	New Stores	Sale points visited
2019	337	1,017	54	8,108	32	920,142
2018	345	1,036	37	8,479	-	951,174

### CUSTOMERS OF ARCOR GROUP (CHANNEL BY COUNTRY)

Year	Distributors	Wholesales	Supermarkets	Sellers	New Stores	Sale points visited
Argentina	161	273	24	3,069	32	255,182
Brazil	101	367	5 <sup>27</sup>	1,905	-	234,644
Chile	29	149	7	430	-	52,622
Mexico	3	90	15	2,419	-	250,000
Perú	43	138	3	285	-	127,694
<b>Total</b>	<b>337</b>	<b>1,017</b>	<b>54</b>	<b>8,153</b>	<b>32</b>	<b>920,142</b>

<sup>26</sup> The data only corresponds to the distribution network of the countries where we have industrial presence.

<sup>27</sup> National chains (minor supermarkets are not included).



## TOKIN, THE APP TO INCREASE YOUR SALES

In 2019 we launched TOKIN, an application that brings us to the sale point to continue growing together in business. This initiative occurs within the framework of Arcor Group's digital transformation strategy, where we seek to constantly adapt to consumer changes.

It consists of a tool aimed at generating a digital commercial communication between Arcor, the Distributor and the retailer sale point.

This exclusive development is the result of the work process of an inter-area multidisciplinary team, intended to transform the business in three central axes:

- **Research:** it launches a system to survey information of our clients and, together with it, a systematic scheme to understand the market variables based on first-hand data.
- **Communication:** the app works as a platform to be constantly in contact with our customers, to receive their comments and opinions, to share relevant news for their business and to make known new products and news.
- **Commercial:** allows us to be connected with our clients for 24 hours a day, adapting to the times and spaces of each sale point and providing them with greater service in real time.





## REDACTIVA, CONSOLIDATION OF OUR DISTRIBUTORS NETWORK

Since 2014, we have promoted RedActiva, a program that aims to comprehensively strengthen the competitive advantage of our Distributors Network.

In 2019, after 5 years of successful application, understanding that it was the time to take a new challenge, we launched RedActiva 2.0, which defines a new starting point for our Distributors Network.

Although the application scheme of the first initiative is maintained (1. Survey and diagnosis, 2. Training, and 3. Communication and dissemination of good practices), the main changes introduced were made at methodological calculation level. According to improvement opportunities of the Supply Chain and the needs of the company, some good practices were incorporated and modified, which -based on this new format- are determining factors to reach the highest rating segments (Active or Proactive).

Throughout the year, a survey and diagnosis request for all Distributors from Argentina, Bolivia, Paraguay and Uruguay was carried out, applying the new version of RedActiva. As a result, we obtained the new configuration of the Distributors Network. Undoubtedly -under this new scheme- the results show us a challenging scenario, so we will work hard to contribute to the improvement of our Distributors.



Country	#Site	Without survey	Inactive	Reactive	Active	Proactive
Argentina	181	3%	23%	25%	38%	11%
Bolivia	26	50%	38%	8%	4%	0%
Chile <sup>28</sup>	29	59%	10%	28%	3%	0%
Paraguay	17	6%	35%	29%	6%	24%
Uruguay	16	38%	38%	13%	13%	0%

In 2020, we will seek to consolidate the sustainable management model the RedActiva 2.0 program and systematize the model by replicating SGI-L<sup>29</sup> methodology as a continuous improvement tool for 49 Distributors.

<sup>28</sup>The model RedActiva began to be implemented in 2018 for Chile, so, currently the original RedActiva methodology continues to be applied with the idea of introduce them in the compliance with Good Practices.  
<sup>29</sup>Comprehensive Management System in the Logistics area.

## SUSTAINABILITY STRATEGY FOR ARCOR DISTRIBUTORS

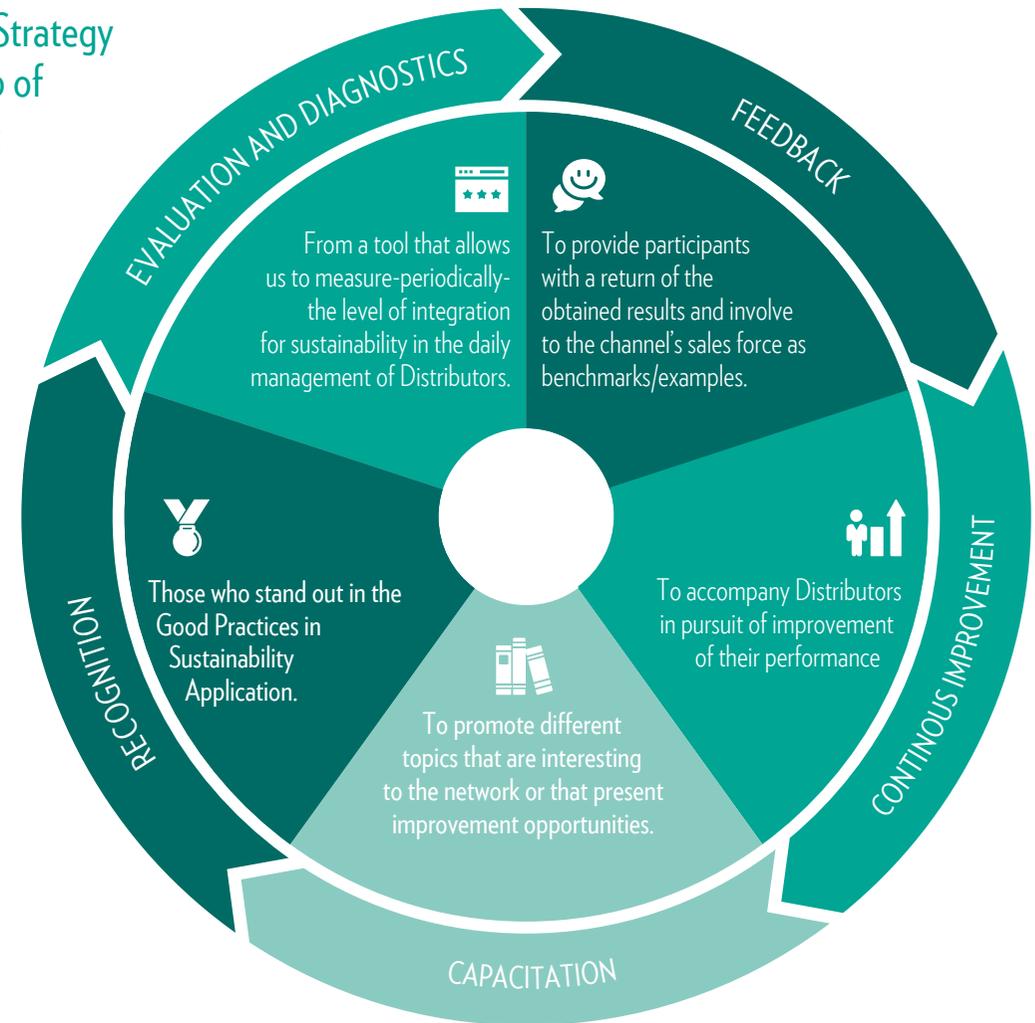
Taking as a starting point the implementation of the Self-assessment Manual on Sustainability Good Practices, carried out in 2018 to 96.7% of the companies that make up the group's Network in Argentina; and then analyzing the obtained results, we developed our Arcor Distributors Sustainability Strategy.

It was conceived as a strategic proposal that seeks, from different successive and interconnected pillars, continuous improvement on sustainability management of our Distributors. It suggests, on one hand, to be a uniform proposal for all actors -that helps to equate their performance and their level of sustainability integration in their management-; and, on the other hand, to be an initiative that considers the individualities and needs of each one.

In 2019, we achieved that 100% of Distributors have a sustainability diagnosis; 92.31% of them received their corresponding Feedback; and 27 Distributors received a special monitoring to promote their improvement. So we achieved that 100% proposed and implemented actions considered improvement opportunities in sustainable management.

In 2020, we will launch the first training, in the framework of the Strategy -which will deal with Relations with Community and Company & Human Rights- and, for the first time in Arcor's history, distinguished Distributors in sustainability will be recognized.

Thus, the Strategy is made up of five pillars:



## ALIGNMENT TO THE SDGS, CHALLENGE FOR ALL ABARCA S.R.L (GUARANÍ, MISIONES)

After the survey of Good Practices for Sustainability, Abarca SRL was motivated to strengthen its commitment with sustainability and seek the way of aligning -even more- with the proposal to integrate sustainable development to the business model, proposed by Arcor.

Thus, they suggested transmitting the actions that they promote and that are aligned to United Nations Sustainable Development Goals (SDGs). With this initiative, they sought to communicate to clients, suppliers, collaborators and society their commitment with sustainability, voluntarily give support to the 10 Principles of the United Nations Global Pact and establish an initial diagnosis that allows them setting greater challenges.

As a result of this work, they reached to map 40 actions and confirm their contribution with 11 of the 17 SDGs. Among the most important, we can highlight the following:



**SDGs 3 (Health and welfare):** Talks on healthy nutrition to the staff of the company, and RCP and first aid workshops to collaborators.



**SDGs 4 (Quality education):** Abarca Institute - training staff, promotion of internship agreement with colleges and universities, training in Hygiene and Safety, Sustainability and general aspects of common interest. They allocated 32 hours a month to the staff, so that they can attend some trainings on working hours, and promoted workshops on personal economy to improve employee decision-making.



**SDGs 5 (Gender equality):** promotion of non-discrimination and gender equality, creation of “Women’s things” space, and implementation of the practice of using bathrooms according to the gender with which each of the collaborators identifies.



**SDGs 6 (Clean Water and Sanitation):** recycling water from the refrigeration chamber to be used in toilets and urinals.



**SDGs 7 (Affordable and clean energy):** instalación de luminaria interna y externa LED en todo el depósito, y participación de la “Red de Aprendizaje en Eficiencia Energética” para el intercambio de experiencias y acompañamiento técnico, en pos de la mejora en desempeño energético.



**SDGs 12 (Production and responsible consumption):** reuse boxes that are sent to sale points.



**SDGs 13 (Climate action):** waste separation at the outset, and 23% of the distribution fleet complies with Euro V pollution standards.



**SDGs 15 (Lecosystem Life):** preservation of flora and fauna through saving and transplanting 23 native species in Abarca property. Composting organic waste (2,560 kg in 2018 and 2019), and promotion of the initiative “Plant your tree” (gifts to staff and visitors of a specimen of a native species tree, having given away more than 200 trees between 2018 and 2019).



**SDGs 17 (Alliances to achieve goals):** reciprocity agreement with the National University of Misiones for training and exchange of knowledge, involvement in the “Mentors Network” program of the National Ministry of Production, and adherence to the Global Compact.

## **INCLUSIVE CANDIES ROBERTO SANDOVAL DISTRIBUTOR (CONCEPCIÓN, TUCUMÁN - ARGENTINA)**

With the aim of promoting the active and inclusive participation of disabled people in work-based learning practices, that strengthen their skills and abilities for future labor insertion based on their abilities, the Inclusive Candies Project was launched. This initiative seeks to encourage, also, the full and effective inclusion of disabled people in formal work spaces.

The Distributor formed an alliance with J.E.U.CO Foundation (dedicated to young people and adults with attention disabilities) and with Agora Foundation (local promoter of social responsibility initiatives) to move on in the development of a proposal. Specifically, the initiative was based on the assembly of candy bags for its distribution to the sale points and, subsequently, its sale.

It started with a pilot experience for 3 months, developed at the Distributor's facilities, with a team of 10 young people, interns of the Special Education Faculty of Aguilares Tertiary Institute, and 3 teachers from the J.E.U.CO. Foundation.

The Sales, Logistics and Store areas of the Distributor were also involved, aiming to preserve the quality of the products and monitor the bagging. At the end of the 3 months, the young participants could go to recreational trip with the money collected from the candy sales.

Inclusive Candies reached to strengthen both social and practical abilities.

12 meetings of 2 hours of length were held, 15,984 bags contained in 467 boxes were assembled, of which 411 (414kg de candies) were sold. At the sales level, it is important to emphasize that this activity contributed to improve the sale of bulk candies, providing a service to retail customers that instead of having to assemble their own bags, received them ready. Also, in the framework of the Project, communication instances were promoted. Its objective was generating an impact in the Community and in other sectors related to difficulties to assume responsible and sustainable practices necessary for the full labor inclusion of disabled people.



## 2.6 SOCIAL INVESTMENT IN CHILDHOOD



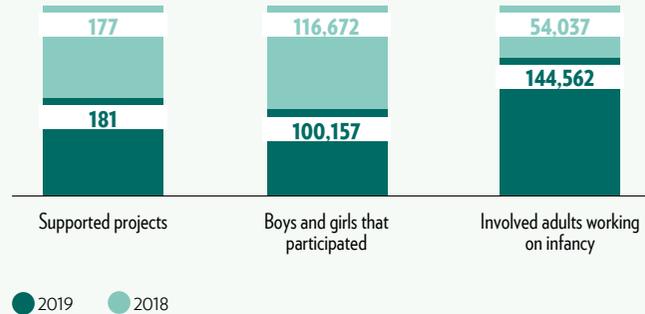
Arcor Group is committed to respect and promotion of Children’s Rights. For that reason, Arcor Argentina Foundation (1991), Arcor Brazil Institute (2004) and Arcor Chile Foundation (2015) implement a Social Investment Policy in the region in order to contribute to making education an equal opportunity tool for boys and girls.

The three entities focus their work on two thematic areas:

- Childhood and Healthy Life (See Chapter 7);
- and Childhood and Comprehensive Development in Early Years.

To do this, they support socio-educational projects; provide training and education to adults linked to childhood; and develop initiatives to install the topic of childhood in the social agenda.

During 2019, they supported 181 projects in Argentina, Brazil and Chile, where 100,157 boys and girls and 144,562 adults participated. In total, 48,314,601 was mobilized (own and third-party funds).



ARGENTINA

BRAZIL

CHILE

**94**  
supported projects

**65**  
supported projects

**22**  
supported projects

**69,893**  
children attended

**28,072**  
children attended

**2,192**  
children attended

**130,841**  
adults involved

**11,972**  
adults involved

**1,749**  
adults involved

## CHILDHOOD AND COMPREHENSIVE DEVELOPMENT IN EARLY YEARS

On this area, we wish to aware several social actors to enforce Children's Rights. In order to do that, we support initiatives that focus on childhood and promote training, as well as set this topic in the social agenda:

#	Initiative	Description	Results achieved
1	Alliance and joint task with OMEP Argentina (World Organization for Early Childhood Education)	Participation in 12 <sup>th</sup> International Meeting of Childhood Education: "Environment that enables the learning experience, How to teach to children today? Also, we supported initiatives included in annual OMEP Argentina agenda.	700 attendants from Argentina and 50 from Latin America
2	Es Ahora (It is Now)	This initiative was developed together with OEI <sup>30</sup> , FOC <sup>31</sup> and UnLaM <sup>32</sup> . The need emerged to transform life conditions for childhood, adolescence and youth in Argentina, urging to enforce their rights. We identify challenges, opportunities and common goals to promote specific improvements and contribute to children's wellbeing.	We developed a compromise proposal for children. There are 10 thematic areas on which to build agreements to provide better opportunities for children and adolescents.
3	Niñez Cercana (Close Childhood)	Its goal consists on reinforcing proposals of municipal polices to work on care and education of early childhood. Municipalities develop educational interventions for little children.	63 trained and equipped kindergartens and Child Care Centers
4	Equidad para la Infancia (Equity for Childhood)	Its goal consists on being consolidated as a space for the interaction of strategic actors that work for children's rights, as well as yielding information and strengthening networks between actors involved on this topic. This regional initiative is supported by New School University and UNICEF, CINDE <sup>33</sup> , UNDP <sup>34</sup> , CIESPU <sup>35</sup> and CRIN <sup>36</sup> .	More than 19,000 active contacts on virtual distribution lists and Social Networks
5	Mi Patio es el Mundo (My Yard Is the world)	It is a joint initiative of OMEP Argentina, Brazil and Chile. Its goal consists on recognizing creative and innovative projects of Education for Sustainable Development, promoted by institutions and programs devoted to Early childhood Care and Education.	226 participating projects 3 winning projects
6	Portal Educativo (Educational Portal)	Difunde diferentes propuestas de formación en torno a la niñez, la vida activa y las oportunidades educativas. Todas ellas abordadas desde una perspectiva de los derechos de la niñez.	17 courses 5,777 pupils 147,648 hours of classes 268% more pupils than in 2018

30 Organization of Ibero-American States

31 Community Organization Foundation

32 University of La Matanza

33 International Center for Education and Human Development Foundation

34 United Nations Program for Development

35 Center for Studies and Research in Urban Social Policies – Tres de Febrero University

36 Child Rights International Network

#	Initiative	Description	Results achieved
7	Siteal Primera Infancia (Early Childhood Website)	It is a central project of the Research and Development area of IIPPEE UNESCO <sup>37</sup> Buenos Aires, and consists of a space for identification, systematization, analysis and dissemination of information that allows monitoring the educational background of 19 countries in the region. This initiative, with the support of UNICEF, promotes building mechanisms to monitor the compliance with the rights of early childhood in Latin America.	725,310 people obtained early childhood documents, restoration of rights, AEPI <sup>38</sup> , health, comparative analysis and State of the Art.
8	Alianza con Fundación 2020 (Alliance with Foundation 2020)	The institutions launched the research “1, 2, 3 for Childhood: adaptable program for family learning.” Such program was sponsored by the Childhood Sub-department, and developed a review of experiences of innovation in modalities of care in preschool education at national and international level. It was done in order to establish the conditions, requirements, design and implementation of Family Learning Centers in Chile, an alternative and flexible modality of preschool education with family involvement.	“1, 2, 3 for Childhood: adaptable program for family learning”, published and widespread.
9	La Infancia Primero (Childhood Goes First)	Aims to contribute to improving the conditions of development and education of boys and girls from 0 to 5 years old, strengthening educational opportunities for early childhood at the local level. During 2019 the program was developed in the Chilean town of Peñalolén, in alliance with the municipality.	7 supported kindergartens 764 boys and girls benefited 626 participating adults
10	Novo Olhar	Aiming to ensure that organizations taking care of children aged 0-3 years old monitor their development. An alliance was made with the FEAC Foundation to develop this program in civil society organizations and municipal nurseries located in vulnerable regions of the municipality of Campinas-Brazil.	The program will be implemented in 2020 in 5 organizations
11	Primera la Infancia (Childhood First)	In 2019, the Program held the seminar “Social Participation in Education” with the objective of sharing the learning during the development of the Program in the municipalities of Rio das Pedras, Saltinho, Mombuca, Capivari, Rafard and Monte Mor-Brazil.	6 participating municipalities 350 trained instructors

<sup>37</sup> Unesco International Institute for Educational Planning  
<sup>38</sup> Early Childhood Care and Education

## AGREEMENTS, ALLIANCES AND SPACES FOR PARTICIPATION

Arcor Foundations from Argentina and Chile, and Arcor Brazil Institute renewed their compromise to work in coordination to institutions that encourage social actions. They participate in several groups in order to achieve a major regional impact:



**RedE America (Regional) (Network America):** it is formed by more than 80 organizations in 14 countries from Latin America. It promotes social actions with private

investments. Its common goal consists on promoting actions to make communities sustainable. In this context, the organizations also participate in Grupo de Afinidad de Primera Infancia (Early Childhood Affinity Group).

**Nodo Argentino (Argentine Node):** it is formed by Arcor Foundation, Holcim Foundation, and the company Smurfit Kappa. In 2019, a journalistic report about Childhood and environment was carried out.

**Nodo Brasil (Node Brazil):** it is formed by Alphaville Brazil Foundation, André e Lucía Maggi Foundation, Otacílio Coser Foundation, Arcor Brazil Institute, BRF Institute, Camargo Correa Institute, Holcim Institute, InterCement Institute; Lina Galvani Institute, Votorantim Institute, and Natura Cosmetics. In 2019, the XI International Forum of RedEAmérica was carried out with the title “Diversity contribution to promote sustainable communities”. It was attended by more than 200 participants.



**Red Nuestra Córdoba (Argentina) (Network Our Córdoba):** More than 200 members belonging to 60 social organizations, universities, research centers, professional colleges and Córdoba citizens adhere to the Aims and Principles Charter. Arcor Foundation is part of this organization since its creation. This organization monitors the situation in the city, and supervises the municipal government’s Goals Program. In this context, the Project “We are part; construction of public spaces and city from childhood” is developed.



**Grupo de Fundaciones y Empresas -GDFE- (Argentina) (Group of Foundations and Companies):** It is a non-profit civil association formed by foundations and companies. It promotes private investments for social initiatives on behalf of public good, and seeks to encourage that social responsibilities are fulfilled in the communities. In 2019, as part of GDFE, there was work done in three areas: a global view, role of institutions in society, and the power of people as agents of change. As from such guidelines, the program Public-Private Coordination reached to 8 cities, two courses with more than 30 sustainability professionals, and more than 50 articles and interviews, among others, were published.



**Instituto Ethos (Brasil) (Institute Ethos-Brazil):** Civil Society Organization of Public Interest created in 1998 in Brazil. Its mission consists on mobilizing, encouraging and helping companies in its socially responsible management.



**Grupo de Institutos Fundações e Empresas -GIFE- (Brasil) (Group of Institutes, Foundations and Companies – GIFE - (Brazil):** Network created in 1995 in Brazil counting with 157 members, being Arcor Brazil Institute, among them. It seeks to create knowledge about social investments.



**Red Nacional Primeira Infancia (Brasil) (National Network Early Childhood (Brazil):** It is formed by organizations from Brazil’s civil society, government representatives, private sector, and multilateral agencies that work to promote Children’s Rights. Its goal is to foster integration of policies aimed at children between 0 and 6 years old. In order to do that, it promotes actions to validate, monitor and evaluate, as well as disseminate information on early childhood. Nowadays, it counts with the participation of more than 200 organizations from different regions of the country, and the participation of Arcor Brazil Institute.



**UPPI, Red de Empresas Unidas por la infancia (Network of United Companies for Infancy) (Chile):** multisectoral alliance, led by companies, whose focus is related to respect, protection, and promotion of children and adolescents rights. In 2019, the “New Tool for Company Auto-diagnosis: Company and Children’s Rights” was developed with the technical support of Department for child labor eradication from Ministry of Employment and Social Security, and Diploma Program for Childhood and Public Policies from the University of Chile. A catalogue for good company practices was launched together with the System of Social Protection Chile Grows with You.











## 3.2 HOW WATER IS USED IN ARCOR GROUP

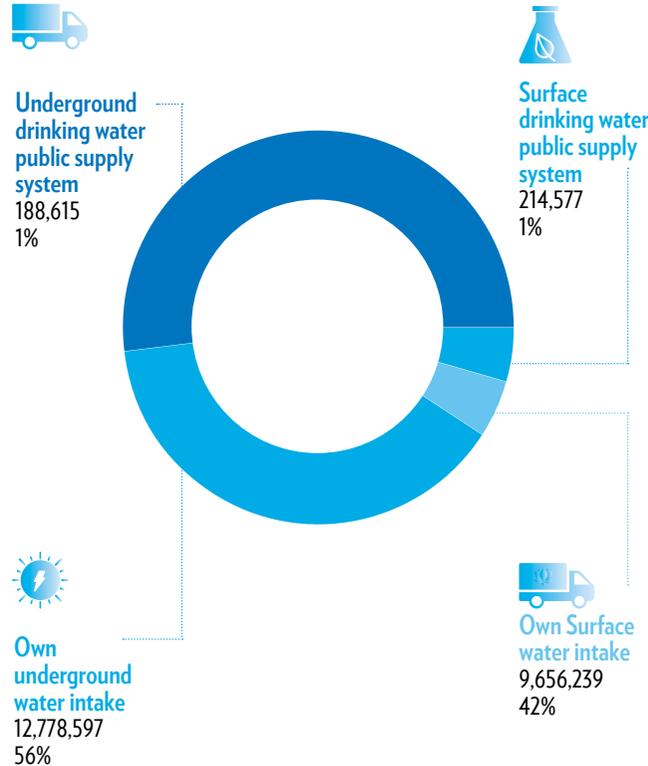
Most of water collection in Arcor Group comes from its own facilities, mainly in Argentina. It allows a controlled management of water use according to availability.

An analysis was carried out on the conditions of each of these sources as regards water supply sustainability and competition with others. As from such analysis we can define where it is necessary to focus to make an effort to reduce and reuse water.

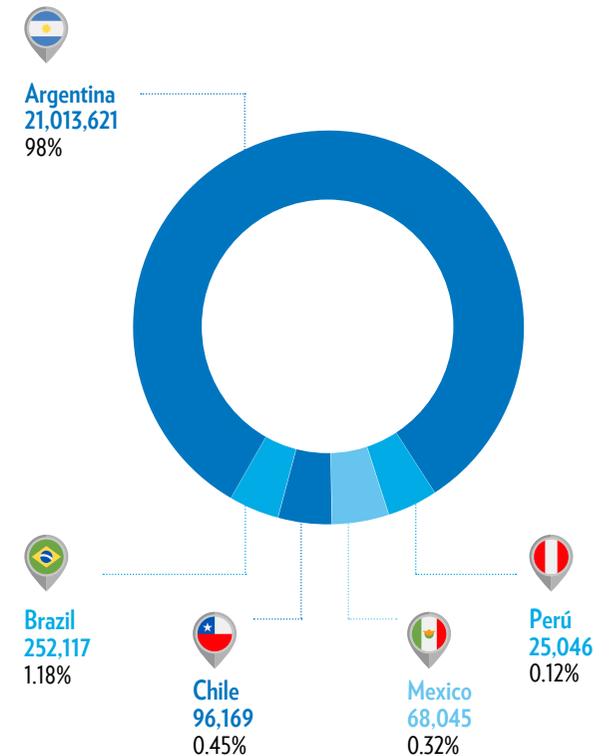
Based on available information from different sources and own measurements, this process allows Arcor to plan scenarios as regards water supply and future impact of our operations.

In 2019, most of the water was consumed in Argentina, where the most intensive operations on water consumption are carried out. It must be highlighted that water abstracted is not part of protected areas or hydric stress areas.

**SOURCE AND WATER CONSUMPTION IN ARCOR GROUP**  
(%/M<sup>3</sup>)



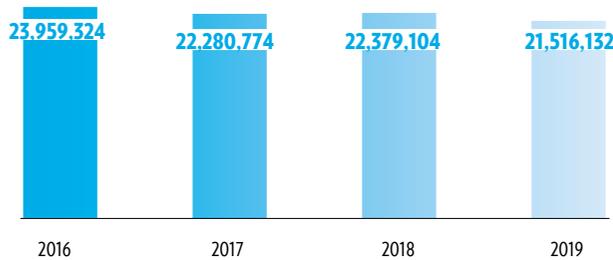
**WATER CONSUMPTION BY COUNTRY**  
(M<sup>3</sup> Y %)



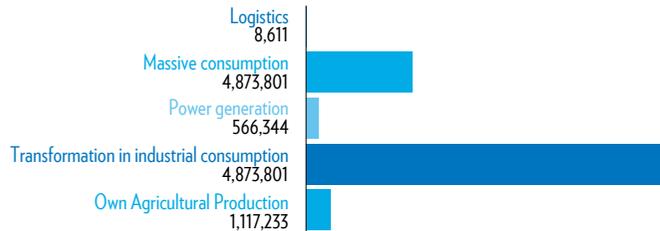
## 3.3 REDUCTION IN WATER CONSUMPTION

In the last 4 years we have achieved a reduction in 9.4% in water required to manufacture a ton of product in all our global operations.<sup>39</sup>

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

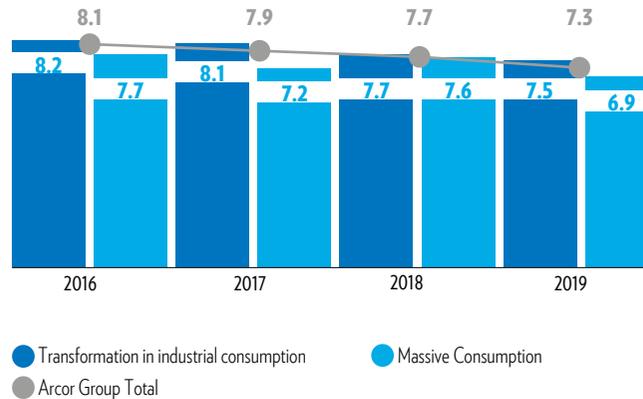


**DISTRIBUTION OF WATER CONSUMPTION IN ARCOR GROUP**  
(M<sup>3</sup>/AREA)



<sup>39</sup> In terms of volume (m<sup>3</sup>), the reduction is about 10.2%, since there was a slight reduction in tons produced.

**WATER CONSUMPTION**  
(M<sup>3</sup>/MANUFACTURED TON)



There is a focus to reduce consumption on plants that have the main water demand, as well as in plants where there is risk on water availability.

In spite that 2 of the 8 plants that demand the most of the water, have ceased its operations during 2019, all the other plants have reduced water in the same order, allowing us to reach to the company annual goal: reducing 10% water consumption for each ton manufactured.



## CORN SYRUP: SAME QUALITY, LESS WATER

Corn Wet Milling Plant (PMH3), placed in Arroyito-Córdoba industrial complex, intended to the production of high fructose syrup in our Agribusiness Division, is identified as one of the most water demanding plants. In 2019, we carried out several activities intended to reduce water consumption, and as a result, we could:

- Recover condensate in evaporators GAC.
- Install a closed circuit to wash ionic exchange columns.
- Modify the maceration process.
- Repair bead separators in cooling towers equipment.

These improvements have allowed reducing 26% of the quantity of water needed to manufacture a ton of syrup, compared to the consumption values in 2017.

### WATER CONSUMPTION PMH3 (M<sup>3</sup>/YEAR)



## 3.4 POLLUTION CONTROL AT THE OUTSET

As part of Eco efficiency concept, we seek to reduce the generation of solid and liquid waste in our production process.

This situation allows us to reduce loses in processes and optimize the operation of effluent treatment systems.



### RECOVERY CONTAINERS IN SAN RAFAEL

San Rafael Plant produces fruit pulps for the subsequent manufacture of jams. In 2019, there was hard work done with the objective of reducing fruit pulp and orange peel generation, which were disposed together with effluents.

The work carried out, through the installation of recovery containers, made possible to collect most of the products that were lost. So, the loss of peel and fruit pulp was reduced in 77%.

The effluents resulting from the process are treated in the plant; and the water resulting is used to irrigate our own and third-party fields.

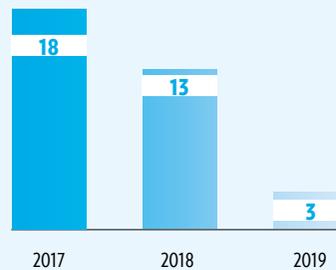
## INGENIO (SUGAR MILL) LA PROVIDENCIA COMMITMENT TO SOLVE THE PROBLEM IN RIVER SALI BASIN

Ingenio La Providencia, being established in the river basin, is part of the Industrial Reconversion Program defined by the Environment Department of Tucumán Province.

Within this context, Environment Department defined weekly strict controls for liquid effluent disposal, using daily remote monitoring and on-site sampling. This extremely high control frequency could cause deviations from some parameters in certain situations. As from improvements carried out in 2018, and mainly in 2019, there was a dramatic reduction on the amount of diversions found due to a systematic process to identify solutions for leakages. From 54 inspections carried out during the 5 months of sugar harvest, there were only 3 notifications received. As a result, there was an 83.3% improvement compared to the last 3 years.

Due to those improvements, our participation in the program and all the measures taken to guarantee the compliance of its guidelines, our sugar mill has been the only one to obtain the certification granted by the National Environment Department.

AMOUNT OF DIVERSIONS  
FOUND - EFFLUENT DISPOSAL



## 3.5 EFFLUENT TREATMENT

We know that reusing treated water from industrial effluents, making use of the modern treatment technologies available, opens a lot of possibilities for our own industrial use as well as for others, mainly in contexts with low availability.

In 2019 installation of UASB reactor in San Pedro Plant (Buenos Aires-Argentina) was finished. It will allow to recover energy from effluent treatment, and to make possible to reuse treated water in our own production processes.

Also, for season 2020, installation and implementation of a sand elimination system for unloading tomato coming from mechanical harvest in the Plant of San Juan-Argentina, will allow reusing water utilized to transport tomato in such unloading process maintaining its safety.

It must be highlighted that, in 2019, Arcor Group did not incur in any significant spill<sup>40</sup>, neither did the total amount of spills cause an important impact on environment, considering the volume of our operations.

<sup>40</sup> Unusual situation caused by a spill of any substance that could not be contained or treated with foreseen mechanisms, and that causes a relevant damage to environment (air, water, soil or animal, and plant species) and/or human health





# ENERGY EFFICIENCY AND CLIMATE CHANGE

## CHAPTER 4

### 4.1 ENERGY EFFICIENCY AND MINIMIZATION OF IMPACTS THAT CONTRIBUTE TO GLOBAL CLIMATE CHANGE

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At Arcor Group we are committed to moving towards a low-carbon production and the constant search to raise energy performance standards. Specifically, within the framework of our commitment to energy efficiency and minimization of the impacts that contribute to global climate change, we commit ourselves to:

- **Implementing, promoting and encouraging initiatives for the rational use of energy through efficient consumption to contribute to the conservation of natural resources;**
- **Taking a proactive and preventive approach towards environmental challenges through the adoption of clean, low-carbon use processes and technologies;**
- **Preventing pollution and encouraging the practice of reducing, reusing and recycling materials in the development and manufacturing processes of products; and**
- **Reducing the volume of waste disposed in the sanitary landfill.**

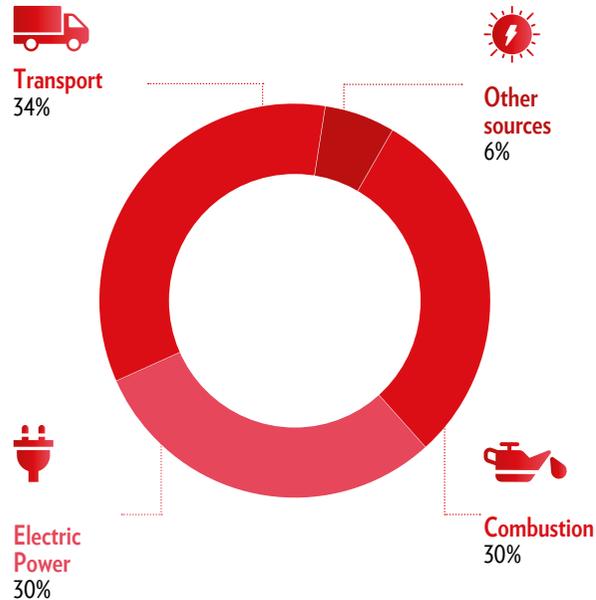
Within this commitment, we follow 4 lines of action that guide the initiatives, projects and programs encouraged annually by the business and management of the company on its Sustainability Operational Plans:

- Reduction of energy consumption and emissions
- Reuse
- Replacement
- Use of materials



## 4.2 GHG EMISSIONS

### TOTAL OF ARCOR GROUP NON-BIOGENIC EMISSIONS BY SOURCE (%/TOTAL OF TNC<sub>2</sub>EQ)



<sup>41</sup> Emisiones que no están relacionadas con el ciclo natural del carbono como la combustión, cosecha, digestión, fermentación, descomposición o procesamiento de materiales de base biológica, todas ellas consideradas neutras en carbono.

At Arcor Group we are aware of the impact of our operations. Since we understand that without measuring there cannot be management, we carry out an annual survey of our greenhouse gas emissions (GHG) inventory.

In 2019, we incorporated into our GHG Emissions Inventory the activities of the 7 Zucamor plants in Argentina, located in the provinces of San Juan, Mendoza, San Luis, Misiones, and Buenos Aires (2 in the town of Ranelagh, and 1 in Quilmes).

During 2019, from our industrial activities and transportation, non-biogenic<sup>41</sup> 847,670tnCO<sub>2</sub>eq were emitted, 52,053tnCO<sub>2</sub>eq less than in 2018. In general - as a result of the fall in economic activity in Argentina in 2019, but also due to our work on energy efficiency - we reduced 24,700tnCO<sub>2</sub>eq related to the consumption of fossil fuels, 20,900tnCO<sub>2</sub>eq in the transportation of raw materials and products, and 8,400 tnCO<sub>2</sub>eq due to the disposal of our waste, compared to 2017.

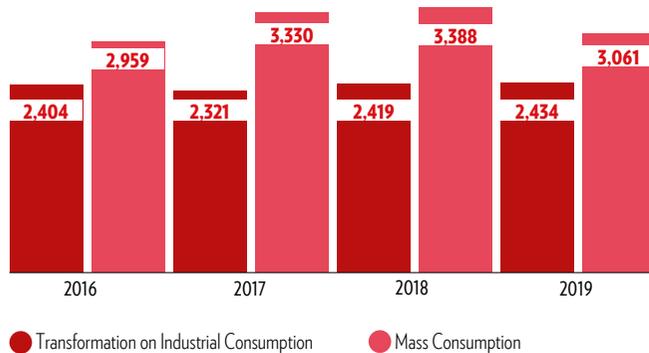
Our strategy to reduce emissions contemplates different initiatives, among which are the improvement of the energy performance of our operations, access to carbon-free energy, reducing emissions from transport, and practices for the reduction, reuse and recycling of materials and waste in the manufacturing and development processes of our products.



## 4.3 ENERGY PERFORMANCE

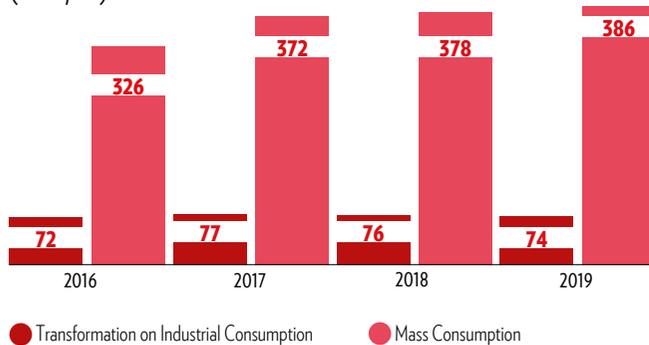
### FUEL CONSUMPTION IN ARCOR GROUP

(MJ/TN)<sup>42 43</sup>



### ELECTRIC POWER CONSUMPTION IN ARCOR GROUP

(KWH/TN)<sup>44 45</sup>



At a global level, we are facing profound technological changes that are revolutionizing the energy market. Being aware of these changes -to be a part, promoters and referents- allows us to position ourselves strategically and add value to our main businesses.

In accordance with this, at Arcor we decided to introduce a permanent improvement of energy performance in the daily management of our activities. It was done through an Energy Performance Program, which includes activities related to energy self-generation, the incorporation of high-efficiency technologies and the management of our consumption.

Through this program we seek to: contribute to caring for the environment and reducing GHG; comply with current legal regulations with a look at possible future scenarios; become aware of the impact that our activities represent in energy matters at the country level; work for energy efficiency in our equipment and the decrease in energy intensity in our operations; propose concrete measures to reduce and save energy consumption; seek improvement in the profitability of our operations; train and raise awareness among our employees to achieve energy savings; have a broad view of the energy system and its context to make the best decisions; and explore new business and efficiency alternatives.

To achieve these, we created -as a strategic and leading body- the Energy Committee, led by the Energy

Management and made up of representatives of the Engineering Management, the Industrial Management and MAHPI.

The programs set 3 areas of analysis:

- Energy source: conventional, alternative, self-consumption;
- Energy consumption: amount of energy used; and
- Energy use: ways of applying energy: ventilation, lighting, refrigeration, transportation, production lines.

All of them serve as inputs for the 3 work areas defined in the framework of the program:

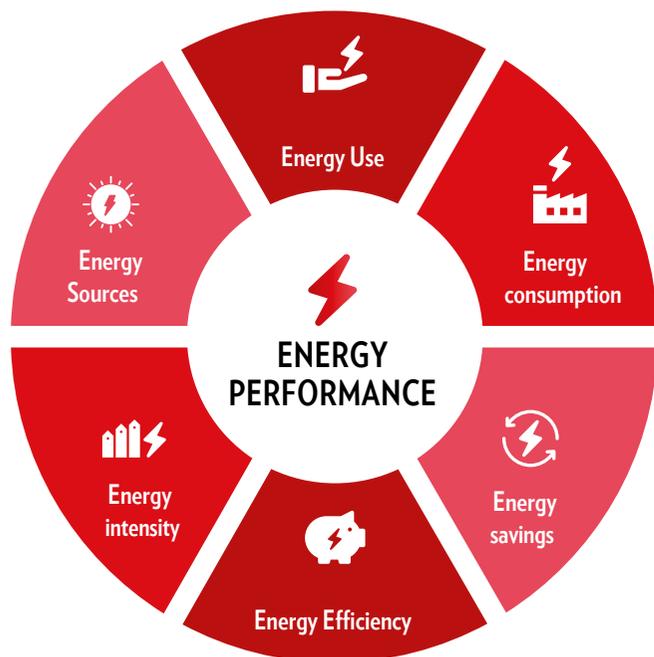
- Energy intensity: energy consumed to make a product;
- Energy efficiency: aims to achieve improvement in the ratio of energy consumed vs. units produced, at the level of processes and technology functioning; and
- Energy savings: refers to limiting or reducing energy consumption through lifestyle or behavior changes.

<sup>42</sup> Zucamor plants are not included.

<sup>43</sup> The fall in the consumption of fuels (NG - Biomass - Liquid Fuels) is mainly explained by the retraction that productive activity had during the year 2019. Only in Natural Gas, consumption decreased by 4.1%.

<sup>44</sup> Zucamor plants are not included.

<sup>45</sup> Regarding the consumption related to Electric Power, the fall in production affected the indicator since, in electric power; there is an important fixed component of consumption related to lighting, driving force, cooling and other significant uses.



For each of the areas of work, specific initiatives were planned:

- Energy intensity - Macro Program at the Arcor Group level: we carry out a global management of energy processes, in order to achieve the best energy supply strategy, considering the price, cost and availability. We do that by studying consumption, sourcing strategies, price tracking, generation costs, and control of transaction;
- Energy efficiency - Micro program at plant level: It is based on the results of the analysis of energy intensity,

from which we give priority to plants that will begin to develop the Program due to their consumption, possibilities for improvement, or market conditions. The main focuses of work are: lighting systems -LED technology and automatic devices-, highly efficient motors, efficiency in boilers and ovens, and co-generation and self-generation alternatives. Among several initiatives to be developed, it is expected to reach a coverage percentage of 65% with initiatives related to the change of luminaires; and

- Energy savings - Comprehensive Program: the existing estimates of energy savings and emissions attributed to people's behavior calculate possibilities of saving over a 10%. Through our collaborators' awareness and training program, we develop initiatives that include: dissemination actions based on a monthly schedule with specific topics, and special campaigns; energy efficiency manuals; learning networks and schools for training.

Currently, the Program is focused on 15 plants in Argentina, which represent approximately 70% of the group's natural gas consumption and 40% of electric energy consumption.

In different stages, this Program will be implemented on the rest of the group's plants, including Brazil, Chile, Mexico and Peru, thus consolidating the culture of efficient consumption throughout the company.



## DISTRIBUTORS' ENERGY PERFORMANCE INDICATOR

Committed to expanding best practices in our value chain, since 2018, we have been working on the development of an Energy Performance Indicator for Arcor's Distributors network.

The main objective of this initiative is to establish a baseline based on an analysis of consumption in terms of type of energy used; age and size of the deposit; age, type and use of equipment and facilities; number of people and shifts that each Distributor has; geographical area / location, average, maximum and minimum temperatures. Considering all these variables, we come to the construction of a theoretical model.

In 2019, we compiled the information related to energy consumption of all the Distributors in Argentina for the last two years. Energy consumption and installed powers of the main electrical equipment of 67% of the Network was compiled.

From this information, we carry out a first analysis of energy performance in the distribution chain, main uses, consumption deviations in certain regions and the consumption determinant.

The collected information will be used as input to determine a baseline (target) of optimal consumption, considering the different variables involved and the two variables defined as "determinants": the size of each Distributor and the geographic region where it is located.

Regarding that initial base, and following the theoretical model built, in 2020 progress will be made in monitoring energy consumption in the first semester and, in the event that there are deviations, actions will be proposed to bring the curve closer to the baseline (target).



## 4.4 RENEWABLE ENERGY SOURCES

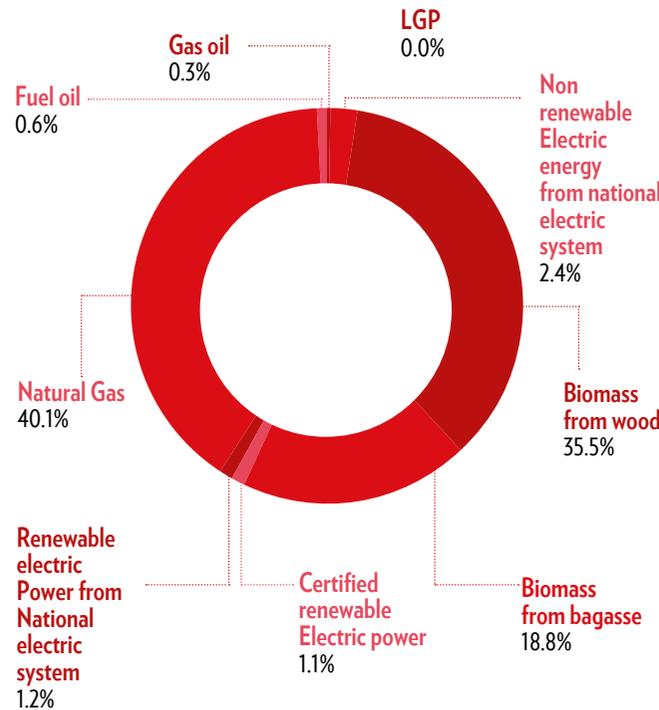
Most of Arcor Group's emissions are biogenic (carbon neutral). They correspond to the use of biomass to produce electric and thermal power, and substitute the use of fossil fuels -main generators of greenhouse gases-.

To achieve and enable permanent growth, Arcor Group became established in a vertical integration strategy, both for its production processes and for its resources and inputs, among them, power. This framework includes the self-sufficiency of electric power, which led our company to make different types of investments over the years.

**2014**  
**Base:** Ingenio La Providencia  
**Place:** Río Seco, Tucumán.  
 Thermal Power Plant "José G. Giai"  
 Electric energy  
**Fuel:** Biomass from sugar cane bagasse  
**Current generation:** 21,843 MWh  
**Maximum power:** 11 MW

**2017**  
**Base:** Papel Misionero  
**Place:** Capioví, Misiones.  
 Auto-generator Papel Misionero  
 Electric power  
**Combustible:** Biomass from wood derivate  
**Current generation:** 86,681 MWh  
**Maximum power:** 16 MW

**COMPOSITION OF ARCOR GROUP ENERGY MIX**  
 (% OF TOTAL MJ)<sup>46</sup>



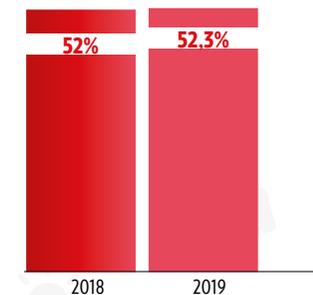
In Argentina, we produce more than 70% of the power that we consume. From such total, about 40% comes from biomass.

Currently, we have a capacity to generate electric power from a renewable source of 150.00 MWh per year.

All of this, together with the purchase of 100% renewable energy in Brazil and the use of wind energy in Mexico, is changing the structure of our energy mix, into one made up of carbon free energy.

On this way, in 2019, we achieved that more than 50% of the total energy used by Arcor came from renewable sources.

**RENEWABLE SOURCE ENERGY IN ARCOR GROUP**  
 (THERMAL + ELECTRIC)<sup>47</sup>



<sup>46-47</sup> Including Zucamor.

## FREEZERS WITH ECO-FRIENDLY GAS IN OUR POINTS OF SALE

For the sale of our ice creams, Arcor provides its customers with the freezers required to preserve the products.

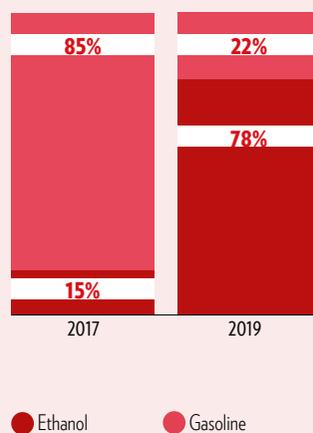
Since 2018, we have standardized the purchase of freezers with ecological gas (Propane R290) and with energy efficiency standards. This gradual replacement process will allow us to reduce nearly 2,000tnCO<sub>2</sub>eq.

## BRAZIL WITH SUSTAINABLE MOBILITY

At the end of 2018, and taking advantage of the opportunities that the fuel market in Brazil offers us, the “Vá de ethanol” campaign was launched.

The objective of this campaign is that all the staff who uses cars from Arcor’s sales fleet and managerial cars in that country utilizes ethanol as fuel, as it is a fuel coming from renewable origin.

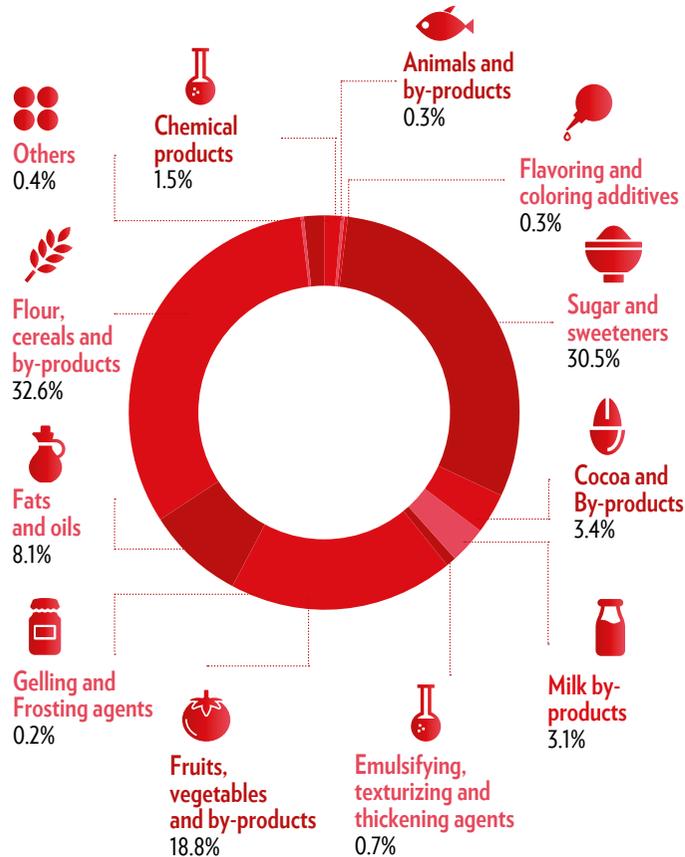
Thus, more than 200 vehicles that the company uses in Brazil started to replace gasoline with ethanol as fuel. In 2019, we achieved that almost 80% of the fuel used by our collaborators’ cars is ethanol. It reduced 500tn of CO<sub>2</sub>eq in our emissions.



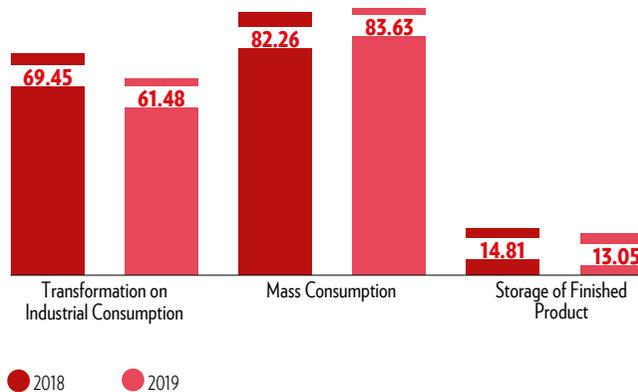


## 4.6 MATERIALS USE AND WASTE MANAGEMENT

### RAW MATERIALS CONSUMPTION IN BUSINESS ARCOR GROUP MASS CONSUMPTION (% PER TOTAL KG CONSUMED)



### TOTAL SOLID WASTE 2019 (KG/TN MANUFACTURED)



### HOW WE MANAGE OUR WASTE?

One of our goals to reduce the impact caused in our own operations consists on reducing the amount of waste sent to disposal due to the activities proper to the company.

The focus of our work is oriented to drastically reduce the amount of wastes sent to uncontrolled garbage dumps, even considering certain difficulties that are present due to the lack of infrastructure in some regions where we are set.

Within this framework, we developed a challenging program that allowed us to reduce to a half the total amount of waste sent to disposal since 2016. It was done through a strategy of increasing separation, giving value to waste that

could have other potential uses -such as power generation or composting-, and also supporting the development of solutions in the recycling chain that make viable, the concept of circular economy.

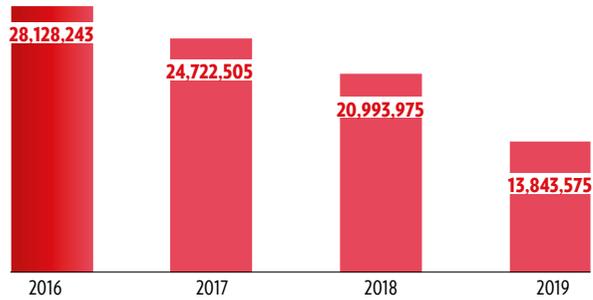
Another significant contribution, in this sense, is reduction of returns and waste for expired products, based on better control of expiration dates and the donation process.

Although there was a fall in the company's activity level, the amount of waste for disposal per each ton produced was halved compared to the year 2016, already exceeding in 2019 the goal we had set for 2020. During 2019 we were able to stop sending 6,945tn of waste to the garbage dumps, 33% less than what was sent in 2018.

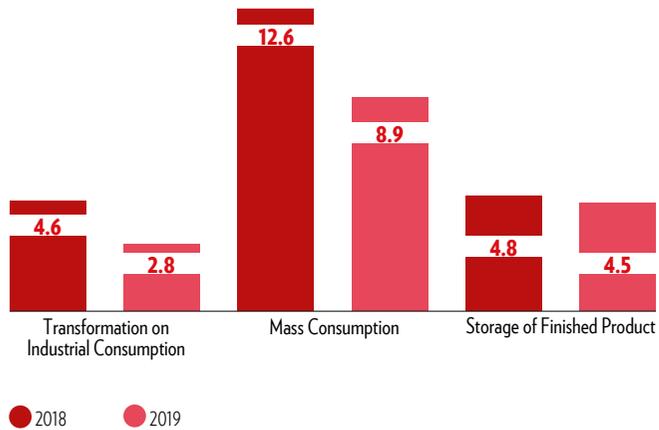
Regarding the total waste produced in our operations, we have reduced by 16% the waste generated for each ton produced throughout the group. Likewise, we have reduced the generation of hazardous waste by 50% since 2016.

On the other hand, the group's global recycling rate has increased significantly since 2016, achieving in 2019 to overcome the 90% barrier. We currently have a recyclability rate of 92%.

**TOTAL WASTE SENT TO GARBAGE DUMP  
BY ARCOR GROUP  
(KG/YEAR)**



**TOTAL WASTE SENT TO GARBAGE DUMP  
(KG/TN MANUFACTURED)**

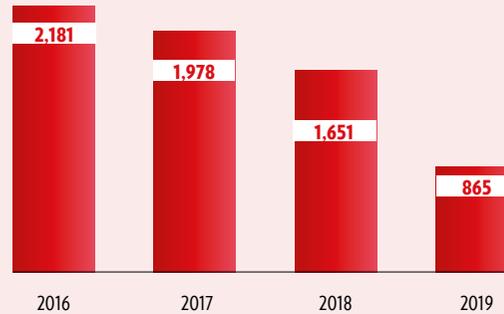


**REDUCTION OF WASTE SENT  
TO GARBAGE DUMP  
- VILLA MERCEDES CASE**

At Bagley plant in Villa Mercedes, between 2018 and 2019, we did a lot of work to reduce the amount of waste sent to disposal.

Since, in this plant, the main kind of waste was organic, coming from the production of biscuits, we worked with local producers and enterprises from that area to use this waste for animal feed and composting, valuing a material that had no value and allowing other industries to improve their processes and costs.

As a result of this measure, in comparison to 2016, the plant stopped sending around 1,300 tons of waste to garbage dumps.



## REDUCTION OF WASTE SENT TO DISPOSAL – ARROYITO CASE

One of the main impacts that our operations have, and that are related to the disposal of waste, is in the city of Arroyito, where the group's largest industrial operation is located. The wastes are taken to the city's garbage dump, and due to the size of the plant, they are an important contribution to it.

Since 2016, we strongly focused our work at that plant, analyzing the different cargoes that were sent to disposal. The main improvements were centered on:

- Reusing waste from the syrup manufacturing, mainly filtering earth and organic residues from the process, which are destined to composting;
- Better classification of general waste, to separate those that have the possibility of being recycled;
- Reuse of organic waste from candy plants in composting processes; and
- Reduction of waste generation from improvements in the efficiency of corn syrup manufacturing processes.

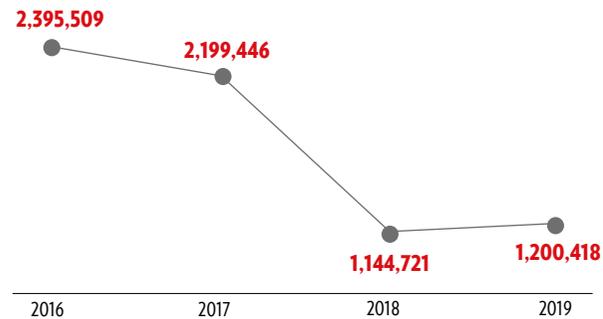
This situation allowed stopping sending 2,600 tons of waste to the local garbage dump in 2019 -which is equivalent to what 7,200 people generate in a year- which represented a better facilities' use for the local management.



There are several projects to continue reducing the amount of waste we send to disposal, and although challenges are more difficult, plans are already underway to do so.

## MANAGEMENT OF HAZARDOUS WASTE

### HAZARDOUS WASTE GENERATED 2016-2019 (KG/YEAR)

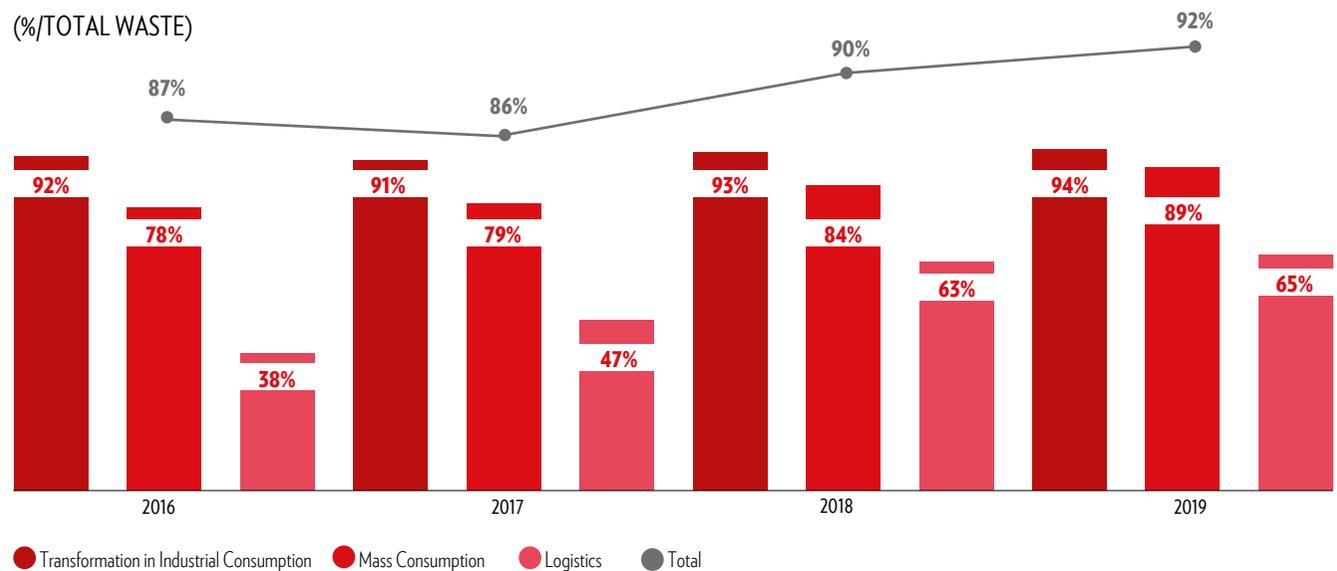


As it is mainly a food and packaging industry, Arcor Group generates a relatively low amount of hazardous waste. They are solvents from film production, waste from ink and oils that come from the maintenance of the equipment

We follow the guidelines defined in the local legislation of each country ensuring that the destination of these materials does not cause any harm to the environment or human health. This is controlled in the successive audits in the framework of the ISO 14.001 certification, which covers almost all of our production units.

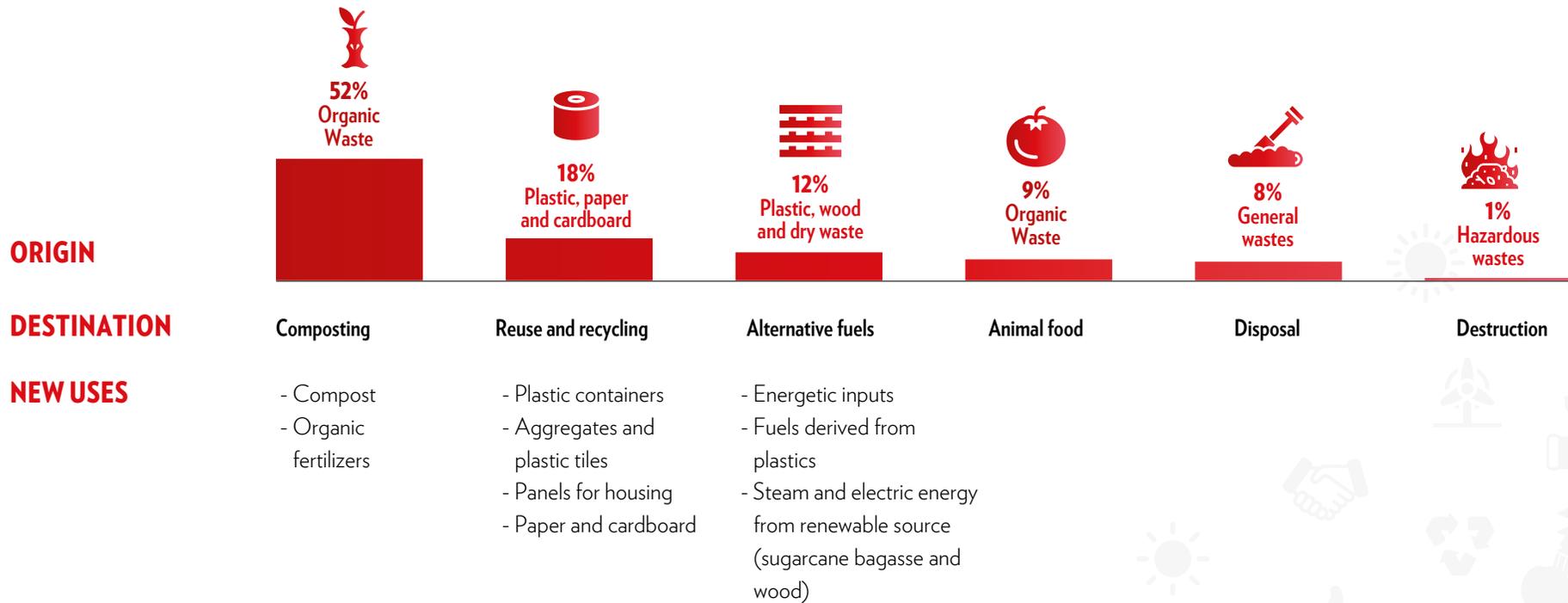


### RECYCLED OR REUSED WASTE (%/TOTAL WASTE)



In this way, we not only minimize the environmental impact of our operations, but also and fundamentally, promote a positive economic, social and environmental impact through a re-valuation of our waste and the boost of circuits that contribute to the construction of a circular economy.

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



## CIRCULAR ECONOMY FOR TOMATO PEEL AND SEEDS

We are constantly looking for innovative and sustainable solutions to reduce the amount of waste we produce, and to give new life to the waste from materials and supplies we use.

Moved by the desire to promote an increasingly integrated work throughout our value chain, since 2019, we have promoted a new initiative at the San Juan plant. In this initiative stars its main raw material: tomato. This project also allows us to revalue our waste.

Within this framework, we got 1,500 tons of skin and seed from the production process which historically were buried as worthless waste, and now have become one of the main inputs to produce balanced food for fattening cattle.

With this initiative we were able to re-define our raw material, provide with new value to our waste, and contribute to the province with an economic activity. Without a doubt, 100% circular tomato.



Our challenge is to continue working on the relationship with new suppliers and strategic partners. It is our major objective for the next years to establish ourselves as a benchmark in the agricultural-livestock sector, since it is a company that integrates the circular economy as a key part of its business strategy.

## ARQLITE, INNOVATION FOR THE PLANET

An Argentine startup was the first venture that we accompanied through Kamay Ventures. We chose it, not only for its great potential to grow as a company, but also for being a game changer who finds innovative solutions for a problem that calls us all: recycling of plastic waste. And not only that! In addition, it redefines waste to convert it into both raw material and finished product.

Arqlite is the only company in the world capable of recycling complex plastics - such as laminated, aluminized, composites, degraded, etc. - and transforming them into a product for mass use in order to be used in the construction industry.

The company developed an innovative process that differs from existing traditional recycling systems. This new technology allows reusing all types of plastics, rigid and flexible, focusing on those that, until today, were considered non-recyclable. Thus, its benefits of high flexibility, low weight and great durability are used to achieve different products.



The first development was plastic leca: a new type of artificial gravel that replaces mineral leca and expanded polystyrene, to achieve light concrete mixes for building and precast, and more efficient drainage beds for landscaping and gardening projects. It is the first commodity made from waste.

Besides being an eco-friendly product, plastic gravel is light, durable, and it has excellent thermal and acoustic features, which transform it into an ideal project for civil engineering. Its main characteristics are as follows:

- 66% lighter than rocks
- 10 times better thermal and acoustic insulation
- It does not absorb water
- It does not fracture or produce dust
- It adds LEED points
- It reduces the carbon footprint
- It reduces building costs

This new process allows us to help with the solution to plastic pollution problem in the world, adding value to the

materials previously considered as waste, and therefore destined to become sanitary landfill, be buried or incinerated.

A plan of five own facilities is projected in strategic locations for production and continuous R&D. These combined with licenses for municipalities around the world provide a circular solution that transforms your plastic waste into a material for use in public infrastructure.

The current plant is - in addition to being a manufacturer - a laboratory for the development of new products, operating in a balance point and with idle capacity. The company estimates that a new plant will be opened every 6 months, until reaching 10 own plants. All of them will have the same productive capacity (1,500 tons / month). Also, an investment in research and development is planned, from 2020 onwards, for the development of new products, molds and optimization of technologies.

**Circularity, innovation, technology and a bet on the country. A 100% winning formula.**





# PACKAGING MATERIALS

## CHAPTER 5

### 5.1 RATIONAL USE OF PACKAGING MATERIALS

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### 5.2 HOW DO WE USE PACKAGING MATERIALS AT ARCOR GROUP?

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### 5.3 USE REDUCTION

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### 5.4 PAPER AND CARDBOARD

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### 5.5 PLASTICS

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## 5.1 RATIONAL USE OF PACKAGING MATERIALS

### Regarding packaging materials we have a double challenge.

On the one hand, through our Packaging Division, we are manufacturers of different kinds of packaging: flexible, POP, paper bags, corrugated cardboard, recycled paper, virgin paper and cardboard. With the goal of providing our clients with innovative and sustainable solutions in packaging materials, we have defined for this business its own Sustainability Policy (see Chapter 1), which we know that will help us to turn our commitments on that issue into realities translated into products.

On the other hand, being a mass consumption food company, we are large consumers. Packaging material is key to minimize food losses, preserve products throughout the entire marketing chain and communicate information the consumer needs. In this sense, one of the biggest challenges that food companies face is the design and management of the packaging used, since packaging has an impact on the quality, protection, logistics, communication and sale of the product contained. Packaging also conditions its final disposal.

For this reason, within the framework of Arcor Group's Sustainability Policy we propose:

- **Optimizing the use of packaging materials in all our processes;**
- **Supporting technology research and development projects that contribute to minimizing the environmental impacts caused by the packaging materials of our products; and**
- **Raising awareness on and promoting, within the value chain, the implementation of the best practices related to waste management and the final disposal of packaging materials.**

This commitment also includes 3 priority lines:

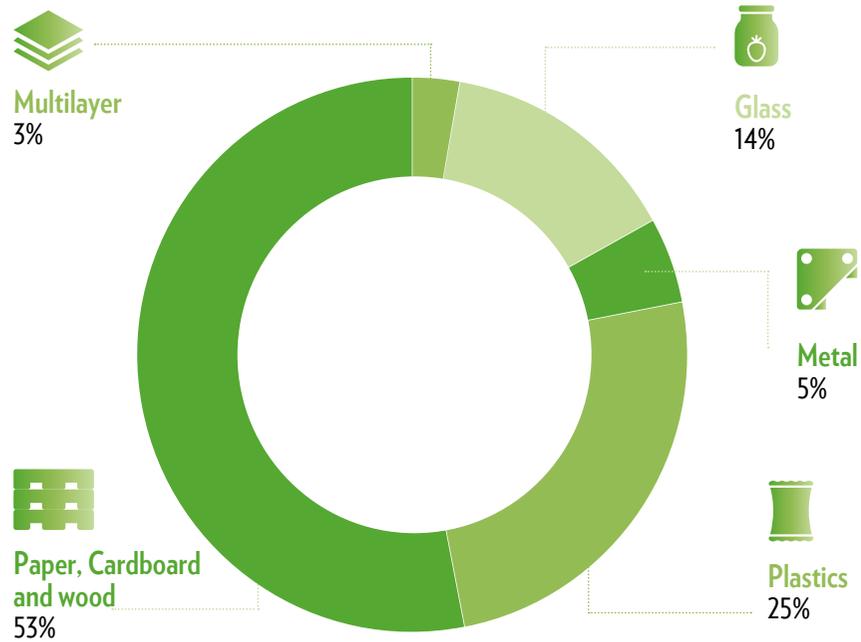
- Use reduction
- Material replacement
- Material recycling



## 5.2 HOW DO WE USE PACKAGING MATERIALS AT ARCOR GROUP?

### CONSUMPTION OF PACKAGING MATERIALS IN BUSINESS ARCOR GROUP MASS CONSUMPTION

(KG + %)<sup>48 49</sup>



48 Multilayer: it refers to multilayer containers that combine different kinds of materials (plastic, cardboard, aluminum, etc.). In previous reports, the category was called "Tetra".

49 We consider as renewable papers, cardboard and wood with FSC and PEFC certification; in addition, it should be noted that within the plastic material, there is a percentage of renewable origin plastics, specifically PLA.



## 5.3 USE REDUCTION

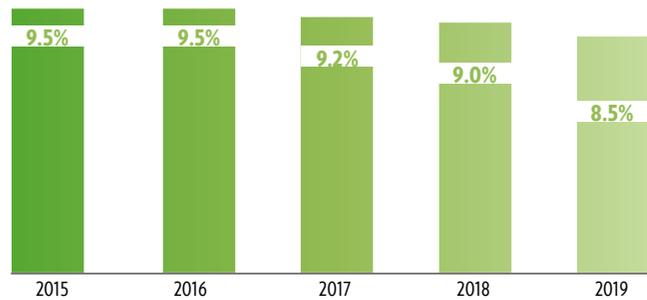
Since 2010, we have a Corporate Packaging Indicator that allows us know how much it represents in the total weight of our products.

So far, we have been able to reduce by 8.5% the amount of packaging material by each kilogram of marketed product.

In addition, during 2019, we promoted -through our Operational Sustainability Plans-, 74 initiatives to reduce packaging materials in our containers, for those made of paper, cardboard and flexible plastic.

### ARCOR GROUP PACKAGING MATERIALS CONSUMPTION INDICATOR

(TNME/(TNME+TNMP))



## 5.4 PAPER AND CARDBOARD

### SUSTAINABLE PAPER SUPPLY POLICY

53% of the total packaging material we use is paper, cardboard and wood. That is the reason why we made the strategic decision to manage these materials through a Sustainable Paper Supply Policy.

Our Policy, which is in force since 2014, seeks to set up control mechanisms in the paper supply chain. So, we promote an adequate treatment of forests to avoid deforestation and its consequent impact on climate change.

The challenge is to gradually increase the percentage of purchase of raw material from certified virgin sources or based on recycled fiber to manufacture packaging material, in order to accomplish the following goals:



50% in 2015



80% in 2020



100% in 2022

In 2019 we achieved a 94% level of compliance for all businesses and countries. Considering the results we got, we can affirm that Arcor Group will self-provide 100% sustainable paper soon.

### PAPER RECYCLING ON PACKAGING BUSINESS

As part of the priority lines set for this commitment, we seek to incorporate an increasing amount of recycled material into our packaging materials, bearing in mind that the circular economy must work not only by recycling, but also by using that material to make it economically viable.

Thus, we are increasing the amount of recycled material incorporated to our cardboard boxes.

According to the Annual Report of the AFCP50, in 2019 735,565tn of paper were consumed in Argentina: 649,608tn of collection corrugated cardboard and 85,957tn of corrugated cardboard “refile”.

In 2019, our cardboard plants<sup>51</sup> consumed 232,747tn of recycled paper, which represents 55% on a consumption base of 419,699tn. Meanwhile, recycled paper plants consumed 67,228tn of “refile” from the group’s cardboard plants in 2019, out of a total of 186,363tn consumed.

<sup>50</sup> Argentine Association of Pulp and Paper Producers - <http://wordpress.afcparg.org.ar/>

<sup>51</sup> Zucamor, Zucamor Cuyo, Cartocor and Cartocor Chile.

- **Paper Plant - Cartocor Arroyito:** 100% of paper is made of pre and post consumption recovered cardboard. In 2019, 61,061 tons of recovered material was consumed to make 55,379 tons of recycled paper.
- **Paper Plant - Zucamor Ranelagh:** 100% of paper is made from pre and post consumption recovered cardboard. In 2019, 79,411 tons of recovered material was consumed to make 68,239 tons of recycled paper.
- **Paper Plant - Zucamor Mendoza:** 100% of paper is made from pre and post consumption recovered cardboard. In 2019, 45,891 tons of recovered material was consumed to make 40,531 tons of recycled paper.

## EACH TIME MORE M<sup>2</sup> OF RECYCLED CARDBOARD

Replacing virgin paper with recycled paper in some boxes requires special features that are not always easily achieved. Therefore, the Development team of the Packaging Department worked hard to find a solution and replace a series of kraft papers, which were imported from Brazil and were needed for the production of special boxes.

Using Size Press technology, incorporated in Arroyito Recycled Paper plant, together with the development of a new way of applying additives, we managed to give special treatment to this kind of paper. This allowed us to achieve a recycled cardboard with similar features to those of virgin paper as regards RCT (Ring Crush Test) and CMT (Concora Medium Test). So, we could replace virgin kraft paper in 54% of the boxes produced by Arroyito cardboard box factory.

In addition to the use of recycled paper, this improvement had a strong impact on transportation costs from Brazil and on paper transport emissions, since we stop traveling almost 110,000 km a year in order to import this material.



## 5.5 PLASTICS

### PLASTICS STRATEGY

In mid-2018, we began to review the progress made by Arcor Group in the commitment with rational use of packaging materials since the Sustainability Policy was implemented.

In this context, and considering the growing global concern regarding single-use plastics, we began with the development of a corporate initiative to define an approach to the use of all flexible materials. Such approach should set the lines for reduction and replacement of flexible packaging materials in all our businesses, taking product protection and preservation, competitive costs, supply availability, and technical feasibility as baseline criteria.

To face such a challenge, we promote the creation of a multidisciplinary Working Group, made up of all the areas necessary for this initiative to be “cross-area” and successful.

We carried out an analysis of trends and benchmarks, with the aim of studying and implementing policies, guidelines, goals and good practices for the reduction and replacement of flexible materials in mass consumption companies. After that, we launched a survey of all flexible materials used in Arcor Group based on an initial characterization

of different variables involved (type of material, origin, complexity of the structure, potential post-consumption treatment), and we carried out a diagnosis by Business.

From the results obtained, and after almost 2 years of work, we were able to build a baseline and determine strategic working guidelines. All of this allows us to develop our Plastics Strategy.

The goal of Arcor Group’s Plastics Strategy is to design innovative solutions for our packaging through optimization, simplification and replacement of materials. It will include both flexible and rigid plastic containers for packaging materials of our mass consumption business unit, in all the countries where we operate.

Following the results of the diagnosis, the reduction and replacement alternatives with the greatest opportunities for improvement were identified. Based on these alternatives, we developed strategic reduction and replacement guidelines, which allow us to define an approach regarding the plastic materials used in our company

We started to work on the development of an Implementation Plan. Thus, based on the guidelines defined, each Business developed proposals to be carried out between 2019 and 2025. A 63% of them are intended to work on the reduction pillar and a 37% are oriented to the replacement pillar.

### STRATEGIC ACTION LINES - PLASTICS STRATEGY



#### REDUCTION

Under the premise of conscious consumption; optimization of structures and packaging sizes were defined, giving priority to lightweight materials and deleting packaging redundancies.



#### REPLACEMENT

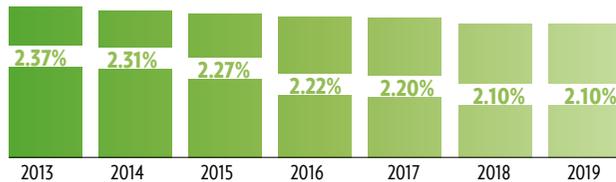
Under the premise of causing the least amount of impact, we promoted the following initiatives:

1. Choosing materials with better recyclability rates, eliminating difficult combinations.
2. Encouraging the use of biodegradable or compostable materials.
3. Encouraging the use of recycled material in packaging
4. Avoiding non-recyclable or controversial plastics (e.g. PVC).

## REDUCTION

We are constantly working to optimize the use of plastic materials. Such commitment allowed us to reduce about an 11% of plastic materials used in our products. Only in 7 years! In this way, we are able to reduce the tons of plastic sent to the market and the impact of our products on the environment.

### PLASTIC IN TOTAL WEIGHT OF THE PRODUCT - TOTAL ARCOR GROUP (%)

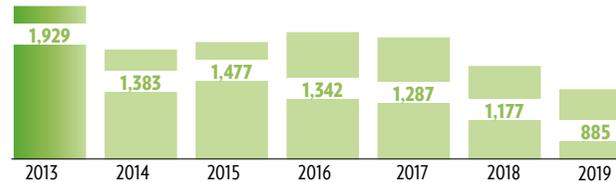


## REPLACEMENT

PVC is one of the most questioned plastics regarding its behavior at the end of its life cycle, mainly in uncontrolled garbage dumps.

Since 2013, we have reduced the use of this material by 54%, so that today it represents only 4.5% of all the plastics used by the company.

### USE OF PVC IN THE PACKAGING OF OUR PRODUCTS -ARCOR GROUP (TN)



It is our goal that, by the end of 2020, Arcor Group be free of PVC in its products' packaging.

### PVC REPLACEMENT IN CONFECTIONARY BUSINESS

As part of the 0% PVC Policy, in 2019, the replacement was started in the following lines: mint crystal, butter & cream, slices, honey, ALKA, Starlight and Flix chewing gum.

All of this will impact on replacing more than 400 tons / year of PVC for other more sustainable materials, with higher recyclability rates, such as PET.





# HUMAN AND LABOR RIGHTS

## CHAPTER 6

### 6.1 RESPECT FOR AND PROTECTION OF HUMAN AND LABOR RIGHTS

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### 6.2 DUE DILIGENCE

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### 6.3 DIVERSITY

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### 6.4 HIRING AND WORK ENVIRONMENT CONDITIONS

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## 6.1 RESPECT FOR AND PROTECTION OF HUMAN AND LABOR RIGHTS

On a daily basis, Arcor Group works towards enforcing the respect of human and labor rights and promoting the best practices both in its workplace and in its broader spheres of influence.

Due to that, our Sustainability Policy sets forth an explicit commitment to that effect:

- **Complying with applicable legislation, ensuring fair working conditions, professional development, career training and equal opportunities, involving our value chain in this commitment;**
- **Respecting voluntary union affiliation and recognizing the right to collective bargaining;**
- **Contributing to the abolition of all forms of forced labor and child labor;**
- **Promoting practices that improve inclusion and diversity within the company's scope of action;**
- **Facilitating and supporting actions and projects, which help creating equal opportunities during childhood.**

Within this commitment, our priority lines of work refer to the rights that are most exposed to receiving negative impacts - through our operations and through the links we generate with different actors in our value chain -. These lines of work also consider those rights that we have the greatest potential to promote, generating a positive impact on society. They are as follows:

- Work environment conditions;
- Recruitment conditions;
- Inclusion and diversity; and
- Communication and management of work environment.

Also, we include respect for and promotion of children's rights as an axis that goes through all of our management, which is why Children's Rights are part of our Sustainability Policy and Strategy. For that, since 2015, we developed a Commitment Policy with Children's Rights and we promoted a corporate program called Company-Childhood.

Moreover, as a company, we adhere to the highest standards and follow the main international guidelines on this regard. Among them: A Handbook for Employers of International Labor Organization (ILO); and the Guiding Principles on Business and Human Rights, Global Compact, Business Principles and Children's Rights, Women Empowerment Principles (WEP) and United Nations Sustainable Development Goals.



## COMMITTED TO A FULFILLING CHILDHOOD

For more than 25 years, Arcor Group works to revalue the place of childhood in society, carrying out actions to enforce the respect and the promotion of Children's Rights including this issue in all the businesses of the company. We do this, in joint work with all our stakeholders, and through active participation to influence on public policies.

In 2015, we decided to develop and publish our Policy of Commitment to the Children's Rights, becoming the first company in Argentina and the region to incorporate this perspective in its Sustainability Strategy. The Policy is defined according to our Corporate Philosophy, the Group's Code of Ethics and Conduct and in the current Sustainability Policy.

To transform this commitment into actions, we promoted the "Company-Childhood" initiative, which allows us to have a comprehensive and systematic view of the compliance with children's rights throughout all the areas of the company. In the framework of this initiative, in 2019, we promoted the update of the data that make up the Arcor Childhood Information System (SINA, by its initials in Spanish), where the information of all the children of our collaborators from Argentina, Brazil and Chile is found. We also inaugurated a breast feeding room in Salto Plant of Bagley Business (it was done in a joint work with the gender initiative). Moreover, we carried out an institutional communication campaign to celebrate the 30th anniversary of the United



Nations Convention on the Children's Right, which we called "The children's rights are also defended by adults". And lastly, we work with our Network of Distributors in Argentina on a proposal to raise awareness on this issue,

through the ArcorNet 2.0 platform; and we continue promoting annual training for operators of our Customer Service (SAC, by its initials in Spanish).

## 6.2 DUE DILIGENCE

With the aim of ensuring respect, protection and promotion of human rights in practice, we foster due diligence processes to identify, avoid and mitigate the real and potential impacts that –as a company- we can have, contribute to, or be related to.

We started this path with the implementation of different complementary processes and tools. Among them, we can highlight the performance of sustainability diagnoses that include the impacts on human rights for the initiatives that we promote in our value chain that reach more than 10,000 companies and people. Moreover, we point out the implementation of the Sustainability Risks & Opportunities Matrix tool, applied by each business to define their annual Operational Plans and make decisions. We also monitor 10 indicators to measure performance and trends of our management in human and labor rights according to the Sustainability Scorecard; we promote community impact management, and incorporate this perspective into each of our operating bases. Finally, we foster different instances of training on sustainability throughout the entire value chain.

After having a diagnosis, Arcor promotes measures and initiatives to protect, respect and mitigate impact, trying to reach with this practice to the entire value chain

Among all the initiatives, projects and programs, we want to focus on:



**With regards to creating open and transparent dialogue, we have: an Ethics Line so that our collaborators, suppliers and customers can make confidential and anonymous complaints; a Consumer Service available to answer to inquiries and claims of the whole world; and open and continuous channels to all the communities where we are present.**



**In order to commit our suppliers to comply with human and labor rights, the signing of the Letter of Adherence to the Fundamental Principles for Responsible Management is a mandatory condition for registration (see Chapter 2).**



**Annually, we encourage supervisors in charge of taking care of our company to make training on sustainability and human rights. 94% of our supervisors from all the plants in Argentina, Brazil and Chile were trained in 2019.**



**In order to examine the impacts of the company-community relationship and strategically manage risks and opportunities, we carried out perception researches and developed economic, social and environmental impact matrices as part of our comprehensive process to respect and protect human rights in every location where we operate.**

## FOR A CHILDHOOD WITHOUT CHILD LABOR

The challenge of preventing and eradicating child labor not only involves decision-making at the economic and social level, but also a cultural change that involves daily, permanent and gradual work with all the actors involved and with a long-term perspective. For this reason, at Arcor Group, within the framework of the Policy of Commitment to the rights of the children and our general commitment to sustainable development and respect and protection of human and labor rights, we work on projects aimed at children and their rights

Thus, since 2006, we have carried out the “Crecer jugando, por una niñez sin trabajo infantil” (Grow up Playing, for a Childhood without Child Labor) Program. Within the Food Business, we form a work team made up of the Industrial, Agricultural and Community Relations areas, so we are dedicated to working on the prevention and eradication of this problem on the plantations of our producers, suppliers of tomato, corn, peas and peach, located in Mendoza, San Juan and Río Negro - Argentina

The challenge was great, and for the first stage, we launched several workshops with producers to inform and raise awareness about the issue of child labor and the rights of children and adolescents. The goal was to help them to change their minds: boys and girls should not be on plantations but in educational and recreational spaces. Then, we made a joint work with the public sector and with



non-governmental organizations for the installation of the Child Development Centers (CDI, by its initials in Spanish) in rural areas to provide care and attention to the children of the harvesters during the working day.

The expansion of the number of CDIs near the plantations –by means of agreements with the local, provincial and national government- allowed making available to the producers and harvesters of the plantations, a place where the comprehensive development of children is encouraged.

In 2019, thanks to this program, we have promoted 31 Child Development Centers (CDI) with extended hours for the care of more than 265 children of harvesters during the harvesting season; we have equipped 13 CDIs with game kits to promote children’s active life; we have entered into agreements and work alliances with municipal governments and civil society organizations; we have conducted 379 visits to a total of 49 producers for the early detection of social, environmental and occupational risks; and we have signed child labor free contracts, to join forces and achieve its abolition.

## 6.3 DIVERSITY

Through different initiatives and projects, we seek to emphasize diversity, a central axis for our corporate identity and our Sustainability Strategy.

We promote 3 focuses of work: gender equality, inclusion of disabled people, and employment opportunities for young people.

### GENDER EQUALITY PROJECT (PEG, BY ITS INITIALS IN SPANISH)

With the aim of addressing the issue both systematically and strategically, since 2012 we have the Gender Equality Project.

Through this initiative we continuously work on three lines of action:

- Awareness and communication, through actions and campaigns that promote gender equality among our collaborators;
- Income flow, to increase the number of women to join the company, especially at professional levels, ensuring that in each job search there is at least one female candidate;
- Work-family life balance for women: From the workplace, we work to improve maternity protection based on specific programs and benefits.

Since 2018, each of our business units has established gender objectives and goals on the amount of total income for each kind of contract. Reports on this issue are submitted to the Sustainability Committee.

During 2019, our Human Resources area worked on several projects aimed to design new lines of action to promote the hierarchical growth of the women who are part of our company. This boost will continue in 2020.

### WORK INCLUSION PROJECT

Aimed at promoting a diverse culture and providing equal opportunities, since 2012, we foster the Work Inclusion Project for Disabled People

Since 2018, Arcor Group business units set objectives and goals to maintain or increase the number of disabled people.

### DISABLED STAFF AT ARCOR GROUP (NUMBER BY COUNTRY/GENDER)

COUNTRY	WOMEN	MEN
Argentina	24	71
Brazil	60	85
Chile	2	4
Mexico	0	4
Subtotal	86	164
<b>TOTAL</b>	<b>250</b>	



## ARCOR BRAZIL INCLUSIVE

Going on with the innovative spirit and through the Design Thinking methodology, collaborators from Brazil thought of a way to understand the difficulties of the inclusion process of disabled people, and to find solutions for their inclusion in the Commercial Area.

As a way of carrying out this initiative, a communication channel with people in charge of it was created, introducing short videos (microlearnings) to guide on how to find, select and include professionals with some disability in the work team. Thus, "Arcor Inclusive" emerged. It is a project presented within the framework of the SGI Recognition by the Human Resources Area of Brazil.

The main challenge was to train and raise awareness on leaders. Sales supervisors, marketing leaders and sales promoters participated.

We have achieved great results: the number of disabled employees in the commercial area increased from 11 to 34 in a few months. However, more important than that increase is the fact that now our team – their colleagues - is prepared and sensitized to receive them correctly.

Undoubtedly, a project that makes us all win, as a society and as a company.



## YOUNG PEOPLE, LEADERS OF THE FUTURE

Understanding that they are the key to future success, we provide job opportunities for the youngest. To achieve that, we promote different lines of work.

We work together with Technical Schools in order to contribute to training processes, educational quality, and to ensure the availability of qualified technical resources. Through this annual initiative, we collaborate with the training of students and teachers, promote internships and donate equipment. In addition, we are part of different public-private articulation spaces, thus contributing to the improvement of educational content and methodologies. During 2019, 106 technical school students and 68 professional practitioners were part of the program and 225 high school internships were carried out.

Through the University Internship Programs we offer young people the opportunity to have a first experience in the world of work. The program incorporates -for 18 months, at most- to students currently enrolled in the last years of the following courses of studies: Business Administration, Marketing, Human Resources, Law, Social Communication, Safety and Hygiene, Marketing, Engineering, Logistics, and Public Accountant, among others. In 2019, 124 internship agreements were made, of which 120 were university students and 4 post-secondary students. 38% of interns were hired by the company.



Finally, it should be highlighted that -annually- we recruit young people with development potential for our team to work in the areas of Marketing, Trade Marketing,

Administration, Production, Maintenance and Logistics, within the framework of the Young Entrepreneurs (JE,

by its initials in Spanish) Program. These recruitments are made with the aim that young people can contribute with their innovative perspective both from their expertise and from their age logic. 47% of the JE Program participants were women.

## 6.4 RECRUITMENT AND WORK ENVIRONMENT CONDITIONS

At Arcor Group we focus on attracting, training and retaining the people we believe will be the most qualified to help us boost our business<sup>52</sup>.

Through reliable and clear selection processes, we offer quality employment and equal job opportunities.

In 2019, we were recognized as one of the five companies in which young people want to work, according to the study “The career of young people’s dreams” carried out by the consulting company Compañía de Talentos Latam. Also, we obtained the 7th position among the companies that best attract and retain personal talent according to the MERCO Talent ranking. Finally, we are proud of having obtained 2nd place in the Randstad Employer Brand Research, a study on employer branding that reveals which are the most attractive companies to work for in Argentina.

### SAFE AND HEALTHY WORKING CONDITIONS

Safety of our collaborators - and of those who work in our plants, processes and services - is a fundamental value for all of us.

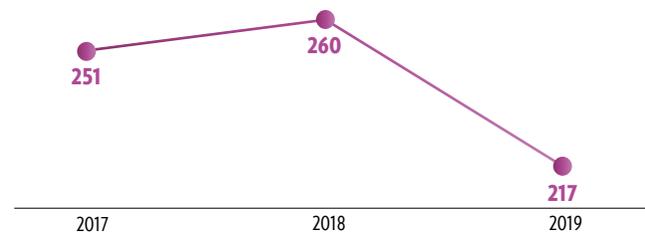
In addition to making processes more reliable, progress

on production technologies in recent years has allowed generating better working conditions for collaborators, removing repetitive tasks and ergonomic risks.

Accordingly, through an initiative for job analysis, we surveyed the most significant risks on which we focus later, thus devoting resources to the most urgent situations. This work, together with programs that aim at consolidating awareness of security care at all levels -like the Commitment Program and the Change to Grow Program- allow us to continue reducing the occurrence of work accidents in a sustained way.

### ACCIDENTS IN OWN OPERATIONS WITH LOST DAYS

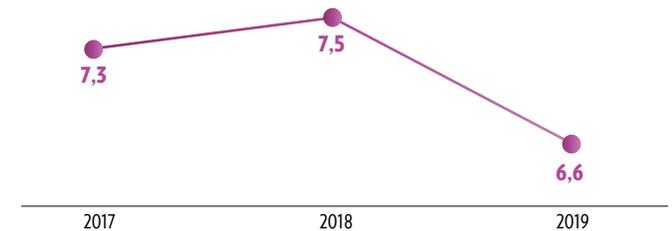
(2017-2019)



<sup>52</sup> Arcor Group does not hire employees under 18 years old. The only exception occurs with those high school students who have not yet reached the legal age, and want to perform their “High school Internships” which are regulated by the Law of Internships in Argentina, and by the provincial equivalent legislation.

### CORPORATE DISABLING FREQUENCY RATE (IFI, BY ITS INITIALS IN SPANISH) (NUMBER OF ACCIDENTS)

(2017-2019)



UDDuring 2019, unfortunately, we lost a collaborator from the Commercial area in Brazil on a fatal accident that occurred on her way to work.

For accident prevention programs we incorporated new technologies - to the training methodologies -. During 2019 we carried out activities using augmented reality and virtual reality as mechanisms that allow us to better perceive the risks of activities without exposing people.

As a challenge for next year, along with the migration from the OHSAS 18,000 certification to ISO 45,001in all plants, we will begin to tackle psychosocial issues at work and their impact on the health of our collaborators.

## SAFETY IN TRANSPORTATION IN ARGENTINA

As the main risks of Arcor's logistics operations were in road accidents, and consequently, there is a high accident rate in the Transportation area in Argentina, it was decided to address the issue together with the supplying companies of the same sphere.

Since 2017, after carrying out an analysis of each one of the events that have occurred, we have developed an improvement plan based on the causes of those accidents. In this framework, we promoted awareness campaigns for drivers, developed technologies applied to road safety, prepared guidelines for breaks, and defined an Accident Frequency Index (IFS, by its initials in Spanish) to monitor the occurrence rate based on the kilometers traveled.

This work allowed reducing the accident rate by 77% in 2019 compared to 2017, and 66% as a whole, in addition to reducing to zero the number of fatalities involved in those accidents.

### TRANSPORTATION ACCIDENTS - ARGENTINA LOGISTICS (NUMBER OF ACCIDENTS AND FATALITIES)



As a challenge for 2020, we hope to incorporate a cargo tracking tool to monitor compliance with safe driving guidelines. Moreover, we will provide e-learning trainings for 100% of drivers that work for Arcor Group, with the goal of reducing the number of accidents to zero.



Also, with the objective of creating not only safe but also healthy working conditions, through various programs and actions, we seek to ensure the well-being of our employees to take care of their health and improve their life quality.

Every year, based on the Work Risk Management Program, we monitor environmental conditions by measuring noise levels, heat, lighting conditions and possible exposure to substances harmful to health.

Through the Ergonomics Program, we get knowledge of all situations that represent significant physical effort. After their identification, depending on the case and its seriousness, we move forward towards eliminating those tasks, facilitating them or mitigating their effects.

Furthermore, we promote preventive health management. Within this framework, we promoted an Ongoing Education Program for the health personnel of the Medical Departments (13 nurses trained during 2019), the Program for the Protection of Pregnant Women (20 participants in operational bases during the year), and the Immunization Program (7,430 collaborators were vaccinated against seasonal flu and 1,967 collaborators received one dose of tetanus vaccination). Finally, it should be noted that several of our plants were granted with the Healthy Workplace Certification<sup>53</sup>.

<sup>53</sup> Certification granted in Argentina both by the National Ministry of Health and by the Ministries at the Provincial level.



## OUR TRAINING AND DEVELOPMENT PROPOSAL

As a company, we seek to enhance our collaborators capabilities, providing development and training opportunities that answer to the needs of each business, plant or country and contribute to the sustainable growth of our company.

Through the Arcor Internal Search Program (BIA) our collaborators have access to job opportunities to meet new challenges within the company. In 2019, 28% of open positions in Argentina were filled through BIA and in Brazil they were 55%.

We have programs to manage, ensure and align the professional development of our teams to Arcor's strategic objectives. Among them, we can highlight Strategic Resource Planning (PRE, by its initials in Spanish), a process that is implemented every two years, and that is intended to ensure the development of, and to retain the company's talent pool. PRE focuses on achieving a better identification of the potential future leaders of the organization using tools that validate their potential for development. As part of the process, a matrix of potential capability and performance of the management levels is consolidated to facilitate the definition of their replacement charts and future actions. In 2019, 90% of collaborators that were promoted to managerial levels were found through PRE.

We are convinced that we must provide training opportunities that allow employees to acquire new knowledge and approach new agile work modalities. To this end, in 2019 we highlighted:



**Emerging Leadership Program:** we are carrying out the 2nd Edition for a group of 24 Company Managers. Participants performed a 360° Evaluation. Then, they attended 4 days, in which they worked on leadership styles. Throughout the process they had individual and team coaching sessions.



**Proactivity and Entrepreneurship Program:** Its objective was to promote the premise "An agile way of being-doing". It was implemented for a pilot group of 15 collaborators made up of managers and individual contributors.



**Arcor Mode Sprint Conference:** we carried out a Google Sprint methodology workshop adapted for Arcor. A multidisciplinary group of collaborators participated in it to work, specifically, on a challenge proposed for the Confectionary Business.



**Technical Schools:** We continue to develop the Technical Specialization Schools. For the Supply Chain School, 5 dimensions and 16 competencies were created, and the design of the different planned courses was worked on. In the Quality School, the Food Legislation area was added with a new dimension and 3 competencies. The Commercial School for Brazil was also created, with 3 dimensions and 7 competencies.



**E-learning courses and Virtual Platform:** Throughout the year we continued with the "Active Platform" Campaign to keep the content of the new Arcor University's Virtual Campus updated. This campus was implemented in 2018. During the year, 13 e-learning courses were developed for the different Technical Schools and 8 for the Management School. Moreover, a Development Space designed to provide employees with resources and tools to empower themselves in their self-development, was launched. During the year, we also continue adding different articles and contents related to our competencies in the Virtual Library available on the Arcor University platform.

## BENEFITS, COMPENSATIONS AND PERFORMANCE MANAGEMENT

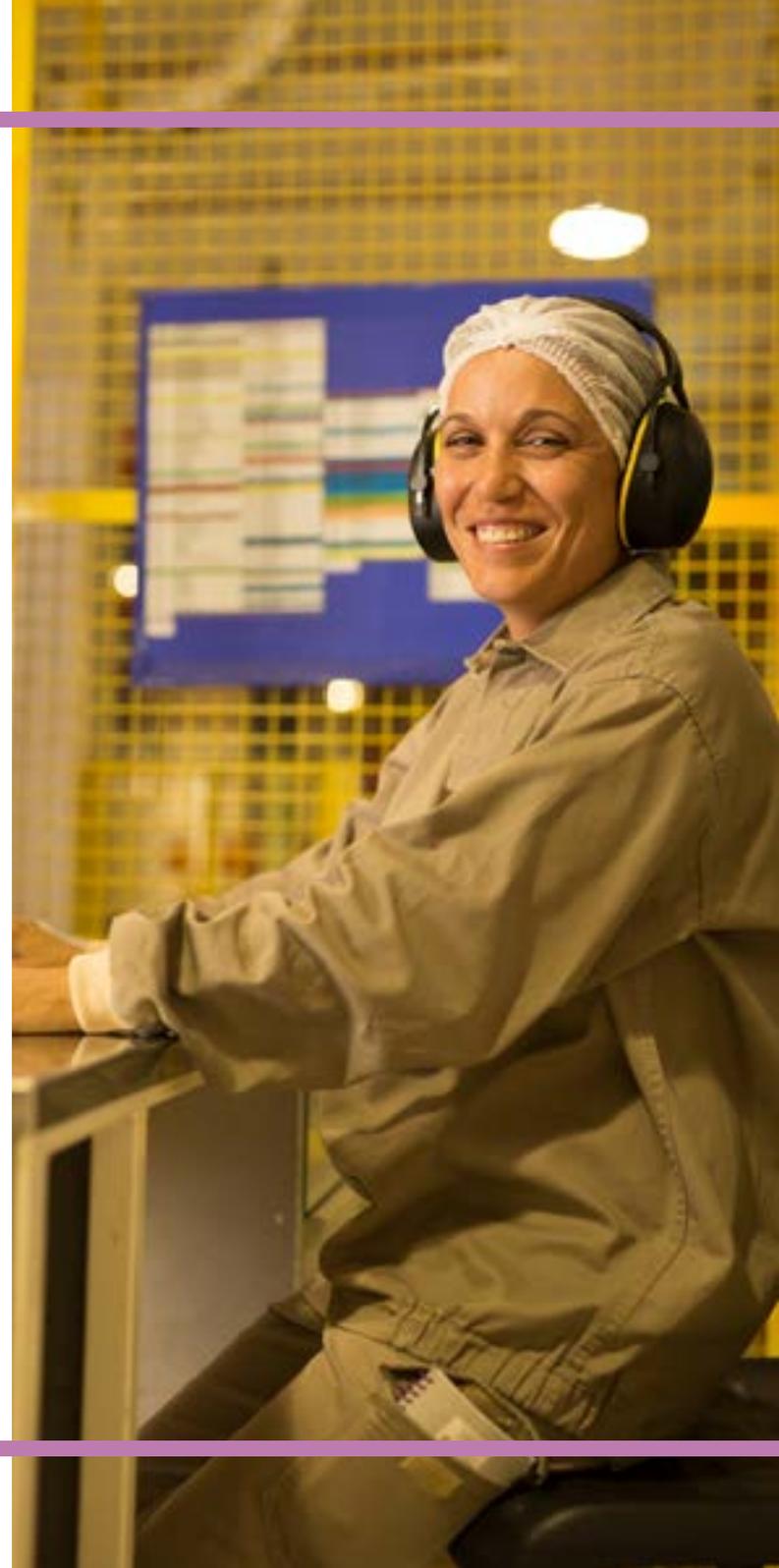
We believe that the commitment of our employees is essential to be able to offer outstanding products to our customers. Under this premise, we develop a series of policies and actions that allow us to offer you a balance between your professional and personal life, to adjust the benefits granted to the reality of each country where we are established, and to keep ourselves communicated and committed, strengthening the links employee -employer. In this way, many of these benefits contribute to enforce the rights of employees' children, such as the right to education. Among our benefits we can mention:

-  **Medical assistance**
-  **Monthly financial support to working mothers for their children up to 6 years old**
-  **Gym discount**
-  **Giving away company products**
-  **Reduced work hours due to maternity**
-  **Clothes and school supplies for employees' children**
-  **Adoptive maternity and paternity leave**

-  **Wedding gifts**
-  **Birth gifts**
-  **Pension plan for hierarchical positions**
-  **Optional life insurance**

As part of our commitment to the United Nations Global Compact - and as stated in our Sustainability Policy and our Code of Ethics and Conduct - we respect the freedom of association and the effective acknowledgement of the right to free collective bargaining. Thus, as a company, we promote voluntary union membership, 77% of our staff being members of some Collective Labor Agreement, according to their task.

We also monitor the salaries of non-union personnel to achieve greater internal equity, guarantee gender equality and be competitive in the market, through a Compensation System based on the Hay methodology. So, we can affirm that in Arcor Group there are no differences in salary according to gender.







# ACTIVE LIFE AND HEALTHY NUTRITION

## CHAPTER 7

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## 7.1 PROMOTION OF ACTIVE LIFE AND HEALTHY NUTRITION

Due to the proliferation of chronic non-transmissible diseases, undernourishment, malnutrition, sedentary lifestyle and lack of healthy lifestyle habits -considered the main maladies of our time- in the last years, the food system agenda evolved. Health and sustainable development became the center of the discussion.

Every sector of society, and in particular the food industry, is working on finding solutions to reverse the situation.

Undoubtedly, as a company that produces and commercializes food, supplies and ingredients for the food and beverage industry, this scenario challenges and inquires us.

Because of that, in Arcor Group, we are committed to active life and healthy food promotion, so we will:

- **Promote healthy lifestyle habits, specially, healthy nutrition, physical activity and abandonment of addictions;**

- **Contribute to the scientific assessment of nutritional properties and health effects of the substances that make up food;**
- **Produce food that contributes to nourish with pleasure, satisfying the needs of all its consumers;**
- **Research and develop product lines according to the recommendations of the World Health Organization, and national health plans, considering the products acceptability and available technologies;**
- **Use only ingredients considered safe based on World Health Organization criteria in the elaboration of products; and**
- **Adopt advertising and promotion of responsible practices dedicated to spread healthy lifestyles.**

To make this commitment tangible, we work on different action lines and work based on comprehensive concepts:

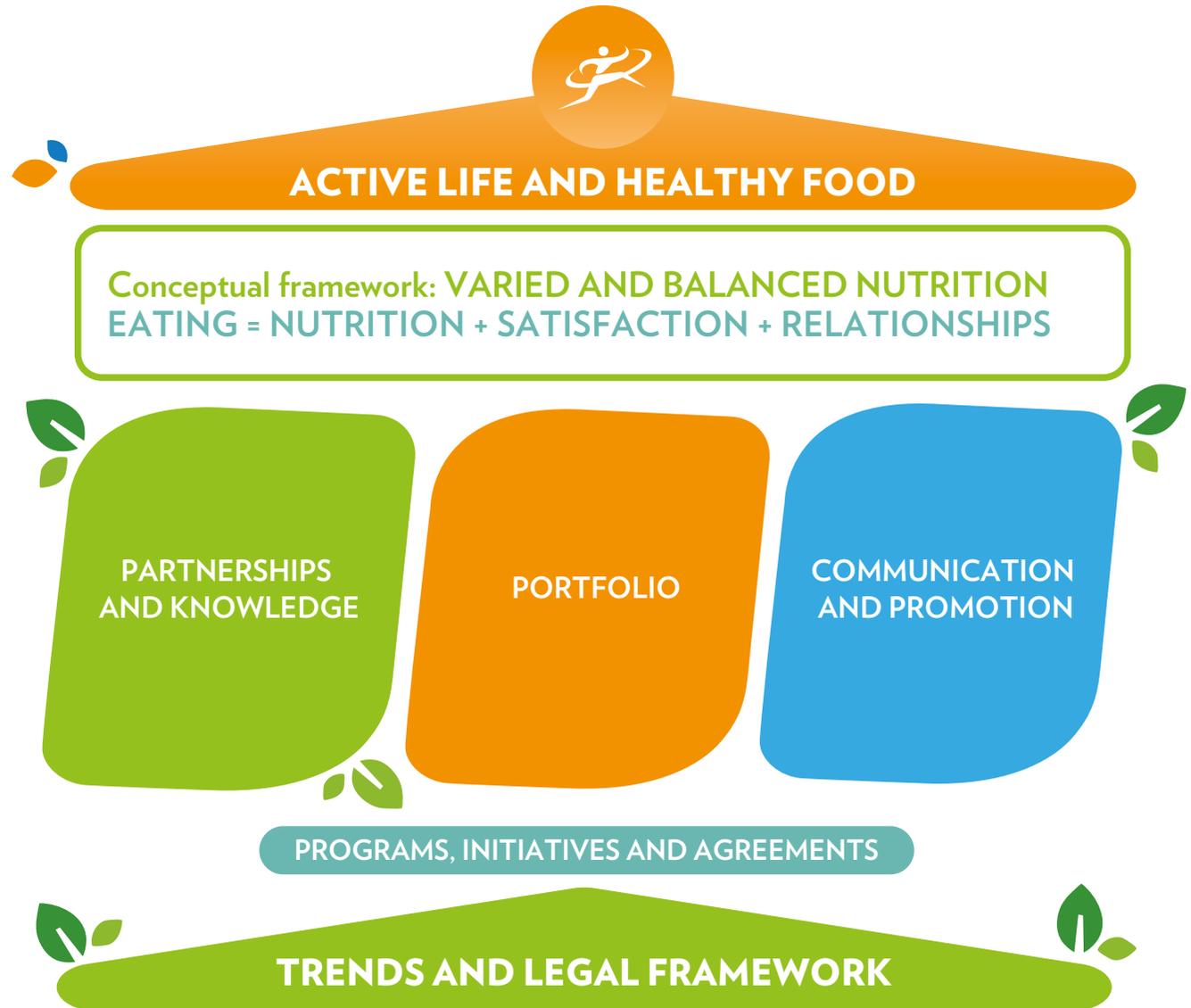
- Food Safety
- Composition of the Products
- Products with Special Attributes
- Healthy Lifestyle Habits
- Responsible Advertising and Communication



## 7.2 NUTRITION STRATEGY AND HEALTHY LIFESTYLE HABITS

With the aim to promote nutrition and healthy lifestyle habits to generate positive impacts in society, in 2017 we launched our Nutrition Strategy & Healthy Lifestyle Habits (EA&HVS, by its initials in Spanish).

EA&HVS has its own government body -the Nutrition Committee (see Chapter 1) - and is supported by a management structure made up of the Corporate Nutrition area and the Nutritional Platform group, in charge of proposing specific actions to the Nutrition Committee.



## 7.3 PARTNERSHIPS AND KNOWLEDGE

The first pillar proposes to develop links with key stakeholders and to be promoters of responsible dialogs and enriching conversations, to try to find solutions from a technical and scientific approach. It is essential in the way of finding answers to satisfy the demands and needs of society. In this relationship network, the scientific community, the knowledge generation and the contribution to research for the development of our products have particular relevance.

### LINKING STRATEGY & REGIONAL RELATIONSHIP

In 2019, we defined a strategy and a relationship plan with key stakeholders at a regional level. Collaborators from different areas of the company, who work in Latin American countries where Arcor Group has commercial and industrial presence, participated in the process.

Within the framework of this initiative, we work on analyzing and describing the situation of Healthy Nutrition at international, regional and national levels. We also work on mapping our stakeholders; formulating a diagnosis and defining a Linking and Relationship Strategy as well as a Work Plan to improve in the coming years.

### PUBLIC-PRIVATE ARTICULATION AND PRESENCE IN SPECIALIZED SPACES

With regards to this issue, we continue strengthening our participation in spaces and instances of public- private articulation.

In Argentina, we had presence in diverse sectorial spaces, for example CIPA<sup>54</sup> and CAFIM<sup>55</sup>, and essentially -in COPAL, the Coordinator of Food Products Industries. At COPAL, we actively participate in Working Groups about key issues, such as sugar reduction. Additionally, in Uruguay, Brazil, Chile and Peru, we work on the same topics and with the same vision in their different Industrial Associations (CIALI<sup>56</sup>, ABIA<sup>57</sup>, ABIMAP<sup>58</sup>, ABICAB<sup>59</sup>, SNI<sup>60</sup>, and AB Chile<sup>61</sup>).

We strengthen our active participation in Codex Alimentarius activities. Even, representatives from the Arcor Food Legislation area attended to the 31st Meeting of the Codex Alimentarius General Principles Committee, in March 2019, in Bordeaux, France.

Also, we support institutions and disseminate valuable information to health professionals at different events during 2019:

- **XXXVII National Congress of Cardiology organized by the Argentine Federation of Cardiology (Santa Fe, Argentina);**
- **XX International Conference on Nutrition, for Physical Activities and Sports, organized by Cardio fitness (Buenos Aires, Argentina);**

- **II AADYND Congress of Nutrition and Feeding organized by the Argentine Association of Dietitian and Nutritionist Dietitians (Buenos Aires, Argentina); and**
- **CYTAL(R)-ALACCTA Congress organized by the Argentine Association of Food Technologist.**

We were invited to participate in the Symposium “Global Trends in Food, Beverages and Consumption Patterns” organized by the Sub secretary of Agro industrial Markets of the Argentine Ministry of Production and Labor, where we speak about trends in healthy eating.

Finally, it deserves to be highlighted that Arcor was convened as a speaker in the first Food Congress organized by ANMAT<sup>62</sup>, in the discussion on the thematic axis “Strategies for the promotion of safe food in the community”. There, we share our comprehensive approach to Gluten Free Foods.

As a result of all this work, at the end of the year, we had 1,168 new contacts in our Health Professionals database.

54 Chamber of Industries of Food Products.

55 Chamber of Industrialized Fruit of Mendoza.

56 Industrial Chamber of Food.

57 Brazilian Association of Food Industries.

58 Associação Brasileira das Indústrias de Biscoitos, Massas Alimentícias e Pães & Bolos Industrializados

59 Associação Brasileira da Indústria de Chocolates, Amendoim e Balas

60 National Society of Industry of Chile

61 Food and Beverage Association of Chile

62 National Drug, Food and Medical Technology Administration



## ARCOR FOOD INNOVATION

In turn, also within the framework of the Strategy, in 2019, we created Arcor Food Innovation.

We believe that in order to achieve changes in people's diet and lifestyle, we must work together. For this reason, we launched this new relationship space with nutrition professionals. Such space aims to exchange ideas and knowledge so that -together- we promote habits changes in the community.

These are some of the actions that we carried out during the year:

- Sending nutritional information of new products.
- Sending information about food innovation.
- Access to research and studies in the field of food.
- Entrance to Fairs and Congresses.
- Enquiries about actions and products launches.
- Meetings to share perspectives and co-creation of initiatives.



## 7.4 PORTFOLIO

Within the framework of the second axis of the Strategy, we are committed to work on the improvement of the nutritional profiles of our products, promoting the entry into new categories and increasingly offering more products in individual portions.

### A SYSTEM TO PROMOTE THE IMPROVEMENT AND TRANSFORMATION OF OUR PORTFOLIO

With the Arcor Nutritional Profile System (SPNA, by its initials in Spanish), launched in 2017, we established our own nutritional standard that sets maximum limits of sensitive nutrients (sugar, saturated fats and sodium) and also of energy, by product category.

This standard continued being current, during 2019, guiding the creation and reformulation of our products, based on 7 vectors which form it:



**Modification of recipes:** less sugar, sodium, saturated fats and trans-fatty acids.



**Increase of nutritional value:** vitamins, minerals, whole grain, fruits and dairy products.



**Portfolio expansion:** food with specific functionalities.



**Controlled calories intake:** less dense energy formulas, individual packages and right portion size communication.



**Pleasure and daily links:** indulgent products to share.



**Quality guarantee:** ingredients safe and controlled processes.



**Sustainable management:** inputs and responsible manufacturing processes.

Therefore, we established specific goals for each one of our businesses, and we defined a quantitative indicator -which includes 100% of our products-, that allows us to measure the improvement and advances we have been doing since the launch of the system. We have as a goal that more than half of our portfolio will be within the SPNA by 2020.



## MANAGING NUTRIENTS AND ATTRIBUTES IS THE KEY

Following the new trends and our Nutrition Strategy, during 2019, we continued working to increase the nutritional value of the products and expand the offer to new categories.

These were some of our main advances regarding the improvement of the nutritional profile of our products:

### SUGAR

We stipulate maximum referential limits by product categories included in our SPNA.

- 53% to 88% less sugar in crème caramel, desserts and jellies, and 26% in breakfast cereals.
- 335 presentations of products with modified sugar content (without sugar, reduced in sugar and/or without sugar added).
- Voluntary indication of the total sugar content in the nutritional information tables on the product labels.
- Action plan with aims of reduction for 2020.



Sugar Reduction in 69 presentations (SKU).

## SODIUM

In a Sodium Content Policy, we defined the maximum limits of obligatory compliance by product categories.

- 99.3% of our products achieve with the Sodium Content Policy.
- 11% reduction in powdered juices and 18% to 47% in canned vegetables, legumes and sauces.
- 100% of our manufactured products in Argentina comply with the local legislation that establishes limits to the sodium content in products.



Sodium reduction in  
254 presentations.



## SATURATED FATS

We established maximum referential limits by product categories included in the SPNA.

- Promotion of actions to decrease saturated fatty acids quantity in our products, mainly due to its replacement with high oleic sunflower oil.
- 79.8% reduction in saturated fats, 31% in puddings, 19% to 33% in sweet cookies and 36.85% in wafers without frosting in Brazil.



Saturated fat content reduction in 226 presentations.

## TRANS FATS

We have a Trans Fatty Acids Policy where we define the maximum content of Trans fats over the total fat content (2%).

- During 2019, we ensure that all of our products comply with the policy.



We achieve 100% of the total of our portfolio.



## MANÁ NOW LIGHTER!

Seeking to improve the fat acids profile of the existing cookies in the market, without significantly modifying the sensory characteristics, we progress on replacing the total beef fat -which our Mana Light contained as one of its ingredients- with high oleic sunflower oil.

The obtained results were excellent! For the Light Mana with vanilla, lemon and milk flavor, we achieved a 67% reduction in saturated fats; and 43% for the coconut flavor Mana.

To all these improvements, it is added that the Light Mana line -because they are Maria or semi-sweet type cookies- are an option for simple sweet cookies that provide less sugar content compared to other options on the market.

Currently, we are also working in the addition of fortification with vitamins and minerals.



## FOOD WITH SPECIAL ATTRIBUTES

To the reduction work of the sensitive nutrients from the continuous improvement of our products, we also added the development of products that provide an extra nutritional benefit –without or reduced sugar, fortified with vitamins and minerals, rich in fibers, low in saturated fats– and products that provide well-being, such as balsamic and inhalants, which are addressed to cultural groups with special requirements.

In relation to the produced and commercialized food in 2019, 30% of our incomes comes from products with outstanding nutritional benefits (modified sugar content, gluten free, source of vitamins and minerals, reduced in saturated fats, with omega 9 or fiber content), and 9.6% of products that contribute to well-being (inhalant food and kosher products).



30% of our income comes from products with nutritional benefits.



## RED FRUITS ARRIVED AT NATURAL BREAK!

In recent years, we have noticed how the healthy snack practice grew in the region, which can be mainly noticed in an important increase on the consumption of nuts and seeds by consumers, who are looking for options of more balanced snacks with greater nutritional contributions.

All of this is excellent news! Why? Because nuts are energetic food, that provide nutrients and have cardio protective effects. Fiber and the type of carbohydrates they contain, provide energy that is released in a more slowly but steady way. They also, provide healthy fatty acids, vegetable proteins that are complementary to cereal proteins, Vitamins E & K, folate, thiamine, minerals and bioactive substances, such as antioxidants and phytosterols.

Aligning ourselves to this trend, in 2018 we launched the first nuts and seeds bar without added sugar to the Argentine market. The bar format sought to encourage the on the go consumption of nuts through a practical format, already recognized by consumers.

In 2019, in order to offer more alternatives to our consumers, we launched the Red Fruits Natural Break Bar with almonds, red cranberries, peanuts and plums.

This product was the result of a cross-sectional work, promoted among our collaborators from the Confectionery and Chocolates Business units, given that the know-how of formulations and ingredients was concentrated in Confectionery R+D personnel, while the Industrial and R+D areas from the Chocolates Business had experience in technologies for bars manufacturing.

Red Fruits Natural Break was launched in February 2019 and has the endorsement of the Argentine Nutrition Society (SAN, by its initials in Spanish).

We plan for the coming years to offer more “healthy snack” options and, thus, be able to stay present #EnCadaMomentoDeTuDía (At Every Moment of Your Day).



## GLUTEN-FREE FOOD

Our commitment with the celiac community moves us to continue expanding the offer of this type of products, always with the premise that they are affordable to as many consumers as possible. To the existing product categories (hard candies and jelly beans, chocolates, lollipops, nougats and Christmas caramelized peanuts, canned food, jams, corn flour, juices and beverages, mixed nuts and dietary supplements), in 2019, we added premixes. In this way, we expanded the offer of our portfolio by adding farinaceous based foods, which gives to consumers –mainly those who must exclude gluten from their feeding- the possibility of having more –and tastier- options for their main meals.

In addition, we provide information to celiac consumers through the SAC, by means of direct interactions on social networks, in situ in specific supermarket gondolas, and through the publication in our web site corporate<sup>63</sup> of a list with the products registered as “Gluten Free” in the health authority.

As every year, we participated in the Celiac Expo fair to exchange experiences and knowledge. The gluten free products generated 169% more net income than in 2018. 70% of sales corresponded to the Food Business, 18% to Confectionery, and 12% to chocolates. Also, at our stand, we hold a cooking class with a specialized chef in gluten free cooking, and we raised awareness in consumers through a play called “Supersaludable” (Super-healthy).

63 <https://www.arcor.com/alimentacion-productos-sin-tacc>



We offer more  
than 340 gluten free  
products.



## GLUTEN FREE ARCOR PREMIXES!

In Argentina, it is estimated that 1 out of every 100 inhabitants could be celiac or gluten intolerant (almost 500,000 people!). These diseases are detected upwardly year after year, consequently more and more people needs gluten free food, that is, without wheat, oats, barley and rye (TACC, by its initials in Spanish).

In order to satisfy this growing demand, we are committed to develop new products year after year.

After more than 2 years of elaboration, from a joint work of all the company areas, in 2019 we reached to a historical line of "the world without TACC": the premixes.

We developed an innovative formula to create a pizza premix to be kneaded -a great novelty considering that the vast majority of TACC free pizza premixes tend to be liquid- We also developed the premixes of potato gnocchi and natural spinach without coloring, and vanilla and chocolate sponge cakes, which do not break into crumbs.

Our premixes are 100% certified without TACC, which ensures our consumers the safety and innocuousness of our products.

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





## “TU PORCIÓN JUSTA” PROGRAM

In Arcor we believe that a healthy life is a well-balanced life in which pleasing yourself and taking care of your health go together. The secret? Know how often and in what portions to choose.

For this reason, we created The Right Portion Size (TPJ, by its initials in Spanish), a pioneering program in Argentina, with which we seek to help consumers to maintain a well-balanced diet. This initiative is addressed to food consumed as snack, and it is indicated in the product –through a green logotype in the packaging- those packages whose content is equivalent to one serving, in the framework of a varied and balanced diet that includes all food groups.

TPJ aims at providing consumer alternatives through packaged products in individual portions with a set weight and calories limit, thus facilitating the self-regulation, so that they can adopt a varied and balanced diet. In addition, it is intended to train consumers, by giving them information about the suggested portion size of the offered food in multiportion packages.



During 2019, we have continued expanding the offer of products that enter to the program, reaching 60 presentations in individual package and 118 presentations in the multiportion modality. Also, we have a similar

program to TPJ in Chile called “Suggested Portion”, and we launched the first pilot project of implementation in Bolivia, Paraguay, Peru and Uruguay.

## 7.5 COMMUNICATION AND PROMOTION

In the framework of the third pillar that makes up the Diet and Healthy Lifestyle Habits Strategy, we boost our communication and promotion actions.



### RESPONSIBLE COMMUNICATION

We are faithful believers that transparent communication and responsible advertising are key at the moment of establishing trust and lasting relationships with our stakeholders throughout our value chain.

We are proud and sure of the ingredients used, so we include GDA<sup>64</sup> batteries in the packaging of 78.6% of our products portfolio so that consumers -current and potential- know that when they choose an Arcor product, they are choosing quality.

To promote and share this practice in the industry, scientific field and media, we participate in various spaces such as the Argentine Advertising Council (CPA, by its initials in Spanish), the Argentine Chamber of Publicists (CAA), the Association of Directors of Communication (DIRCOM), Professional Council of Public Relations of the Argentine



Republic (CPRPP); the Brazilian Association Advertiser, the National Council for Advertising Self-regulation, the Code of Advertising Self-regulation and Consumer Defense Code in Brazil; and Association National of Advertisers and the Council of Advertising Self-regulation and Ethics in Chile.

In this sense, and due the essential role that we must fulfill when we spread messages that promote the improvement in nutrition and living habits -mainly for children-, since 2018 we have our own Self-Regulation Policy for Children's Advertising It defines that Arcor will only be able to make communications to audiences composed -at least by

50%- of children under 12 years old, for those products that -under scientific evidence - come to terms with our SPNA. It is applicable in all markets and countries where our products are present, except that exists a more demanding standard, which will be applied firstly.

Additionally, we adhere to the COPAL's Advertising Self-regulation Policy for Argentina.

<sup>64</sup> Guide of Daily Amounts



## APRENDIENDO A DISFRUTAR (LEARNING TO ENJOY) PROGRAM

The PAD is the corporate social investment program that, since 2017, Arcor Group, Arcor Argentina Foundation, Arcor Brazil Institute and Arcor Chile Foundation have jointly promoted.

It is our main communication and promotion tool of active life and healthy nutrition in childhood. It has three action lines: support for school initiatives; training and knowledge generation; also positioning and dissemination.

In 2019, we supported 57 new projects for schools and kindergartens in Argentina, Brazil and Chile, where 16,571 children participated and 1,315 teachers were trained.

### TRAINING AND KNOWLEDGE GENERATION

#### ARGENTINA

Training workshops were held in schools, where we presented “Alisa’s Kingdoms”, a game about healthy nutrition for children that serves as an educational and pedagogical tool to address the topic of nutrition and healthy lifestyles.

In addition, together with educational institutions, with which we have previously worked, tutoring instances and a workshop about “The paths of healthy life in schools” were promoted.

Finally, in 2019 the projects selected during 2017 came to an end, so there were activities open to the community to share the results achieved.

#### BRAZIL

Training meetings with teachers were held. There, diverse topics such as elaboration and management of projects were addressed, and training meetings about nutrition and cooperative games were held.

The same as in Argentina, the 1st Program Edition concluded, carrying out two socialization meetings to share learning.

#### CHILE

An active life and healthy nutrition in the Independencia and La Reina communities, where the importance of physical activity in childhood promotion was discussed, and awareness was raised regarding healthy nutrition.

Two workshops for projects development were held, with a program socialization day corresponding to projects implemented between 2018 and 2019 in the educational establishments of San Joaquín and Santiago communities.

### SCHOOL INITIATIVES SUPPORT



#### ARGENTINA

**30**  
supported  
projects

**3**  
participating  
localities

**7.413**  
Benefited  
children

**584**  
trained  
teachers



#### BRAZIL

**20**  
supported  
projects

**6**  
participating  
localities

**8.070**  
Benefited  
children

**686**  
trained  
teachers



#### CHILE

**7**  
supported  
projects

**2**  
participating  
localities

**1.088**  
Benefited  
children

**45**  
trained  
teachers

The PAD allowed generating knowledge which was later included within the Educational Portal 666 of Arcor Argentina Foundation, Arcor Brazil Institute and Arcor Chile Foundation. In this space, you can find different training proposals around children, active life and educational opportunities, all of them addressed from a children's rights perspective. In 2019, 147,648 hours were taught in 17 courses attended by a total of 5,777 students, 268% more than 2018.

### POSITIONING AND DISSEMINATION

The theatrical plays "Super healthy in the wonderful world of food" and "Cooking with Art" were enjoyed by 6,100 people in 17 performances. 41 schools from 4 localities in Argentina (San Luis, Paraná, Córdoba and Villa Mercedes) have attended. The show has been going through the country for 3 years and has visited more than 10 localities.

In alliance with Universidad Mayor and Universidad Autónoma, Arcor Chile Foundation held the "Healthy Day" with the aim of promoting active life and healthy nutrition. Schools and kindergartens participating in the PAD attended. During the day, physical activity and active play stations were held, and healthy nutrition stands were developed. 340 children from San Joaquín community as well as 34 collaborators from Arcor Chile participated in the event.





# ABOUT THIS REPORT

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### 8.2 MATERIALITY ANALYSIS

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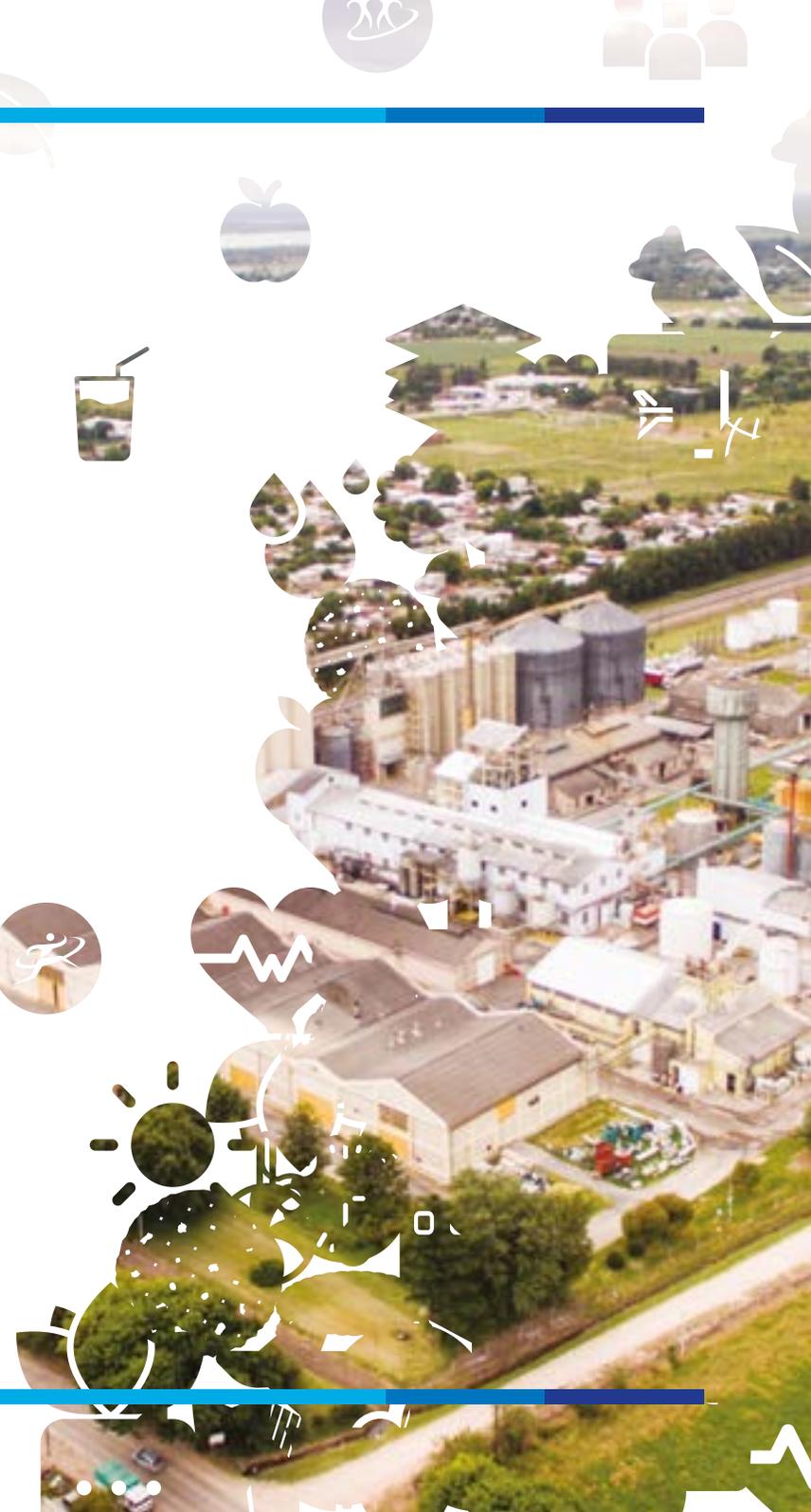
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### 8.4 CERTIFICATIONS AND PRIZES

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### 8.5 REPORT ON EXTERNAL ASSESSMENT

PAGE 168



## 8.1 OUR REPORT

This is the 15th Report that Arcor Group presents to provide to all our stakeholders with transparent and systematized information on the economic, social and environmental performance of Arcor.

This Report shows the progress of sustainability management for the period from January 1 to December 31, 2019. It follows international transparency and accountability guidelines and standards, and includes comparative indicators corresponding to previous periods.

The Arcor Group's Sustainability Report 2019 has been prepared in accordance with the Essential option of the GRI Standards (Global Reporting Initiative), including elements that allow progress in its thoroughness. It also provides responses to indicators of the SASB Standards (Sustainability Accounting Standards Board) for the Processed Food and Agricultural Products industries -corresponding to the Food & Beverages sector- and Containers Packaging -corresponding to the Resource Transformation sector-.

In addition, in the Report, it is shown how the company complies with the SDGs, as well as it follows the requirements and responds to the annual communication required by the United Nations Global Compact to its member companies.



## 8.2 MATERIALITY ANALYSIS

We define the contents to be included in the Report considering stakeholders' expectations and the sustainability context of Arcor Group, through a process that is made up of the following stages:



**Identification:** based on the topics comprised on the Sustainability Policy and Strategy, the Matrix of Sustainability Risks and Opportunities and the Operating Plans for each business unit, we analyze the thematic standards and define those materials to be included in the content of the Report.

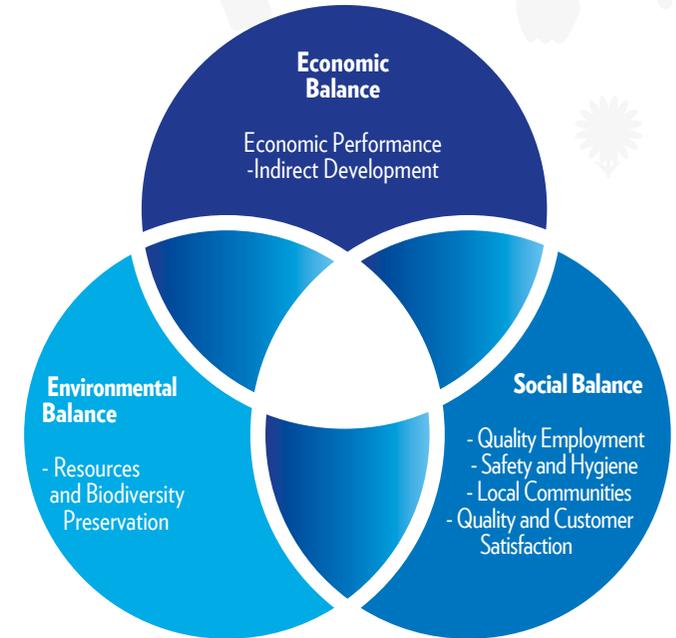


**Prioritization:** at meetings held with key leading actors, the progress made during the year is analyzed considering its impact inside and outside the organization, the requirements of the international standards applied, and the expectations aroused in the consultation forums with different audiences.



**Review and Validation:** The content of the Report is internally reviewed and validated by all the areas and leading actors that take part in its preparation. In addition, each time a new report is prepared, opportunities for improvement are analyzed, taking into consideration opinions and reviews.

Our materiality is organized in three main axes that make up the baseline to address sustainability issues. And, for each of them, subtopics and indicators are developed:



# 8.3 INDEX OF CONTENTS

## GRI STANDARDS

### REFERENCES:

- Indicators meet the criteria of Advanced COP of the Principles of the United Nations Global Compact.
- MEF2019: Information reported in the 2019 Annual Report and Financial Statements of Arcor Group available at [www.arcor.com](http://www.arcor.com)
- All the notes included in the table appear at the end of it.

GRI STANDARD	CONTENT	PAGE AND/OR ANSWER	OMISSION	SUSTAINABLE DEVELOPMENT GOALS (SDGs)
<b>General Contents</b>				
GRI 101: 2016 Grounds				
	<b>Organization profile</b>			
	102-1 Name of the organization	Arcor Group		
	102-2 Activities, brands, products and services	9, 15-18		
	102-3 Location of headquarters	10-11		
	102-4 Location of operations	10-11		
	102-5 Property and legal status	Sustainability report has the same scope and coverage as the Financial Statements and includes all the subsidiaries described in Note 2.3 of the Consolidated Financial Statements as of 31 December 2019, available at <a href="http://www.arcor.com">www.arcor.com</a>		
GRI 102: General Statements 2016				
	102-6 Markets served	11		
	102-7 Organization size	9, 20		
	102-8 Information about employees and other workers	20		8.5, 10.3
	102-9 Supply chain	36-37		
	102-10 Significant changes in the organization and its supply chain	37		
	102-11 Principle or precautionary approach	19, 22		
	102-12 External initiatives	26		
	102-13 Union Affiliations	12-13, 127		
	<b>Strategy</b>			
	102-14 Statement by senior executives responsible for decision making	2-5		
	102-15 Main impacts, risks and opportunities	14, 19, 21-27, 111		

GRI STANDARD	CONTENT	PAGE AND/OR ANSWER	OMISSION	SUSTAINABLE DEVELOPMENT GOALS (SDGs)
	<b>Ethics and integrity</b>			
	102-16 Values, principles, standards and norms of conduct	9, 24		
	102-17 Advisory mechanisms and ethical concerns	23		
	<b>Governance</b>			
	102-18 Governance structure	23		
	102-19 Authority delegation	23, MEF2019: Annex I - Report on Corporate Governance Code		
	102-20 Responsibility at the executive level of economic, environmental and social issues	23		
	102-21 Consultation to stakeholders on economic, environmental and social issues	30-31		
	102-22 Composition of the highest governance body and its committees	23		
	102-23 President of the highest governance body	The president of the governance body is also CEO of the company.		
GRI 102: General Statements 2016	102-26 Role of the highest governance body in the selection of objectives, values and strategy	23		
	102-27 Collective knowledge of the highest governance body	23	4.7	
	102-30 Risk management processes effectiveness	25		
	102-31 Review of economic, environmental and social issues	19, 22, 146		
	102-32 Role of the highest governance body in the preparation of sustainability reports	23		
	102-33 Communication of critical concerns	24		
	102-37 Involvement of stakeholders in remuneration	23, MEF2019: Annex I - Report on Corporate Governance Code		
		<b>Stakeholders participation</b>		
	102-40 List of stakeholders	30		
	102-41 Collective bargaining agreements	20		8.8
	102-42 Identification and selection of stakeholders	30		

GRI STANDARD	CONTENT	PAGE AND/OR ANSWER	OMISSION	SUSTAINABLE DEVELOPMENT GOALS (SDGs)	
GRI 102: General Statements 2016	102-43 Approach to stakeholder participation	30			
	102-44 Key issues and concerns mentioned	146			
	<b>Practices for Reports Preparation</b>				
	102-45 Entities included in the consolidated financial statements		The Sustainability Report has the same scope and coverage as the Financial Statements of Arcor Group and includes all the subsidiaries described in Note 2.3 of the Consolidated Financial Statements as of 31 December 2019, available at <a href="http://www.arcor.com">www.arcor.com</a>		
	102-46 Definition of report's contents and topics coverage	145-146			
	102-47 List of material topics	147-156			
	102-48 Information restatement		Explanations about information restatement from previous Reports are present throughout this Report		
	102-49 Changes in report preparation	145			
	102-50 Period covered by the report	145			
	102-51 Date of last report		Sustainability Report 2018 (01.01.2018-31.12.2018)		
	102-52 Cycle of report preparation		Annual		
	102-53 Contact point for questions about the report		170		
	102-54 Declaration of preparation of the Report in accordance with GRI Standards		145		
	102-55 GRI content index		147-156		
	102-56 External verification		168-169		
<b>Material topics</b>					
<b>Economic topics</b>					
GRI 103: 2016 Management Approach	103-1 Explanation of material topic and its coverage	20			
	103-2 Management approach and its components	20			
	103-3 Management approach assessment	20			

GRI STANDARD	CONTENT	PAGE AND/OR ANSWER	OMISSION	SUSTAINABLE DEVELOPMENT GOALS (SDGs)
GRI 201: 2016 Economic Performance	201-1 Direct economic value generated and distributed	20		9.4
	201-4 Financial aid received from the government	In 2019, Arcor Group didn't receive any financial aid from governments, except for the forestry promotion that benefits to Zucamor Group, acquired by the company on July, 2017.		
GRI 103: 2016 Management Approach	103-1 Explanation of the material topic and its coverage	20		
	103-2 Management approach and its components	20		
	103-3 Management approach assessment	20		
GRI 203: 2016 Indirect economic impacts	203-1 Investments in infrastructure and supported services	4-5, 21, 48-51, 61-64, 88, 94		9.4
	203-2 Significant indirect economic impacts	61-64, 111		1.2, 2.3, 8.5
<b>Environmental topics</b>				
GRI 103: 2016 Management Approach	103-1 Explanation of the material topic and its coverage	99		
	103-2 Management approach and its components	99		
	103-3 Management approach assessment	99		
GRI 301: 2016 Materials	301-1 Materials used by weight or volum	88, 100. Due to confidentiality reasons, materials used are expressed in its percentage value (%) of its total volume.		
	301-2 Recycled inputs	79-80		12.2, 12.5
GRI 103: 2016 Management Approach	103-1 Explanation of the material topic and its coverage	79-80		
	103-2 Management approach and its components	99-105		
	103-3 Management approach assessment	99-105		
GRI 302: 2016 Energy	302-1 Energy consumption in the company	82		7.4, 12.2
	302-4 Energy consumption reduction	82-83		
GRI 103: Management Approach	103-1 Explanation of the material topic and its coverage	68-69		
	103-2 Management approach and its components	68-69		
	103-3 Management approach assessment	68-69		
GRI 303: Water and effluents	303-1 Interaction with water as a shared resource	70		

GRI STANDARD	CONTENT	PAGE AND/OR ANSWER	OMISSION	SUSTAINABLE DEVELOPMENT GOALS (SDGs)
GRI 303: 2018 Water and effluents	303-2 Management of the impacts related to water spills	75. Quality of effluents disposed complies with parameters established by applicable laws.		
	303-3 Water extraction	75		6.4
	303-5 Water consumption	70-71		
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	35		
	103-2 Management approach and its components	35		
	103-3 Management approach assessment	35		
GRI 304: 2016 Biodiversity	304-1 Operation plants in our own, leased or managed properties located within or next to protected areas or areas of high biodiversity value outside protected areas	45, 70		
	304-3 Protected or restored habitats	70		
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	79-80		
	103-2 Management approach and its components	79-80		
	103-3 Management approach assessment	79-80		
GRI 305: 2016 Emissions	305-1 Direct GHG emissions (scope 1)	81		
	305-2 Indirect GHG emissions when generating energy (scope 2)	81		
	305-3 Other indirect GHG emissions (scope 3)	81		15.2
	305-5 Reduction of GHG emissions	87		
	305-6 Emissions of substances that deplete the ozone layer	Arcor Group does not use ozone-depleting substances.		
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	88-89		
	103-2 Management approach and its components	88-89		
	103-3 Management approach assessment	88-89		
GRI 306: 2016 Effluents and waste	306-2 Waste by type and disposal method	88-95		6.3, 12.5
	306-3 Significant spills	75		6.3, 14.1
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	47-48		
	103-2 Management approach and its components	47-48		

GRI STANDARD	CONTENT	PAGE AND/OR ANSWER	OMISSION	SUSTAINABLE DEVELOPMENT GOALS (SDGs)
GRI 103: 2016 Management approach	103-3 2016 Environmental compliance	47-48		
GRI 307: 2016 Environmental compliance	307-1 Non-compliance with environmental law and regulations	48		
<b>Social topics</b>				
	103-1 Explanation of the material topic and its coverage	109		
GRI 103: 2016 Management approach	103-2 Management approach and its components	109		
	103-3 Management approach assessment	109		
	401-1 New hiring of employees and staff turnover	Note 1		5.1, 8.5, 8.6, 10.3
GRI 401: 2016 Employment	401-2 Benefits for full-time employees that are not available for part-time or temporary employees	Arcor makes no difference in the benefits granted to its employees.		
	401-3 Parental leave	Note 2		5.1, 8.5
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	109		
	103-2 Management approach and its components	109		
	103-3 Management approach assessment	109		
GRI 403: 2018 Work Health and safety	403-1 Management system for health and safety at work	116-118		8.8
	403-2 Dangers identification, risks assessment and accidents investigations	116-118		
	403-3 Health service at work	116-118		
	403-5 Workers training on health and safety at work	119		
	403-6 Workers health promotion	116-118		
GRI 403: 2018 Work Health and safety	403-8 Coverage of the management system for health and safety at work	116-118		
	403-9 Occupational injuries	116-117		
	103-1 Explanation of the material topic and its coverage	110-119		
	103-2 Management approach and its components	110-119		
GRI 103: 2016 Management approach	103-3 Management approach assessment	110-119		
	404-3 Percentage of employees receiving regular performance and professional development evaluation	119		5.1, 8.5, 10.3
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	113-115		

GRI STANDARD	CONTENT	PAGE AND/OR ANSWER	OMISSION	SUSTAINABLE DEVELOPMENT GOALS (SDGs)
GRI 103: 2016 Management approach	103-2 Management approach and its components	113-115		
	103-3 Management approach assessment	113-115		
	405-1 Diversity in governing bodies and employees	Note 3		
GRI 405: 2016 Diversity and Equal Opportunities	405-2 Ratio of women's base salary and remuneration in comparison to men's	120		
	103-1 Explanation of the material topic and its coverage	59		
GRI 103: 2016 Management approach	103-2 Management approach and its components	59		
	103-3 Management approach assessment	59		
	406-1 Discrimination cases and corrective actions taken	In 2019, no discrimination incidents or claims were reported to the Ethics Line		5.1, 8.8
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	109		
	103-2 Management approach and its components	109		
	103-3 Management approach assessment	109		
GRI 407: 2016 Freedom of Association and Collective Bargaining Agreements	407-1: Operations and suppliers whose right to freedom of association and collective bargaining could be at risk	120. As part of its commitment to the United Nations Global Compact, and pursuant to what is included in Arcor's Sustainability Policy and the Code of Ethics and Conduct, the Group respects freedom of association and effectively acknowledges the right to free collective bargaining. Arcor Group promotes voluntary trade union association. In 2019, there were no incidents at the Company's major centers and suppliers that would put these rights at stake.		8.8
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	109-112		
	103-2 Management approach and its components	109-112		
	103-3 Management approach assessment	109-112		

GRI STANDARD	CONTENT	PAGE AND/OR ANSWER	OMISSION	SUSTAINABLE DEVELOPMENT GOALS (SDGs)
GRI 408: 2016 Child labor	408-1 Operations and suppliers with significant risk of child labor cases	As part of its commitment to the United Nations Global Compact, and pursuant to what is included in Arcor's Sustainability Policy and the Code of Ethics and Conduct, the Group is committed to the elimination of all types of forced or compulsory labor, including those types that affect children. In 2019, there were no incidents at the major centers and suppliers. In the cases of outsourced operations and suppliers having significant risk for incidents of forced or unregistered labor, measures to prevent their occurrence have been adopted.		8.7, 16.2
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	109		
	103-2 Management approach and its components	109		
	103-3 Management approach assessment	109		
GRI 409: 2016 Forced or Compulsory Labor	409-1 Operations and suppliers with significant risk of forced or compulsory labor cases	As part of its commitment to the United Nations Global Compact, and pursuant to what is included in Arcor's Sustainability Policy and the Code of Ethics and Conduct, the Group is committed to the elimination of all types of forced or compulsory labor, including those types that affect children. In 2019, there were no incidents at the Company's major centers and suppliers that would put these rights at stake. In the cases of outsourced operations and suppliers having significant risk for incidents of forced or unregistered labor, measures to prevent their occurrence have been adopted.		8.7
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	109		
	103-2 Management approach and its components	109		
	103-3 Management approach assessment	109		
GRI 410: 2016 Security Practices	410-1 Security personnel trained in human rights policies or procedures	111		
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	109		

GRI STANDARD	CONTENT	PAGE AND/OR ANSWER	OMISSION	SUSTAINABLE DEVELOPMENT GOALS (SDGs)
GRI 103: 2016 Management approach	103-2 Management approach and its components	109		
	103-3 Management approach assessment	109		
GRI 412: 2016 Human Rights Assessment	412-1 Operations revised or undergoing impact assessment on human rights	111		
	412-2 Training of employees in human rights policies or procedures	111		
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	35		
	103-2 Management approach and its components	35		
	103-3 Management approach assessment	35		
GRI 413: 2016 Local Communities	413-1 Operations with local community participation, impact assessments and development programs	36, 39-45		
	413-2 Operations with significant negative impact –real or potential– in the local communities	39-45		1.2, 2.3
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	37-45		
	103-2 Management approach and its components	37-45		
	103-3 Management approach assessment	37-45		
GRI 414: 2016 Social Assessment to Suppliers	414-1 New suppliers that have passed selection filters according to social criteria	37-38		5.2, 8.8
	414-2 Negative social impacts in the supply chain and and measures taken	37-45		
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	125-129		
	103-2 Management approach and its components	125-129		
	103-3 Management approach assessment	125-129		
GRI 416: Customers' health and safety	416-1 Assessment of the health and safety impacts of the categories of products or services	129-138		
	416-2 Non-compliance cases related to the health and safety impacts of the categories of products and services	In 2019, there were no incidents of non-compliance concerning the health and safety impacts of product categories.		

GRI STANDARD	CONTENT	PAGE AND/OR ANSWER	OMISSION	SUSTAINABLE DEVELOPMENT GOALS (SDGs)
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	129		
	103-2 Management approach and its components	129		
	103-3 Management approach assessment	129		
GRI 417: 2016 Marketing and Labelling	417-1 Requirements for the information and labelling of products and services	129-138		12.8
	417-2 Non-compliance cases related to information and labeling of products and services	In 2019 there were no significant incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling.		
	417-3 Non-compliance cases related to marketing communications	In 2019 there were no significant incidents of non-compliance with regulations and voluntary codes concerning marketing communications, such as advertising, promotion and sponsorship, or related to marketing and advertising targeted at children.		
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its coverage	22		
	103-2 Management approach and its components	22		
	103-3 Management approach assessment	22		
GRI 419: 2016 Socioeconomic Compliance	419-1 Failure to comply with laws and regulations in the social and economic fields	In 2019, there were no significant incidents of non-compliance with laws and regulations in the social and economic area.		

## NOTE 1

### New employees hired

	Men	Women	TOTAL	
			2019	2018
<b>Under 30 Years Old</b>	<b>1,055</b>	<b>613</b>	<b>1,668</b>	<b>2,147</b>
Argentina	468	220	688	832
Brazil	221	227	448	778
Chile	56	19	75	145
Perú	89	20	109	72
Mexico	208	113	321	300
Rest of the world	13	14	27	20
<b>Between 30 and 50 Years Old</b>	<b>687</b>	<b>400</b>	<b>1,087</b>	<b>1,059</b>
Argentina	228	84	312	336
Brazil	242	183	425	361
Chile	81	34	115	157
Perú	55	43	98	46
Mexico	64	51	115	137
Rest of the world	17	5	22	22
<b>Over 50 Years Old</b>	<b>35</b>	<b>24</b>	<b>59</b>	<b>56</b>
Argentina	7	0	7	9
Brazil	8	12	20	20
Chile	11	9	20	25
Perú	2	1	3	0
Mexico	7	2	9	1
Rest of the world	0	0	0	1

### Rate of new hiring (Hirings/Total staff)

	Men	Women	TOTAL	
			2019	2018
<b>Under 30 Years Old</b>	<b>29.42%</b>	<b>17.09%</b>	<b>46.51%</b>	<b>49.54%</b>
Argentina	29.34%	13.79%	43.13%	42.19%
Brazil	18.57%	19.08%	37.65%	51.73%
Chile	23.14%	7.85%	30.99%	51.06%
Perú	97.80%	21.98%	119.78%	70.59%
Mexico	55.03%	29.89%	84.92%	77.92%
Rest of the world	14.44%	15.56%	30.00%	22.99%
<b>Between 30 and 50 Years Old</b>	<b>5.43%</b>	<b>3.16%</b>	<b>8.59%</b>	<b>10.08%</b>
Argentina	2.72%	1.00%	3.72%	4.58%
Brazil	10.59%	8.01%	18.59%	21.57%
Chile	8.80%	3.70%	12.50%	15.82%
Perú	27.78%	21.72%	49.49%	40.67%
Mexico	10.65%	8.49%	19.13%	24.13%
Rest of the world	6.42%	1.89%	8.30%	10.73%
<b>Over 50 Years Old</b>	<b>1.00%</b>	<b>0.69%</b>	<b>1.69%</b>	<b>2.26%</b>
Argentina	0.30%	0.00%	0.30%	0.69%
Brazil	1.69%	2.53%	4.22%	3.98%
Chile	1.91%	1.56%	3.47%	6.99%
Perú	8.00%	4.00%	12.00%	14.29%
Mexico	12.50%	3.57%	16.07%	16.00%
Rest of the world	0.00%	0.00%	0.00%	0.00%

## Staff Turnover\*

	TOTAL			
	Men	Women	2019	2018
<b>Under 30 Years Old</b>	<b>17.11%</b>	<b>6.77%</b>	<b>23.88%</b>	<b>13.61%</b>
Argentina	5.78%	2.85%	8.64%	6.08%
Brazil	22.06%	6.97%	29.03%	16.20%
Chile	10.34%	3.02%	13.36%	13.31%
Perú	5.71%	5.71%	11.43%	4.55%
Mexico	50.41%	22.22%	72.63%	38.10%
Rest of the world	4.69%	6.25%	10.94%	7.69%
<b>Between 30 and 50 Years Old</b>	<b>6.75%</b>	<b>2.91%</b>	<b>9.66%</b>	<b>6.71%</b>
Argentina	5.18%	1.50%	6.68%	4.17%
Brazil	10.87%	6.58%	17.45%	12.09%
Chile	5.76%	1.88%	7.65%	8.84%
Perú	10.85%	3.10%	13.95%	11.94%
Mexico	14.05%	9.70%	23.75%	14.65%
Rest of the world	3.52%	2.51%	6.03%	14.52%
<b>Over 50 Years Old</b>	<b>10.24%</b>	<b>3.80%</b>	<b>14.04%</b>	<b>10.86%</b>
Argentina	12.82%	3.86%	16.67%	12.72%
Brazil	4.51%	6.01%	10.52%	8.54%
Chile	6.08%	1.56%	7.64%	5.19%
Perú	4.35%	4.35%	8.70%	15.00%
Mexico	5.36%	7.14%	12.50%	8.00%
Rest of the world	0.00%	0.00%	0.00%	0.00%

\* Calculated as total voluntary and involuntary annual total losses of the effective own personnel on the total staff as of December 31, 2019, of the effective own personnel.

## NOTE 2

### Number of employees who requested maternity or paternity leave in Argentina

	TOTAL			
	Men	Women	2019	2018
Adoption leave	0	0	0	0
Maternity/paternity leave	363	117	480	512
Extended maternity leave	0	181	181	246
<b>Total</b>	<b>363</b>	<b>298</b>	<b>661</b>	<b>758</b>

### % of employees having taken maternity or paternity leave who returned to work after

TOTAL			
Men	Women	2019	2018
100.00%	98.72%	99.59%	99.50%

### Employees Who Continued Holding their Positions after 12 Months

	TOTAL			
	Men	Women	2019	2018
Adoptive maternity/paternity leave	0	0	0	1
Maternity/paternity leave	370	92	462	556
Unpaid leave for maternity	0	14	14	s/d
Reduced workday for maternity reasons	0	188	188	184
<b>Total</b>	<b>370</b>	<b>294</b>	<b>664</b>	<b>741</b>

## Retention rate of employees who requested maternity or paternity leave

		TOTAL	
Men	Women	2019	2018
92.04%	82.58%	87.60%	88.10%

### NOTE 3

#### % of employees by age

	Under 30 years	Between 30 and 50 years	Over 50 years
Director	0.00%	0.01%	0.03%
Manager	0.00%	1.49%	0.48%
Head	0.15%	3.26%	0.60%
Analyst/Supervisor	3.39%	10.36%	1.48%
Assistant/Worker	14.62%	49.00%	15.14%

## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

### PROCESSED FOODS

TABLE 1. SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

TOPIC	ACCOUNTING METRIC	CODE	CHAPTER/SECTION
Energy Management	Total energy consumed		Chapter 4
	Percentage grid electricity	FB-PF-130a.1	Chapter 4
	Percentage renewable		Chapter 4
Water Management	Total water withdrawn,	FB-PF-140a.1	Chapter 3
	Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress		Chapter 3
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	FB-PF-140a.2	Chapter 3
	Description of water management risks and discussion of strategies and practices to mitigate those risks	FB-PF-140a.3	Chapter 3
Food Safety	Global Food Safety Initiative (GFSI) audit non-conformance rate and associated corrective action rate for major and minor non-conformances	FB-PF-250a.1	Chapter 2, 7 & 8
	Percentage of ingredients sourced from supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	FB-PF-250a.2	Chapter 7
	Total number of notices of food safety violation received, and percentage corrected	FB-PF-250a.3	Chapter 7
Health & Nutrition	Revenue from products labeled and/or marketed to promote health and nutrition attributes	FB-PF-260a.1	Chapter 7
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	FB-PF-260a.2	Chapter 7
Product Labeling & Marketing	Percentage of advertising impressions made on children and made on children promoting products that meet dietary guidelines	FB-PF-270a.1	Chapter 7
	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	FB-PF-270a.3	Chapter 7
Packaging Lifecycle Management	Total weight of packaging		Chapter 5
	Percentage made from recycled and/or renewable materials	FB-PF-410a.1	Chapter 5
	Percentage that is recyclable, reusable, and/or compostable		Chapter 5
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	FB-PF-410a.2	Chapter 5
Environmental & Social Impacts of Ingredient Supply Chain	Suppliers' social and environmental responsibility audit. Non-conformance rate and associated corrective action rate for major and minor non-conformances	FB-PF-430a.2	Chapter 2
Ingredient Sourcing	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	FB-PF-440a.1	Chapter 7

TABLE 2. ACTIVITY METRICS

ACTIVITY METRIC	CODE	CHAPTER/SECTION
Number of production facilities	FB-PF-000.B	Chapter 1

## AGRICULTURAL PRODUCTS

TABLE 1. SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

TOPIC	ACCOUNTING METRIC	CODE	CHAPTER/SECTION
Greenhouse Gas Emissions	Gross global Scope 1 emissions	FB-AG-110a.1	Chapter 4
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	FB-AG-110a.2	Chapter 4
	Fleet fuel consumed, percentage renewable	FB-AG-110a.3	Chapter 4
Energy Management	Operational energy consumed, percentage grid electricity and percentage renewable	FB-AG-130a.1	Chapter 4
Water Management	Total water withdrawn, total water consumed and percentage of each in regions with High or Extremely High Baseline Water Stress	FB-AG-140a.1	Chapter 3
	Description of water management risks and discussion of strategies and practices to mitigate those risks	FB-AG-140a.2	Chapter 3
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	FB-AG-140a.3	Chapter 3
Food Safety	Global Food Safety Initiative (GFSI) audit, non-conformance rate and associated corrective action rate for major and minor non-conformances	FB-AG-250a.1	Chapter 2, 7 & 8
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	FB-AG-250a.2	Chapter 7
Workforce Health & Safety	Total recordable incident rate, fatality rate, and near miss frequency rate for direct employees and seasonal and migrant employees	FB-AG-320a.1	Chapter 6
Environmental & Social Impacts of Ingredient Supply Chain	Suppliers' social and environmental responsibility audit. Non-conformance rate and associated corrective action rate for major and minor non-conformances	FB-AG-430a.2	Chapter 2
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	FB-AG-430a.3	Chapter 2
Ingredient Sourcing	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	FB-AG-440a.2	Chapter 3

TABLE 2. ACTIVITY METRICS

ACTIVITY METRIC	CODE	CHAPTER/SECTION
Number of processing facilities	FB-AG-000.B	Chapter 1 & 2
Total land area under active production	FB-AG-000.C	Chapter 1 & 2

## CONTAINERS & PACKAGING

**TABLE 1. SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS**

TOPIC	ACCOUNTING METRIC	CODE	CHAPTER/SECTION
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	RT-CP-110a.1	Chapter 4
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	RT-CP-110a.2	Chapter 4
Air Quality	Air emissions of the following pollutants: NO <sub>x</sub> (excluding N <sub>2</sub> O), SO <sub>x</sub> , volatile organic compounds (VOCs), and particulate matter (PM)	RT-CP-120a.1	Chapter 4
Energy Management	Total energy consumed, percentage grid electricity, percentage renewable, total self-generated energy	RT-CP-130a.1	Chapter 4
Water Management	Total water withdrawn, total water consumed and percentage of each in regions with High or Extremely High Baseline Water Stress	RT-CP-140a.1	Chapter 3
	Description of water management risks and discussion of strategies and practices to mitigate those risks	RT-CP-140a.2	Chapter 3
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	RT-CP-140a.3	Chapter 3
Waste Management	Amount of hazardous waste generated and percentage recycled	RT-CP-150a.1	Chapter 4
Product Lifecycle Management	Percentage of raw materials from: recycled content, renewable resources, and renewable and recycled content	RT-CP-410a.1	Chapter 5
	Revenue from products that are reusable, recyclable, and/or compostable	RT-CP-410a.2	Chapter 5
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	RT-CP-410a.3	Chapter 5
Supply Chain Management	Total wood fiber procured, percentage from certified sources	RT-CP-430a.1	Chapter 5

**TABLE 2. ACTIVITY METRICS**

ACTIVITY METRIC	CODE	CHAPTER/SECTION
Percentage of production as: paper/wood, glass, metal, and plastic	RT-CP-000.B	Chapter 5
Number of employees	RT-CP-000.C	Chapter 1

## 8.4 CERTIFICATIONS & AWARDS

COMPANY	LOCATION	PLANT	CERTIFICATIONS					TPM AWARD	OTHERS
			ISO 14001:2015 <sup>1</sup>	OHSAS 18001:2015 <sup>2</sup>	ISO 9001:2015 <sup>3</sup>	FOOD SAFETY NORMS	FORESTRY MANAGEMENT		
Arcor	Complex Recreo, Catamarca	Gummy candies manufacturing, powder to prepare desserts, juice and bakery products	X	X	X	BRC <sup>4</sup> /HACCP <sup>5</sup> /BPM <sup>6</sup>			
		Hard candies, chewing gums and wafers	X	X	X	BRC/HACCP/BPM	1 2		
		Milk candies manufacturing	X	X	X	BRC/IFS <sup>7</sup> /HACCP/BPM		UTZ <sup>8</sup> y RSPO <sup>9</sup>	
	Complex Arroyito, Córdoba	Wet Milling Plant 1	X	X	X		1		
		Wet Milling Plant 3	X		X	BRC/HACCP/BPM			
		Thermoelectric power plant	X	X	X				
		Distribution center	X	X	X				
	Arroyito, Córdoba	Dairy farm 1	X	X					
		Dairy farm 2	X	X					
		Dairy farm 6	X	X					
	Complex Lules, Tucumán	Candies	X	X	X	BRC/FSMA <sup>10</sup> /HACCP/BPM	1 2		
		Wet milling	X	X	X	HACCP	1		
	Complex San Pedro, Buenos Aires	Silos, corn dry milling	X	X	X				
		Oil	X	X	X	BRC	1		
		Alcohol	X	X	X	BRC/HACCP/BPM			
	Río Seco, Tucumán	Ingenio La Providencia (Sugar mill)	X		X	FSSC 22.000 <sup>11</sup> /BPM		Global G.A.P. <sup>12</sup> Own sugar cane plantation)	
		Thermoelectric power plant	X						

<sup>1</sup> Environmental Management System / <sup>2</sup> Occupational Health and Safety Management System / <sup>3</sup> Quality Management System / <sup>4</sup> British Retail Consortium / <sup>5</sup> Risks Analysis and Critical Points Control / <sup>6</sup> Good Manufacturing Practices / <sup>7</sup> International Featured Standard / <sup>8</sup> Sustainable Certification for Cocoa / <sup>9</sup> Roundtable on Sustainable Palm Oil / <sup>10</sup> Food Safety Modernization Act / <sup>11</sup> Food Safety System Certification / <sup>12</sup> Good Agricultural Practices / 1 1st Award for Excellence in the Implementation of TPM (1st Level) / 2 2nd Award for Excellence in Consistent Commitment to TPM (2nd Level).

COMPANY	LOCATION	PLANT	CERTIFICATIONS					TPM AWARD	OTHERS
			ISO 14001:2015 <sup>1</sup>	OHSAS 18001:2015 <sup>2</sup>	ISO 9001:2015 <sup>3</sup>	FOOD SAFETY NORMS	FORESTRY MANAGEMENT		
Arcor	Colonia Caroya, Córdoba	Chocolates	X	X	X	BRC/HACCP/BPM		1 2	UTZ
	San Luis, San Luis	Chocolates, candies and chewing gums	X	X	X	BRC/HACCP/BPM		1	
	Talar de Pacheco, Buenos Aires	Distribution Center	X	X	X				
Arcor de Brazil	Rio das Pedras, San Pablo, Brazil	Candies and chewing gums	X	X	X	BRC/HACCP/BPM		1	
	Braganca Paulista, San Pablo, Brazil	Chocolates and candies	X	X	X	BRC/HACCP/BPM		1	
Arcor de Chile	Santiago, Chile	Bicentenario Plant	X	X	X	BRC/BPM			
Arcor de Perú	Chancay, Perú	Candies and chewing gums				HACCP (Digesa)			
Bagley Argentina	Córdoba, Córdoba	Cookies	X	X	X	BRC/HACCP/BPM			
	Salto, Buenos Aires	Cookies	X	X	X	BRC/HACCP/BPM		1	
	Complex Villa del Totoral, Córdoba	Cookies	X	X	X	BRC/HACCP/BPM		1	
	Villa Mercedes, San Luis	Cookies	X	X	X	BRC/HACCP/BPM			
Bagley de Brazil	Campinas, San Pablo, Brazil	Cookies	X	X	X	BRC/HACCP/BPM		1	
	Contagem, Mina Gerais, Brazil	Cookies	X	X	X	BRC/HACCP/BPM		1	
Bagley de Chile	Santiago, Chile	Cookies	X	X	X	BRC/HACCP/BPM		1	
Cartocor	Arroyito complex, Córdoba	Recycled paper and corrugated cardboard boxes manufacturing	X	X	X		FSC <sup>15</sup>	1 2 3	
	Luján Complex, Buenos Aires	Corrugated cardboard manufacturing	X	X	X		FSC	1	
		POP material manufacturing			X				

<sup>1</sup> Environmental Management System/ <sup>2</sup> Occupational Health and Safety Management System/ <sup>3</sup> Quality Management System/ <sup>15</sup> Forest Stewardship Council/ 1 1st Award for Excellence in the Implementation of TPM (1st Level)/ 2 2nd Award for Excellence in the Consistent Commitment to TPM (2nd Level)/ 3 3° Special Award TPM (3rd Level).

COMPANY	LOCATION	PLANT	CERTIFICATIONS					TPM AWARD	OTHERS
			ISO 14001:2015 <sup>1</sup>	OHSAS 18001:2015 <sup>2</sup>	ISO 9001:2015 <sup>3</sup>	FOOD SAFETY NORMS	FORESTRY MANAGEMENT		
Cartocor	Luján Complex, Buenos Aires	Film printing	X		X	FSSC 22.000		1	
	Paraná, Entre Ríos	Corrugated cardboard manufacturing	X	X	X		FSC	1 2 3	
	Rancagua, Chile	Corrugated cardboard manufacturing	X		X		PEFC <sup>14</sup>		
La Campagnola	Villa del Totoral Complex, Córdoba	Film printing and production of printing cylinders	X	X	X	FSSC 22.000			
	San Rafael, Mendoza	Fruit pulp			X	BRC			
	Mar del Plata, Buenos Aires	Canned fish	X	X	X	BRC/HACCP/BPM			
	Villa Mercedes Complex, San Luis	Jams and marmalades	X	X	X	BRC/HACCP/BPM		1	
	Rawson, San Juan	Canned tomato	X	X	X	BRC/HACCP/BPM			
	Junín, Mendoza	Nueva Aurora Farm				Global G.A.P.			
	Villa Seca, Mendoza	El Desafío Farm				Global G.A.P.			
	Villa Seca, Mendoza	El Porvenir Farm				Global G.A.P.			
Mundo Dulce	San Martín, Mendoza	El Paraiso Farm				Global G.A.P.			
Zucamor	Toluca, Mexico	Chocolates, candies and chewing gums	X		X	BRC/HACCP/BPM			
	Ranelagh, Buenos Aires	Recycled paper and corrugated cardboard			X		FSC		
	Quilmes, Buenos Aires	Corrugated cardboard	X	X	X		FSC		
	Misiones	Virgin paper	X		X		FSC - PEFC		
	San Luis, San Luis	Paper bags	X		X		FSC		
	Mendoza, Mendoza	Recycled paper and corrugated cardboard			X		FSC		
	San Juan, San Juan	Corrugated cardboard	X		X		FSC		

<sup>1</sup> Environmental Management System/ <sup>2</sup> Occupational Health and Safety Management System/ <sup>3</sup> Quality Management System/ <sup>15</sup> Forest Stewardship Council/ **1** 1st Award for Excellence in the Implementation of TPM (1st Level)/ **2** 2nd Award for Excellence in the Consistent Commitment to TPM (2nd Level)/ **3** 3<sup>rd</sup> Special Award TPM (3rd Level).

## FOOD SECURITY

In 2019, the certification plan for the management systems of the different plants that make up the group continued. During the year, new Food Safety certifications were not incorporated, but the BRC, HACCP, Global GAP, IFS and FSSC 22000 certifications obtained at the different sites were maintained.

In addition, the BRC certifications were obtained for San Pedro Complex (one certificate for Alcohol and one for Oil) and for Arroyito Candies Complex (one certificate for Hard Candies and another for the rest of the Complex's Candy plants).

Meanwhile, the 4 Bagley plants in Argentina received inspections from the FDA (Food and Drug Administration). All inspections were carried out in accordance with the requirements of the new Food Safety Modernization Act (FSMA) of the United States, which were successfully passed without "non-conform".

## QUALITY MANAGEMENT

Regarding the quality management systems, the certifications obtained from ISO 9001 standard of Quality Management were maintained, including logistics operations of Villa Mercedes and Corporate Engineering (new area certification included in the Main Certificate) into the scope of the Main Certificate of Arcor Group.

According to regulatory, legislative, and customer requirements, we continue to work on updating our risk-based hazard analyzes for HACCP, HARPC (Preventive Controls), Food Fraud, Food Defense and Allergens Management.

In 2019, the use and application of the tool "Index of Perceived Quality in the market" was deepened. This tool is an indicator associated with the degree-level of quality that our products present at the point of sale.

It should be noted that, throughout the year, we continued working to integrate Mastellone Hermanos and Zucamor plants into our SGI, standardizing indicators, certifications, criteria, policies, management system, and process quality control system.



## 8.5 EXTERNAL REVIEW REPORT



### INDEPENDENT PUBLIC ACCOUNTANTS LIMITED ASSURANCE REPORT (ABOUT SUSTAINABILITY REPORT)

External Review Report,  
To Arcor Group Board of Directors<sup>1</sup>.

#### 1. Identification of the information to be reviewed:

We have been hired to issue a limited assurance report on the information contained in the 2019 Sustainability Report, corresponding to the period from January 1, 2019 to December 31, 2019, and to the self-declaration made by Arcor Group that they have complied with the basic contents recommended by the standards for Sustainability Reports preparation of the Global Reporting Initiative (GRI Standards).

#### 2. Arcor Group responsibility on the information to be reviewed

Arcor Group management is responsible for:

- The content of this sustainability report, which implies determining which is the coverage and the performance indicators to be included, and the relevance for the stakeholders to whom it is addressed;

- The definition of the criteria applicable in the preparation of the report (the criteria adopted by the Company being those defined in the GRI standards).
- The maintenance of suitable records to support the process of managing the relevant information for the purposes set forth herein and the execution of performance measurement based on the established criteria;
- Preparation and presentation of the attached Sustainability Report.

#### 3. Public accountants responsibility

Our responsibility has been to report independently on the basis of our information analysis procedures. To do this, we use the procedures established in the technical resolution (RT37) of the FAPCE that provides the framework for the evaluation tasks to be carried out on other assurance assignments such as this report. We have defined our scope as a limited assurance assignment.

Such standards require that we comply with ethical requirements, as well as plan and execute the assignment in order to issue an independent and limited assurance report on the Sustainability Report with the scope detailed herein. The external verification is presented as a Limited Review, based on the International Standard on Assurance Engagement 3000 (ISAE -3000) of International Auditing and Assurance Standard Board (IAASB), which establishes a

series of procedures to issue its opinion on different aspects of financial information, together with the Accountability 1000 Assurance Standard (AA1000AS).

In a limited assurance engagement, evidence is obtained, based on tests on selective bases, related to the sustainability information comprehended in our report. It also includes an evaluation of the estimates, and inquiries to people responsible for preparing the information presented, and other similar procedures, which is less comprehensive than an audit and, therefore, it does not allow us to be sure that we have taken knowledge of all significant issues that could be identified in an audit or a reasonable assurance engagement.

<sup>1</sup> Arcor Group is a multinational organization. In this report, Arcor Group is used as a general term to refer to all its commercial activities both in Argentina and throughout the world.



To obtain limited assurance our task consisted of:

- Interviewing the management and staff of the company responsible for recollecting the information and preparing the performance indicators selected in order to obtain an understanding of the company's policies on sustainability, the activities implemented and the information gathering systems used, and evaluating the application of the GRI Standards guidelines;
- Carrying out tests, on a selective basis, to verify the accuracy of the information presented in relation to the selected indicators;
- Analyze, where appropriate, the information and methodology systems used to compile quantitative data corresponding to the company's performance indicators;
- Inspect, on a selective basis, the existing documents to corroborate the Management statements in our interviews.

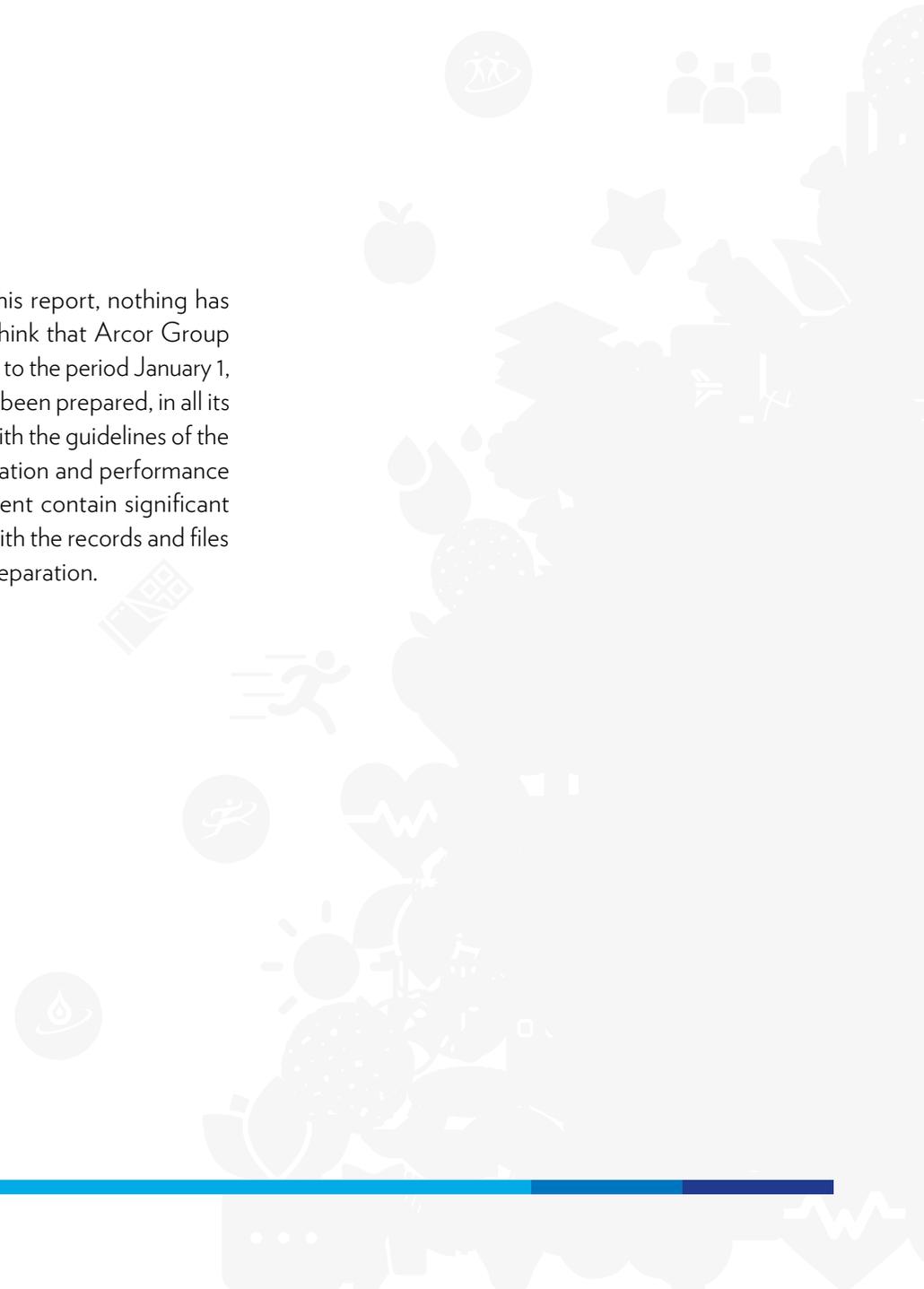
We consider that the evidence and elements of judgment we have obtained provide a sufficient and adequate basis for our limited assurance conclusion. Non-financial information is subject to its own limitations, due to its nature and the methods used to calculate, sample or estimate values, which are subject to individual assumptions and criteria. We have not carried out any work outside the agreed scope and, therefore, our conclusion is limited only to selected and revised sustainability information.

#### 4. Conclusion

Based on the work described in this report, nothing has caught our attention to make us think that Arcor Group Sustainability Report corresponding to the period January 1, 2019 to December 31, 2019 has not been prepared, in all its significant aspects, in accordance with the guidelines of the GRI standards, nor that the information and performance indicators included in said document contain significant incorrect elements in accordance with the records and files that served as the basis for their preparation.

Rosario, March 4th, 2020

**CP Marcelo Navone**  
Stockholder



Arcor Group Sustainability Report 201 is available on the corporate website: [www.arcor.com](http://www.arcor.com).  
For any questions or suggestions, you can contact us at the email address [sustentabilidad@arcor.com](mailto:sustentabilidad@arcor.com).

## **GENERAL COORDINATION:**

Corporate Sustainability Management

## **PARTICIPATION**

Argentina Customer Service Coordination; Arcor Brazil Customer Service Coordination; Arcor Brazil Marketing Services Coordination; Mexico General Management; Arcor Foundation in Argentina, Arcor Foundation in Chile, and Arcor Brazil Institute; Ingenio La Providencia Agriculture Management; Human Resources Administration Corporate Management; Administration Corporate Management; Public Issues and Press Relations Corporate Management; Internal Audit Corporate Management; Compensation Corporate Management; Institutional Communications and Marketing Services Corporate Management; Management Control and Investments Corporate Management; Labor Relations Management Corporate Management; Human Resources Planning Corporate Management; Labor Relations Corporate Management; Asset Security Corporate Management; Medical Service Corporate Management; Purchasing Corporate Management; MAHPI and Asset Security Corporate Management; Argentina Compensation Management; Consolidation and Branch Administration Management; MAHPI Control Management; Energy Management; Industrial Food Legislation Management; Argentina Logistics Management; Marketing Management - Andean Region; Community Relations Management; Food Safety Management; Associations Management; Sustainability Management; Transformation Management; Peru Branch Management; Arcor Brazil National Sales Management; Arcor Chile National Sales Management; Distribution Business Management; MAHPI Regional Management; Agribusiness Development Head Office; Human Resources Development Head Office; Nutritional Development Head Office; and SGI Head Office of Argentina Logistics Management.

## **CREATIVITY, DESIGN, CONTENTS AND PRODUCTION**

Corporate Management of Institutional Communications  
Tholön Kunst, visual communication

## **TECHNICAL ASSISTANCE**

Crowe Argentina - HL Consulting S.A.

## **EXTERNAL REVIEW**

Crowe Argentina - Monasterio & Asociados S.R.L..



