



A BETTER  
*Life*

# 2021 Sustainability Report



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## Message from our President



I am pleased to introduce Arcor Group's 2021 Sustainability Report which, once again, reflects and reinforces our commitment to a management approach that equally considers the economic, social and environmental value delivered by our businesses.

This year was quite special for all of us who are part of the Arcor family, since in 2021 our company celebrated its first 70 years. During that span of time, our entrepreneurial spirit and forward-

looking vision drove us to turn that small candy factory established in 1951 in Arroyito into a leading company worldwide, offering products in over 100 countries.

The world is changing and the challenges ahead compel us to keep evolving. Therefore, we defined a new corporate purpose, *seeking to make nutrition trends accessible so that everyone can live a better life.* We have assumed this commitment, which will be present at every step that we take as a company.

Over 70 years, we walked along a growth path that brought us where we are now, guided by a strong set of values. In order to accomplish our future goals, we have embedded 3 new values into our corporate philosophy, which are key to face the challenges ahead— *Quality, Innovation, and Results-oriented Actions.*

Looking to the future, in 2021 we assumed new challenges. From our Agribusiness division, we partnered with Ingredion to boost the production of essential supplies for the beverage, pharmaceutical and food industries. In addition, we expanded the portfolio of our Food Product businesses tapping into the dried pasta category, through our Arcor and La Campagnola brands. We also strengthened our Packaging business with a significant investment in a new packaging plant in the Province of Misiones.

To support these challenges, in 2021 we established our 2030 *Sustainability Strategy* and adopted a new *Sustainability Policy*, aimed at making sustainable food, fostering people prosperity,

and preserving the planet. I believe this renewed strategy will lead us to embed our values into new environmental and social challenges to keep embedding sustainability as a way of being, doing and growing our company business.

Similarly to previous years, this report was prepared under international sustainability standards and by systematizing annual performance indicators that ensure a meaningful dialogue with our stakeholders. It also reflects our commitment to the 2030 United Nations Agenda, by complying with the human rights, labor, environmental and anti-corruption principles.

I invite all of you to keep looking at the several chapters that reflect our vision, projects and initiatives to contribute to a world in which companies take an increasingly leading role in this rewarding path towards sustainable development.

Thank you!



**Luis A. Pagani**

President and CEO  
Arcor Group





## Message from our Corporate Sustainability Manager



We are excited about introducing *Arcor Group's 2021 Sustainability Report* and share with our stakeholders the progress we have made in integrating sustainability as a way of being, doing and growing at our company.

In 2021, we established Arcor Group's *2030 Sustainability Strategy* and renewed our commitment to sustainable development through the definition of a new *Sustainability Policy*. This new agenda is the result of a strategic planning process that commenced in 2020, including the analysis and follow-up of major sustainability trends at a global level, revision our sustainability milestones, accomplishments, and challenges during 2010-2020, and extensive consultation with our stakeholders. Named "A Better Life," the new policy sets forth the commitments the Arcor Group will assume aimed at *making sustainable food, fostering people prosperity, and preserving the planet, so that everyone can live a better life*.

Considering the new challenges posed by the global agenda, our new *Sustainability Policy* establishes nine commitments that will boost our business strategy—healthy and affordable nutrition; quality at every step; regenerative agriculture; inclusion, diversity and equality; workplace well-being; community and value chain development; water care; action for climate and biodiversity; and circular economy of materials will be the top priority issues to address looking into 2030. Integrity, respect for human rights and innovation will be at the core of all our actions associated with these commitments.

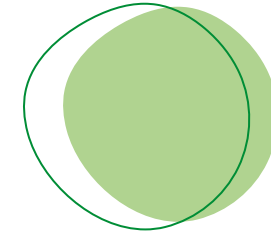
In 2021, we also continued working on several initiatives and programs. Arcor Group's businesses and corporate areas carried

out 817 initiatives under their *Sustainability Operational Plans*. In addition, 3,037 employees were set sustainability division goals, whilst 967 employees at management levels established specific goals, evidencing that our commitment to sustainable development is a key principle that guides performance organization-wide.

Similarly, we made progress against new initiatives driven by Arcor Group's Sustainability Committee. We launched our *Climate Change Strategy*, thereby formalizing our commitment to achieve a 30% reduction in greenhouse gas (GHG) emissions by 2030, working on the energy performance of our industrial facilities, developing low carbon logistics, and encouraging the carbon balance in the production of agricultural raw materials.

We have also renewed our commitment to diversity opening a new chapter of our *Gender Equality Program*—focused on organizational culture, women career drivers, and new maternity benefits. In this vein, we established new goals seeking to foster women participation in leadership roles within the organization. By 2025, we plan to have 50% of new managerial positions filled by women.

During the year, we made significant progress with some initiatives that are part of our sustainability plan. As part of our *Healthy Diet and Lifestyle Strategy*, 55% of our portfolio is now compliant with



Arcor's Nutritional Profiles System, achieving reductions in sugar content in 141 products, in sodium content in 279 products, and in saturated fats in 296 products. In addition, products with outstanding nutritional benefits account for 34% of our revenues. On the other hand, in order to continue fostering healthy lifestyle habits in children, as part of our "Learning to Enjoy" program, we supported 143 school and kindergarten projects and trained 5,565 teachers, benefiting 92,993 children.

Concerning the environment, in 2021 we delivered significant results in the rational use of water at our industrial facilities, as part of our *Water Strategy*, achieving a 7% reduction in specific water consumption. We also made progress in reducing the amount of water withdrawn in sites with higher water risk. As part of our accomplishments under the *Waste Management Program*, three of our Argentine-based plants (Cartocor Luján, Bagley in Villa del Totoral and Complejo Recreo) achieved the zero landfill waste target in 2021. Concerning the goals achieved under our *Sustainable Paper Supply Policy*, now 100% of the paper and cardboard that we use comes from sustainable sources. Finally, pursuant to our *Plastics Strategy*, we made progress with certain projects to change our packages based on rational consumption and circularity design. With these initiatives, we achieved a *Packaging Index* equal to 9.1%.

Together with our value chain, we strengthened our *Sustainable Supply Strategy* reaching more than 12,000 suppliers with whom we have been working over the last year. We moved forward with the implementation of the *REconocer Program*, through which we assessed 190 suppliers in aspects related to business quality and sustainability, delivering training to 204 of them on issues related to business integrity and sustainability management; environmental

impact management; health, safety and quality of life; and after-sales services. We also moved forward with our *Sustainable Agriculture Program* to ensure the sustainable supply of inputs such as sugar, corn, wheat, fruits and vegetables, among others. Finally, we continued working towards our *Sustainable Logistics Plan* and *Sustainability Strategy for Distributors*, through which we assessed 145 distributors by means of the *Good Sustainability Practices Guide*.

As it concerns community impact management, in 2021 we created Community Relations Committees at our Rio Das Pedras and Campinas (Brazil) plants. Accordingly, during the year we had 28 Local Community Relations Committees onsite at our industrial facilities to implement the community relations strategy at a local level in Argentina, Chile, Mexico, and Brazil.

Concerning the Arcor Foundation in Argentina and Chile, and the Arcor Institute in Brazil, in an effort to provide equal education opportunities for children in Latin America, we carried out 148 projects under which we trained 61,539 people and benefited 115,851 children from the region, with a total investment of ARS 64,685,258.

Other significant milestone by the end of 2021 was the publication of the book "*Arcor, una empresa sustentable. Aprendizajes del camino recorrido*" (Arcor, a Sustainable Company: Lessons Learned on the Journey), developed jointly with the University of San Andrés' Center for Social Innovation. The book goes through the several stages of the sustainability consolidation process at the company, describing the most relevant milestones and accomplishments until 2020 and setting the challenges ahead. With this review, which reflects

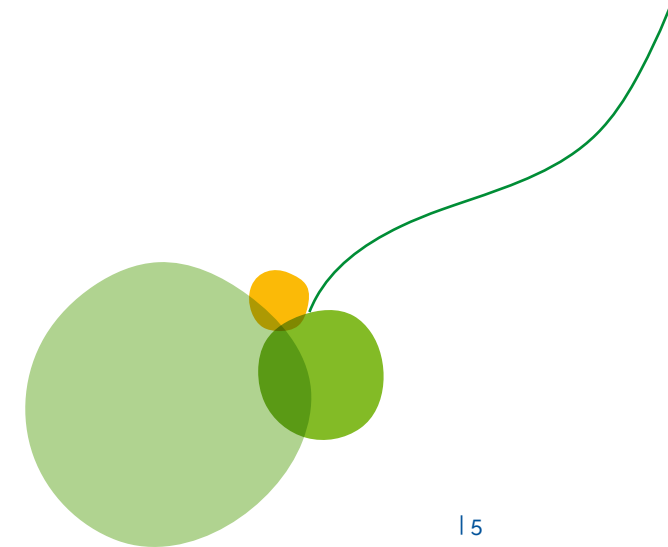
our evolution from a pronounced community commitment at our inception to the strategic alignment of the entire Group behind a purpose, we closed a chapter in the sustainability consolidation process within the company. Our *2030 Sustainability Strategy* marks the beginning of a new chapter, with great challenges that will find us working to build the world that we want.

I would like to thank Arcor Group's entire team for their commitment to the development of each of these initiatives and for their engagement in preparing this report. I invite all of you to read the main results of our pursuit to keep building a sustainable company.



**Bárbara Bradford**

Corporate Sustainability Manager  
Arcor Group



# Arcor Group

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## Arcor Today

We believe in entrepreneurship and innovation to make dreams come true. At Arcor Group, we started producing candies 70 years ago. Today, we have expanded into more than 100 countries through our 3 business divisions: Consumer Food Products, Agribusiness and Packaging.

Our purpose is to *make nutrition trends accessible so that everyone can live a better life*. Therefore, since our inception, we look into the future from the lens of sustainable management, seeking to innovate on the basis of science-based information, forms of sustainable production, and a collaborative bond with our value chain.

Looking to the future, our passion, entrepreneurial spirit and commitment will remain the basic pillars to Arcor Group's growth over the 70 years ahead.



During these first 70 years, we became:

**Main food company in Argentina.**

**First world producer of hard candies.**

**Main confectionery producer in Argentina, Chile and Peru.**

**First maize flour producer in Argentina.**

**One of the main milk producers in Argentina.**

**One of the main sugar producers in Argentina.**

**Leading cookie, *alfajor* and cereal company in the region.**

**Argentine leader in the production of corrugated cardboard.**

**Largest producer of paper in Argentina and an important player in South America.**

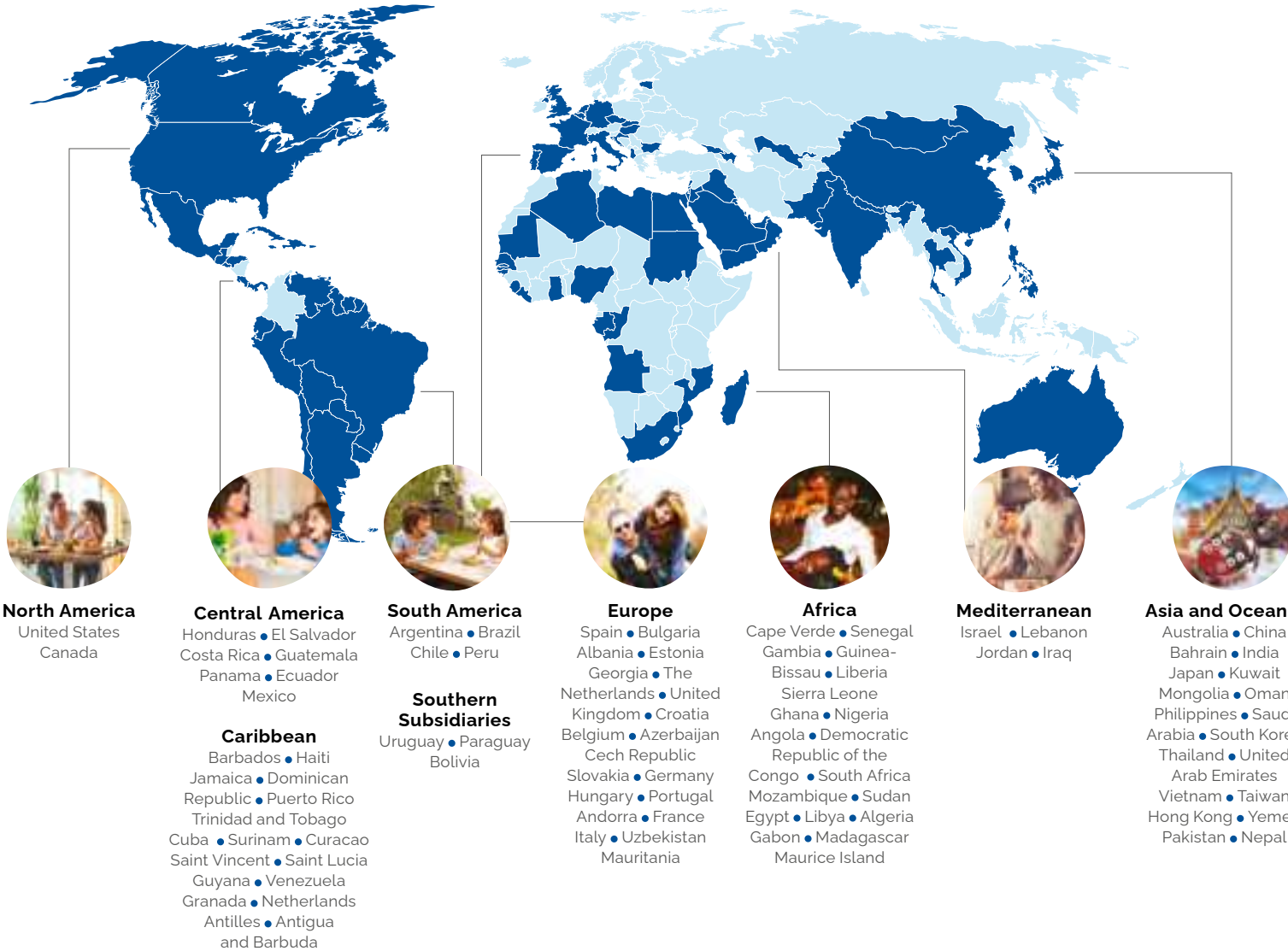
**Main manufacturer of Kraft packaging paper in Argentina.**





# Arcor Group Around the World

Our market is the world:



## Commercial Offices:

- Asunción, Paraguay
- Barcelona, Spain
- Buenos Aires, Argentina\*
- Córdoba, Argentina\*
- Federal District, Mexico
- Guayaquil, Ecuador
- Miami, United States
- Montevideo, Uruguay
- Santa Cruz de la Sierra, Bolivia
- Shanghai, China

\*Location of Arcor Group's headquarters

• **Strategic alliances** with leading companies.

• More than **40 industrial plants** in Latin America.

• **3 million kg** of products manufactured daily.

• **USD 334.6 million** in exports from Arcor Group (USD 237.8 million from Argentina).

• **World-class** retail distribution model.

• **20,000** employees.



# Our Operations

We use industrial management best practices to ensure that we make sustainable food, while fostering people prosperity and preserving the planet.

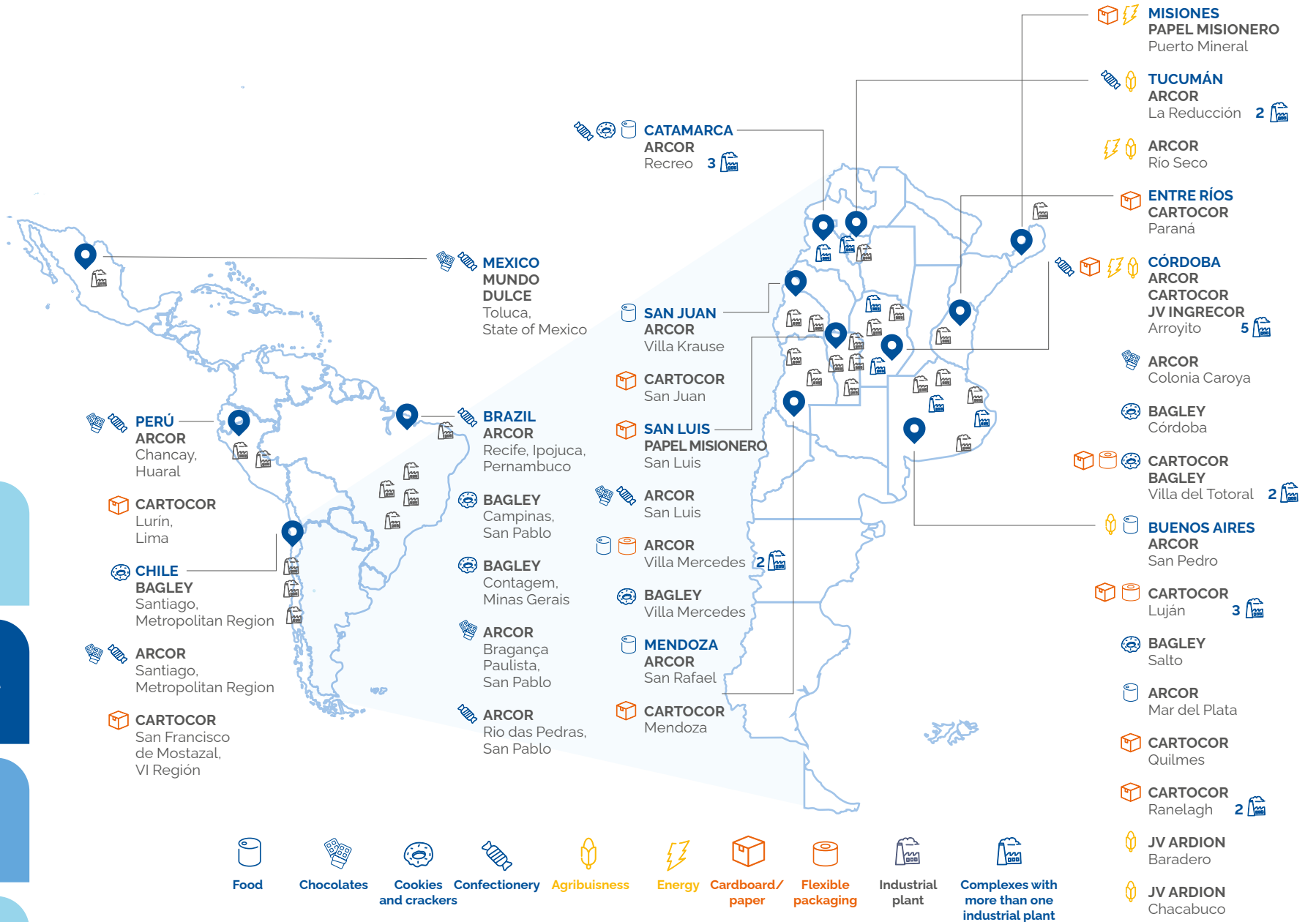
In 2021, we invested almost **USD 11,000,000** in the sustainable management of our operating facilities<sup>1</sup>.

50 operating facilities certified under ISO 9001 "Quality Management"

46 operating facilities certified under ISO 14001 "Environmental Management"

40 operating facilities certified under ISO 45001 "Occupational Health and Safety"

11 operating facilities with forest management certification



<sup>1</sup> We made large disbursements to finance significant projects, such as the Complejo Ranelagh effluent treatment plant, renewal of sugar cane plantations at La Providencia sugar mill, new energy-efficient generators at the paper plant in Misiones, and changes to infrastructure to make electrical improvements at the cardboard plant in Paraná, and the confectionery plant in Arroyito.

# Strategic Alliances

In our efforts to pursue ongoing growth to supply and meet the needs of a growing number of customers, we foster the creation of strategic alliances to achieve synergies.



DANONE

2005

Our joint venture with Danone Group, named Bagley Latinoamérica S.A., helped us boost our cookies and crackers, *alfajores* and cereal businesses.



2006

Together with the multinational company Bimbo, we set out to develop businesses in Mexico with Mundo Dulce.



2010

In partnership with Coca-Cola, we formed an alliance to develop a variety of new products with original combinations which are marketed in several Latin American countries.



2015

We partnered with Mastellone Hnos., closing a landmark deal between leading food companies.

2021

We own a share of 48.676746%.



2018

We created an alliance with Laboratorios Bagó to boost innovation and face new challenges that contribute to improving people's quality of life.



2017

With the acquisition of Zucamor, we strengthened our positioning in the production of corrugated cardboard boxes, virgin fiber papers, sack kraft and paper bags for industrial segments, becoming one of the major producers of recycled paper in South America.



2019

In alliance with Coca Cola and together with Overboost, we launched the first Argentine open capital corporate fund to foster innovation in solutions that contribute to the digitization of the several stages of the production process, thereby transforming people's life.



2021

We created a joint venture with Ingredion, which combines and empowers both companies' joint operations for the production, marketing and sale of ingredients for industries in Argentina, Chile, Uruguay and other Latin American countries. The goal is to develop innovative solutions for the production of food and beverages, corrugated cardboard, personal and household care, and animal nutrition products.



# Our Business

We strengthened our position as a leading multinational group comprising 3 business units: **Consumer Food Products, Agribusiness and Packaging.**

## Consumer Food Products

We are specialized in making consumer food products to provide an exclusive offer with constant innovation, and a large and a broad brand portfolio. Our main products include marmalades, solid sweets, sauces, tomatoes, canned vegetables, fruits and fish, desserts, beverages, juice powders, premixes, polenta, dressings, *dulce de leche* (caramel spread), oils, and seasoning mixes with oven bags.

### Chocolate

We boast a leading position in the Argentine market, supported by brands with a long track record and highly valued by consumers. Our varied offering includes tablets, bonbons, chocolate-coated wafers, sugar-coated, chocolate for children, and baking chocolate under the Bon o Bon, Águila, Rocklets and Cofler brands.

### Cookies and crackers

Through Bagley Latinoamérica S.A., we boast a leading position in the region, together with our partner, Danone Group, where we sell a variety of quality cookies and crackers for children and adults. Our offering includes cereals, cereal cookies, assorted and filled cookies, sweet dry cookies, wafers, *alfajores*, and cereal

bars of several brands, such as Rumba, Sonrisas, Chocolinas, Saladix and Cereal Mix.

### Golosinas

We are the first global producer of hard candies and the main confectionery exporter in Argentina, Chile and Peru. Our categories include candies (filled, hard, sour, crystal, and soft), milk candies, gummy candies, lollipops, chewing gum, bubble gum, nougat candies (*turrones*), tablets, nuts and seeds of several brands, such as Mogul, Topline, Butter Toffees, and Arcor.

### Ice-creams

In partnership with Coca Cola and Danone Group, we have managed to turn chocolates and confectionery into creamy and refreshing products. Our ice-cream offering includes popsicles, cups, cones, chocolate-coated ice-creams, frozen bonbons, and frozen desserts of several brands, such as Bon o Bon, Águila, Rocklets and Cofler.

### Functional products

Our line of dietary supplements contributes to the intake of the necessary nutrients that may be missing in the daily diet. In partnership with Laboratorios Bagó, we market products from several lines, including Simple Vitalidad (Simple Vitality), Simple Fibra (Simple Fiber), Simple Calcio + Vitamina D (Simple Calcium + Vitamin D), Simple Dieta Control (Simple Diet Control), and Simple Proteína y Energía (Simple Protein + Energy).

**Main food company in Argentina**

**6 industrial facilities with state-of-the-art technological processes**



### 100% Durum Wheat Dried Pasta

In February, we tapped into the dried pasta market with our Arcor and La Campagnola brands.

Our dried pasta, entirely made of durum wheat, provides slow-digesting starches causing feeling of fullness and favoring nutritional quality. Our portfolio includes long, stew, and soup noodles, with 9 varieties per each brand.

During the year, we sold 14,500,000 kg of pasta.



## Agribusiness

Seeking to add value to agro-industrial processes, we assumed a commitment to optimizing quality across all our stages. We are a leading company in processing corn and producing ethyl alcohol from cereals. Our main products include common and muscovado sugar, milk, ethyl alcohol from cereals, fructose, maltose, glucose, corn starch, corn flour, semolina, corn oil, and a significant number of corn by-products used for animal feeding.

**5 production units**

**7 dairy farms**

**1,800 tons of ground corn per day**

**50,000 liters of milk produced per day**

**1,400,000 tons of milled sugarcane per year**

**85,000 liters of alcohol produced per day**

### Creation of Ingrear

On our 70th anniversary, we created a strategic alliance with Ingredion, a leading global company in ingredient solutions, to produce added value inputs which are key to several industries, including food and beverages and pharmaceuticals, among others, to be marketed in Argentina, Chile and Uruguay and other Latin American countries.

In addition to our industrial facilities in Arroyito and Lules, we also have complexes in Baradero—which is also home of “Idea Labs” (Application Center)—and in Chacabuco, with a grinding capacity of 1,200 tons per day each. We have also expanded our geographical presence with our distribution center in Chile and the commercial teams in Chile and Uruguay.

Another key factor to this new stage is the expansion of the ingredient portfolio beyond corn by-products, incorporating alternatives based on potatoes, cassava, rice and stevia—among others—providing innovative solutions to producers of food and beverages, paper and corrugated cardboard, personal care products and other industries.

This alliance involves more than 1,100 employees and will enable the business unit growth, positioning us in the local and regional ingredient market.



## Packaging

Determined to lead the corrugated cardboard, paper and flexible packaging markets in Argentina, we are one of the largest packaging solution companies in the Southern Cone. We are particularly focused on customer service, ongoing innovation, productivity, quality, and environment preservation. Our product offering primarily includes corrugated cardboard and cardboard packages, paper bags and flexible packaging using several printing technologies, recycled paper, Kraft Liner Board and Sack Kraftplastics, plastics and bioplastics extrusion, forestry.

**260,000 tons of paper per year**

**900 million square meters of corrugated cardboard per year**

**12,000 tons of flexible material per year**

**150 million units of industrial bags per year**

**23,000 own hectares for forestry development**



### USD 20 Million Investment in a New Plant in Misiones

In June 2021, we announced a USD 20 million investment in the start-up of a new packaging plant in the Province of Misiones, which will have an annual production capacity of 80 million multiwall paper sacks, in response to the new requirements and changes in the construction, food, chemical and seed markets.

The new facility adds up to the several activities already underway in the province through Papel Misionero—the only national producer of Sack Kraft paper and Kraft Liner Board.

This investment is a material event in terms of added value for it will incorporate the manufacturing of packages to the provincial production chain, which encompasses forestry production, nurseries, and paper. We will also increase the offering of bags to the market by 70%, supplementing the installed capacity of our factory based in the Province of San Luis.

Activities are scheduled to begin during the first quarter of 2022 and will have a positive impact on the region in terms of direct and indirect employment creation.

## Corporate Philosophy

On occasion of our 70th anniversary, we worked on our corporate philosophy, incorporating our purpose and adding new corporate values.



### Mission

To provide people all over the world with the opportunity to enjoy quality, delicious and healthy food and confectionery products that will turn their everyday moments into magical moments for gatherings and celebrations.

### Vision

To be a leading food and confectionery company in Latin America, as well as in the international market, and to be recognized for our sustainable practices and our ability to venture into new businesses.

### Purpose

To make nutrition trends accessible so that everyone can live a better life



Strongly determined to support our customers at the several stages of their lives, we strived to develop a new corporate philosophy, based on our business values:

## Integrity

We obtain results through transparent, coherent and responsible behavior.

## Human Relations

We believe that the possibility to grow lies in building up trustworthy human relationships. Therefore, we foster a collaborative and closeness work environment, both within the company and towards the community where our employees carry on their daily activities.

## Quality

We are devoted to meet high-quality standards, by listening to what our customers and consumers have to say at each stage of the value chain, so that they can have the experience they expect with our products.

## Diversity

We are convinced that diversity enriches our knowledge of the world. That is why we promote a diverse internal culture in which the fusion of different views, opinions and perspectives is an opportunity for growth.

## Entrepreneurial Spirit

Our pioneers' entrepreneurial spirit, passion and commitment are still our source of inspiration. That is why we promote a diverse internal culture that encourages the initiative for our continuous growth.

## Proximity to the Consumer and Commitment Throughout the Value Chain

We are a closely committed company, attentive to our suppliers, employees, shareholders, customers, consumers and the community in general. Our work is based on the strong belief that sustainable growth encompasses the whole value chain.

## Innovation

We integrate science, research and creativity so as to continuously innovate our products and services.

## Results-Oriented Actions

Our actions are results oriented to ensure the business' sustainable growth.





Besides, to commemorate our 70th anniversary, we have created our Manifesto:

**We believe** in being entrepreneurs, pursuing our dreams and make them come true. We believe there is no impossible goal: Our history is the living image of it.

**We began** 70 years ago with a candy factory in Arroyito, a small town in Argentina, and today we offer food for every moment of the day in more than 100 countries.

**We manufacture** our products' essential raw materials for ensuring their best quality and safety, from the farm to the table.

**Our NDA** encourages us to always look ahead. We imagine a future where everyone can live a better life.

That's the reason why we are committed to make nutrition trends accessible to everyone, by manufacturing quality products, promoting shared enjoyment, and tiny moments of pleasure within a protected environment.

Our work is based on **science-supported information**, sustainable manufacturing methods, and a collaborative relationship with everyone in our value chain.

Our **commitment** is to inspire initiatives that may contribute to the communities' well-being.

From our Foundation we promote **education** as a key inclusion tool to generate equal opportunities and foster local initiatives.

**Looking to the future**, our passion, entrepreneurial spirit and commitment will remain the basic pillars to Arcor Group's growth over the 70 years ahead.



# Our Team

Our employees are the pillar that allows us to be close to our customers.

	2021						2020
	Men		Women		Total		Total
	Active Hired	Temporary	Active Hired	Temporary	Active Hired	Temporary	Active Hired & Temporary
<b>By Country</b>							
Argentina	10,211	531	2,185	225	12,396	756	13,125
Brazil	2,124	182	1,514	282	3,638	464	3,891
Chile	1,254	72	219	49	1,473	121	1,516
Peru	156	90	15	69	171	159	287
Mexico	837	9	559	3	1,396	12	1,062
Spain	5	1	5	2	10	3	10
Rest of the world	165	16	131	14	296	30	292
<b>Total</b>	<b>14,752</b>	<b>901</b>	<b>4,628</b>	<b>644</b>	<b>19,380</b>	<b>1,545</b>	<b>20,195</b>
<b>By Job Category</b>							
Director	7	0	0	0	7	0	7
Manager	347	0	59	0	406	0	377
Head	649	9	227	6	876	15	825
Supervisor/Analyst	1,972	36	1,045	53	3,017	89	2,837
Worker/	11,777	856	3,297	585	15,074	1,441	16,169
<b>Total</b>	<b>14,752</b>	<b>901</b>	<b>4,628</b>	<b>644</b>	<b>19,380</b>	<b>1,545</b>	<b>20,195</b>

# Key Economic Data

Main Economic-Financial Indicators <sup>1</sup>	2021 (in millions of ARS)	2020 (in millions of ARS)
Net Sales	301,186.1	267,184.0
Marketing and Administrative Expenses	58,401.7	53,461.7
Salaries, Wages and Social Security Contributions	66,102.9	61,028.6
Investment in Property, Plant and Equipment and Other Assets	5,344.4	4,122.1
EBITDA	30,160.9	35,050.6
<b>Total Taxes<sup>2</sup></b>	<b>21,449.8</b>	<b>14,146.7</b>
<i>Direct Taxes</i>	4,940.2	4,262.6
<i>Export Duties</i>	957.4	742.0
<i>Taxes, Rates and Contributions</i>	1,100.5	1,043.9
<i>Income Tax<sup>3</sup></i>	14,451.7	8,098.2
<b>Net Income / (Loss) for the Year<sup>5</sup></b>	<b>18,156.9</b>	<b>6,284.5</b>
<b>Payment to Suppliers from the Autonomous City of Buenos Aires (CABA)</b>	<b>19,078.4</b>	<b>20,116.3</b>
<b>Total Capitalization<sup>4</sup></b>	<b>128,136.4</b>	<b>138,458.2</b>
<i>Shareholders' Equity<sup>5</sup></i>	42,784.5	42,227.9
<i>Non-current Loans<sup>6</sup></i>	59,379.0	72,130.9
<i>Current Loans<sup>6</sup></i>	25,972.9	24,099.4

<sup>1</sup> All figures are stated in Argentine pesos, unless otherwise indicated.

<sup>2</sup> Breakdown of taxes per country (in millions of ARS) in 2021: Argentina 19,544.57 - Bolivia 143.49 - Brazil 225.06 - Chile 823.08 - China 0.88 - Ecuador 25.47 - Spain 337.80 - United States 2.66 - Mexico 87.69 - Paraguay 73.16 - Peru 62.52 - Switzerland 9.96 - Uruguay 118.83

<sup>3</sup> It includes deferred taxes.

<sup>4</sup> It includes Shareholders' Equity and the Group's Total Financial Loans (including "Lease Liabilities").

<sup>5</sup> Earnings and Equity Attributable to the Company's Shareholders.

<sup>6</sup> It includes "Lease Liabilities."



For more information, please refer to Arcor Group's 2021 Annual Report, available at [www.arcor.com](http://www.arcor.com).

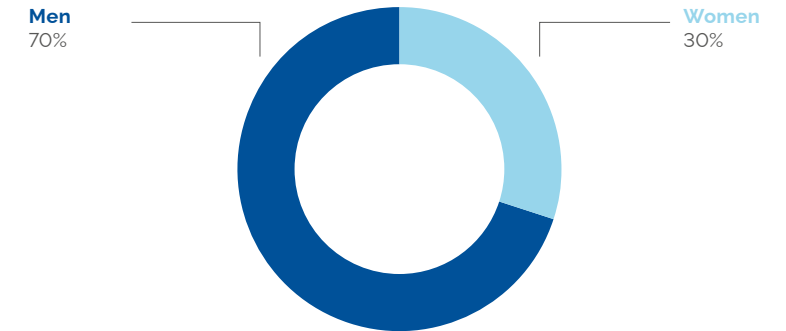


# Arcor Group's Board of Directors

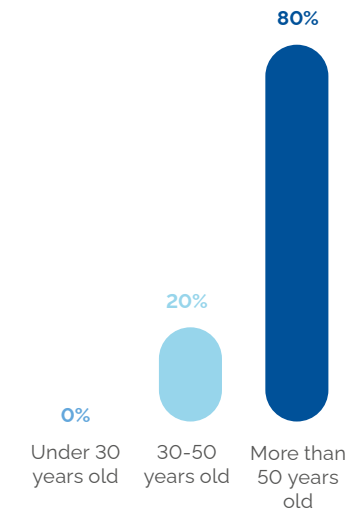
Our governance body comprises the Shareholders' Meeting and the Board of Director. Mr. Luis Alejandro Pagani is the Chairman of the Board of Directors, and the Group's CEO.



## Gender Diversity at the Board of Directors



## Diversity by Age Range



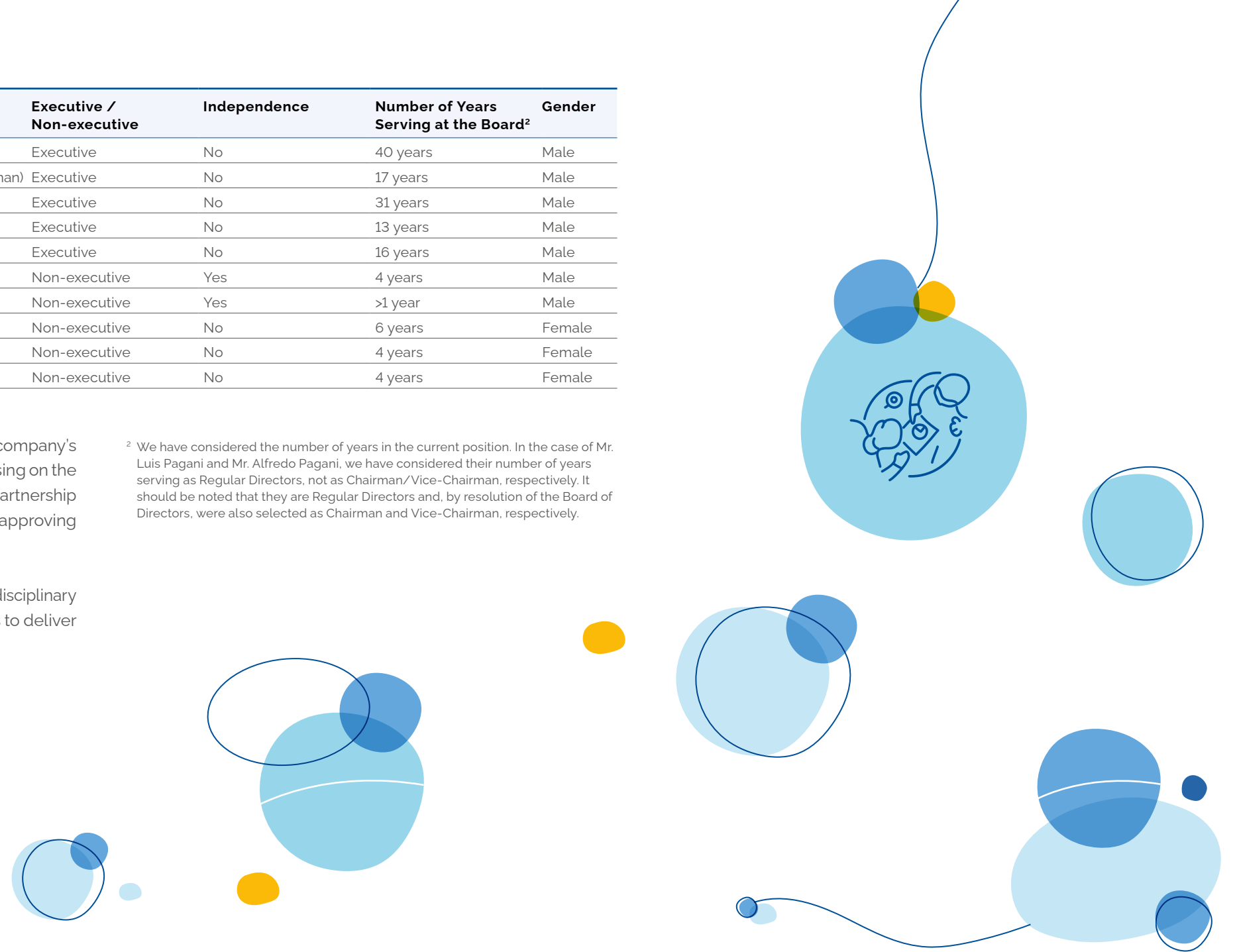
Name	Position	Executive / Non-executive	Independence	Number of Years Serving at the Board <sup>2</sup>	Gender
Luis Alejandro Pagani	Regular Director (Chairman)	Executive	No	40 years	Male
Alfredo Gustavo Pagani	Regular Director (Vice-Chairman)	Executive	No	17 years	Male
José Enrique Martín	Regular Director	Executive	No	31 years	Male
Alejandro Fabián Fernández	Regular Director	Executive	No	13 years	Male
Victor Daniel Martín	Regular Director	Executive	No	16 years	Male
Fernán Osvaldo Martínez	Regular Director	Non-executive	Yes	4 years	Male
Alejandro Asrin	Regular Director	Non-executive	Yes	>1 year	Male
Lilia María Pagani	Alternate Director	Non-executive	No	6 years	Female
Karina Ana Mercedes Pagani	Alternate Director	Non-executive	No	4 years	Female
Marcela Carolina Giai	Alternate Director	Non-executive	No	4 years	Female

The Board of Directors is responsible for approving the company's Mission, Vision, Purpose and Values, in addition to focusing on the core businesses through the development of strategic partnership projects. The Board of Directors is also responsible for approving the *Sustainability Policy*, which was revised in 2021.

<sup>2</sup> We have considered the number of years in the current position. In the case of Mr. Luis Pagani and Mr. Alfredo Pagani, we have considered their number of years serving as Regular Directors, not as Chairman/Vice-Chairman, respectively. It should be noted that they are Regular Directors and, by resolution of the Board of Directors, were also selected as Chairman and Vice-Chairman, respectively.

In addition to our governance body, we have several interdisciplinary committees in place created by the Board of Directors to deliver against the company's strategies:

- Finance, Investments and Strategies Committee
- Audit Committee
- Ethics and Conduct Committee
- Human Resources Committee
- Procurement Committee
- Sustainability Committee



## Governance System

In order to embed social and environmental values to our management efforts, we have an organizational governance and sustainability management structure at two levels:

### Policy-Strategy

Our Sustainability Committee was created in 2009 and is comprised by our Chairman and the uttermost authorities of the corporate areas and businesses. The Sustainability Committee gives advice to the Board of Directors on triple-impact issues, by:

- Supporting the identification and treatment of critical issues that may pose relevant risks and impactful opportunities.
- Setting priorities and implementing policies, strategies and corporate actions related to the sustainability of our businesses.
- Evaluating the Company's performance in connection with its business sustainability, and monitoring and minimizing the environmental and social impacts of its operations.
- Making recommendations on sustainability with respect to the relationship strategy with our different audiences.
- Monitoring the implementation of the Group's Sustainability Plan.
- Ensuring that there are appropriate and effective communication policies in place to build and protect our reputation as a sustainable company.

In addition, in Chile and Brazil we have active local sustainability committees made up by each country's general managers and their reporting lines, whose roles and responsibilities include implementing the corporate guidelines at a local level, setting priorities, and following up on and monitoring the local sustainability plan.

### Strategy-Operations

We have a Corporate Sustainability Management Division, which is comprised by the Sustainability Strategy Management Division, the Regional Social Investment Management Division (in charge of Arcor Foundation in Argentina and Chile, and Arcor Institute in Brazil), and the Community Relations Management Division.

Our Sustainability Strategy Management Division is responsible for giving support to the Sustainability Committee in the design of the Group's sustainability strategy, and to all areas and businesses in the implementation of such strategy, by fostering innovation in sustainable practices, and facilitating and giving technical advice to the different areas of the company. The Community Relations Management Division is in charge of managing our community impacts across all locations in which the company has industrial facilities. The Regional Social Investment Management Division executes our social investment strategy, aimed at ensuring equal educational opportunities for children in Latin America,

by mobilizing social agents, developing skills among caregivers and guardians, and supporting territorial scope projects targeted at children, from a perspective of rights.

## Sustainability Operational Plans

In order to embed sustainability transversely across the organization, each business annually develops a *Sustainability Operational Plan* (SOP). SOPs are developed on the basis of the commitments set forth in *Arcor's Sustainability Policy*, the risks and opportunities matrix specific to each business, the goals established for each commitment, and the corporate initiatives driven by the Sustainability Committee.

In 2021, we developed 817 initiatives under 14 SOPs for the several business units and countries in which Arcor Group has a presence.

Arcor's 2010-2020 Sustainability Commitment	Initiatives by Commitment
General Commitment to Sustainable Development	12%
Rational Use of Water	10%
Energy Efficiency and Climate Change	22%
Rational Use of Packaging Materials	15%
Respect for and Protection of Human and Labor Rights	28%
Active Life and Healthy Nutrition	13%

\* It includes initiatives designed by all of Arcor Group's businesses.





## Packaging Business' Sustainability Policy

Our Packaging business has its own *Sustainability Policy* comprising five commitments that guide the business' sustainable management, namely:



### Sustainable Supply

Promoting the traceability and sustainable management of our supply, taking care of forestry resources and areas of high conservation value, and encouraging the use of renewable, recycled, or reused raw materials and supplies.



### Environmental Protection and Resource Conservation

Fostering the rational use of water, good energy performance, and generation and use of renewable energies, preventing contamination, and reducing, reusing and recycling materials at our operations.



### Human Development

Contributing to the respect and promotion of human and labor rights, local development, community impact management, inclusion and diversity.



### Innovation and Sustainable Solutions

Encouraging innovation in solution technological development, ensuring suitable product security, safety and preservation, and offering packages that generate the least environmental impact.



### Circular Economy

Encouraging circularity from the design of our products, and the creation and operation of workflows to recover scrap materials and keep them within the production system.

During 2021, we conducted 119 initiatives under the Packaging Business' *Sustainability Operational Plan*:

Packaging Business' Sustainability Policy Commitment	Initiatives by Commitment
Sustainable Supply	11%
Environmental Protection and Resource Conservation	34%
Human Development	39%
Innovation and Sustainable Solutions	7%
Circular Economy	9%

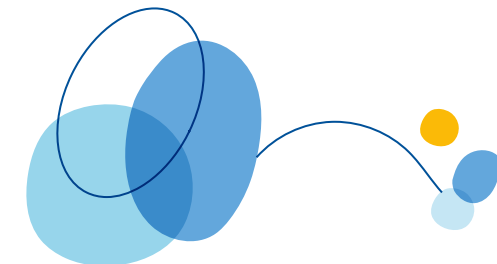
## Sustainability Scorecard

In order to ensure the fulfilment of our sustainability strategy, we have adopted a Sustainability Scorecard that allows us to:

- Manage and revise expected performance targets.
- Facilitate the identification of key improvement areas by business.
- Align the initiatives under the SOPs and the key areas for improvement.
- Align individual performance and/or overarching goals with the SOPs.
- Measure individual performance in terms of sustainability.
- Facilitate the coordination among the several businesses to deliver against *Arcor's Sustainability Strategy*.

## Sustainability in our Management Performance System

A total of 3,037 employees were set sustainability division goals, whilst 967 employees at management levels established sustainability-specific performance goals. The accomplishment of these goals will have an impact on employees' variable compensation.





# A BETTER Life



## Sustainability Policy and Strategy

Since 2019, with the support from Arcor Group's Corporate Sustainability Management Division, our Sustainability Committee initiated a strategic planning process aimed at developing a new sustainability strategy in order to keep integrating sustainability as a central element of our business model.

As part of the closing of the *2016-2020 Sustainability Strategy*, in 2020 we prepared a Management Report to standardize sustainability-related milestones, accomplishments and challenges at Arcor Group, starting from the launch of our Sustainability Policy and Strategy in 2010. Based on the progress made, the report included a number of recommendations for the development of a new sustainability strategy, such as including and considering

the new challenges posed by the global agenda looking forward; developing business strategies that incorporate sustainability as an innovation and value-creation factor; and establishing structures, processes and relationships that make sustainability an essential element of our company's decision-making and operations.

In line with the stated challenges, we developed a materiality analysis to identify, enhance, and assess environmental, social and governance issues that may potentially affect our business and/or stakeholders.

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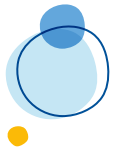
### "Arcor, a Sustainable Company. Lessons Learned on the Journey"

In an effort to highlight the goals achieved during the 2010-2020 stage, and as launching platform for our new *Sustainability Policy and Strategy*, the Corporate Sustainability Management Division, together with University of San Andrés' Center for Social Innovation (CIS, as per its Spanish acronym), developed the book titled "*Arcor, una empresa sustentable. Aprendizajes del camino recorrido*" (Arcor, a Sustainable Company: Lessons Learned on the Journey). The book gathers each stage of our sustainability consolidation process as a way of being, doing and growing, describing our major milestones and accomplishments, as well as the challenges ahead.

Following Mr. Luis Pagani's foreword, the book details in chronological order the several stages of sustainability at Arcor, from its founders' social and environmental commitment, to our first approaches to sustainability management (2004-2005), the consolidation of practices and development of a sustainability policy (2006-2009), and the implementation of a sustainability strategy (2010-2012), to the institutionalization and integration of sustainability (2013-2020).

During this journey, the several key participants describe how Arcor Group has gone through several challenges and learnings, until finally being able to integrate sustainability at the core of the company.

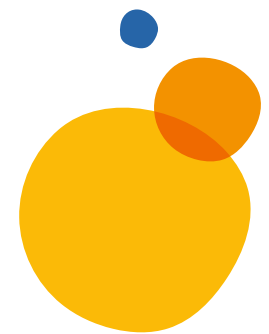
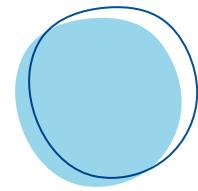
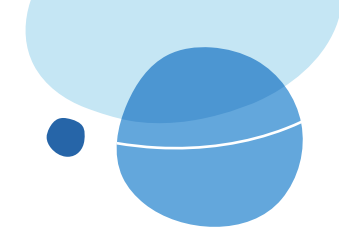
The book is available at [Arcor's website](#) and also at the [website of University of San Andrés' CIS](#).



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

At Arcor Group, we make nutrition trends accessible so that everyone can live a better life. Committed to the 2030 Sustainable Development Agenda, we conceive a world in which everyone has the chance of enjoying quality food and tiny moments of pleasure, within a healthy environment.

Driven by our entrepreneurial spirit, we remain as passionate and committed as the very first day. We make sustainable food, fostering people prosperity, and preserving the planet. This is our contribution to a better life.



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

## Sustainable Food

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

To achieve this goal, we are committed to:



**Healthy and Affordable Nutrition:** offering the best alternatives for those who wish to have to a balanced and healthy diet, suitable to their needs, preferences and culture. Through this commitment, we seek to provide options that address the emerging consumption trends, and the need for a pleasant nutrition, while also inspiring healthier habits.



**Quality at Every Step:** guaranteeing top quality across our entire product offering, considering consumers' expectations and ensuring a reliable supply chain, certified production processes, and an efficient marketing network. Through this commitment, we seek to deliver the experience our customers and consumers expect at all our points of contact.



**Regenerative Agriculture:** implementing conservationist models for the production of our raw materials that contribute to regenerate ecosystems, strengthening the best agricultural practices embracing precision technologies. Through this commitment, we contribute to the ecosystems' resilience and climate stability, enabling a positive interaction among production systems and natural environments.

## People Prosperity

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

To achieve this goal, we are committed to:



**Inclusion, Diversity and Equality:** fostering a respectful and tolerant workplace, building a culture in which everyone is valued as an individual. Through this commitment, we ensure equal opportunities for everyone, without discrimination.



**Workplace Well-being:** maintaining safe and healthy workplaces that ensure the well-being of each company's member, encouraging creativity, initiative and development, as well as an appropriate work-life balance. Through this commitment, we foster the creation of suitable, flexible and modern work environments for our employees, in alignment with the future challenges of employment.



**Community and Value Chain Development:** Fostering the entrepreneurial spirit, and favoring local roots. Similarly, we commit to ensuring a responsible value chain, championing for quality work, ongoing improvement, and compliance with applicable environmental, social and health standards. Through these commitments, we raise the progress prospects and the standard of living for every person with whom we interact.

## Living Planet

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

To achieve this goal, we are committed to:



**Water Care:** Committing to an increasingly more efficient water consumption, returning water to the environment in a safe manner, and preserving our water sources across the entire value chain. Through this commitment, we help spread environmentally-friendly production practices.



**Action for Climate and Biodiversity:** Taking action in favor of the climate, seeking to achieve a positive carbon balance in our activities. Similarly, we commit to preserving biodiversity, enabling a beneficial interaction among production areas and natural ecosystems. Through these commitments, we protect and regenerate the production landscapes in which we are immersed.



**Circular Economy of Materials:** Fostering a circular model for the supplies that we use across the entire value chain, rethinking their life cycle. Through this commitment, we propose circular economy as the best business model to achieve economic development within the planetary boundaries.

These commitments are underpinned by Integrity, respect for Human Rights, and Innovation at the core of all our actions.





# 2022-2023 Sustainability Planning

In order to make progress with the implementation of our 2030 Sustainability Strategy, Arcor Group's Sustainability Committee developed a plan for 2022-23 which sets forth priority management areas to deliver against the newly assumed commitments, based on their action lines:

## Sustainable Businesses

Executing strategies to generate economic, social, and environmental value across all our business units, through sustainable management and innovation.

## Sustainable Brands and Products

Creating sustainable value for our consumers, the company and the society as a whole, through our brands and products.

## Sustainable Leadership

Building structures, processes and relationships that make sustainability an essential component of the company's decision-making.














# Commitment to the SDGs

As part of our management guidelines, we have included the commitment to the United Nations' 2030 Agenda, promoting the preservation of natural resources, and inclusion, diversity and equality within the organization and across the value chain, while fostering the prosperity of all persons that seek to build the future we all long for.

At Arcor Group, our management actions are aligned with the United Nations' 17 Development Goals, through initiatives driven in accordance with the commitments assumed under our Sustainability Policy.

Sustainable Food	People Prosperity	Living Planet
<p>We make sustainable and responsibly manufactured products, without waste, offering our customers quality, affordable and safe options to contribute to their well-being, whilst providing them with moments of pleasure.</p>	<p>We foster people prosperity, based on inclusion, diversity and equality to establish bonds of trust, ensuring our employees' well-being at the workplace, and strengthening the progress of the communities we are part of, together with our broad value chain, to contribute to the economic and social growth of our environment.</p>	<p>We preserve the planet by taking care of water, taking actions that benefit the climate and biodiversity, and encouraging a circular business model of supplies and waste to help enhance ecosystems.</p>
<p><b>Healthy and Affordable Nutrition</b></p> 	<p><b>Inclusion, Diversity and Equality</b></p> 	<p><b>Water Care</b></p> 
<p><b>SDG 2:</b> Zero Hunger</p> <p><b>SDG 3:</b> Good Health and Well-Being</p> <p><b>SDG 12:</b> Responsible Consumption and Production</p> <p><b>SDG 17:</b> Partnerships for the Goals</p>	<p><b>SDG 3:</b> Good Health and Well-Being</p> <p><b>SDG 4:</b> Quality Education</p> <p><b>SDG 5:</b> Gender Equality</p> <p><b>SDG 8:</b> Decent Work and Economic Growth</p> <p><b>SDG 10:</b> Reduced Inequalities</p> <p><b>SDG 17:</b> Partnerships for the Goals</p>	<p><b>SDG 6:</b> Clean Water and Sanitation</p> <p><b>SDG 9:</b> Industrialization, Innovation and Infrastructure</p> <p><b>SDG 12:</b> Responsible Consumption and Production</p> <p><b>SDG 14:</b> Life Below Water</p>
<p><b>Quality at Every Step</b></p> 	<p><b>Workplace Well-being</b></p> 	<p><b>Action for Climate and Biodiversity</b></p> 
<p><b>SDG 3:</b> Good Health and Well-Being</p> <p><b>SDG 12:</b> Responsible Consumption and Production</p>	<p><b>SDG 3:</b> Good Health and Well-Being</p> <p><b>SDG 4:</b> Quality Education</p> <p><b>SDG 5:</b> Gender Equality</p> <p><b>SDG 8:</b> Decent Work and Economic Growth</p> <p><b>SDG 17:</b> Partnerships for the Goals</p>	<p><b>SDG 7:</b> Affordable and Clean Energy</p> <p><b>SDG 9:</b> Industrialization, Innovation and Infrastructure</p> <p><b>SDG 12:</b> Responsible Consumption and Production</p> <p><b>SDG 13:</b> Climate Action</p>
<p><b>Regenerative Agriculture</b></p> 	<p><b>Community and Value Chain Development</b></p> 	<p><b>Circular Economy of Materials</b></p> 
<p><b>SDG 1:</b> No Poverty</p> <p><b>SDG 2:</b> Zero Hunger</p> <p><b>SDG 3:</b> Good Health and Well-Being</p> <p><b>SDG 8:</b> Decent Work and Economic Growth</p> <p><b>SDG 11:</b> Sustainable Cities and Communities</p> <p><b>SDG 12:</b> Responsible Consumption and Production</p> <p><b>SDG 17:</b> Partnerships for the Goals</p>	<p><b>SDG 1:</b> No Poverty</p> <p><b>SDG 2:</b> Zero Hunger</p> <p><b>SDG 3:</b> Good Health and Well-Being</p> <p><b>SDG 4:</b> Quality Education</p> <p><b>SDG 5:</b> Gender Equality</p> <p><b>SDG 8:</b> Decent Work and Economic Growth</p> <p><b>SDG 10:</b> Reduced Inequalities</p> <p><b>SDG 11:</b> Sustainable Cities and Communities</p> <p><b>SDG 12:</b> Responsible Consumption and Production</p> <p><b>SDG 16:</b> Peace, Justice and Strong Institutions</p> <p><b>SDG 17:</b> Partnerships for the Goals</p>	<p><b>SDG 9:</b> Industrialization, Innovation and Infrastructure</p> <p><b>SDG 12:</b> Responsible Consumption and Production</p> <p><b>SDG 15:</b> Life on Land</p>

Since 2016, we have put forward initiatives that help make progress against the SDGs on the platform “Connecting Businesses to the Sustainable Development Goals (SDGs)” maintained by the *Consejo Empresario Argentino para el Desarrollo Sostenible* (CEADS) (Argentine Business Council for Sustainable Development). In 2021, we presented four action cases:



### SDG 8 - Decent Work and Economic Growth

**Targets addressed:** 8.1, 8.3 and 8.5

SEE CHAPTER 3 →

#### Responsible Inclusive Purchases Program

As part of our *Community Impact Management Strategy*, designed to contribute to the economic, social and environmental development of the communities nearby our industrial facilities, we run the *Responsible Inclusive Purchases Program*, which fosters economic and social inclusion within the supply chain of vulnerable groups usually excluded from the competitive market.



### SDG 3 – Good Health and Well-Being

**Targets addressed:** 3.4

SEE CHAPTER 2 →

#### “Learning to Enjoy” Program

As part of our *Healthy Diet and Lifestyle Strategy*, we have developed “*Learning to Enjoy*”—a corporate social investment program managed by Arcor Foundation in Argentina and Chile, and Arcor Institute in Brazil—seeking to promote healthy lifestyle habits in primary school and kindergarten children, engaging families, civil society organizations, provincial or municipal governments, and other local agents around three areas: Active Lifestyle, Nutrition, and Healthy Relationships.



### SDG 12 - Responsible Production and Consumption

**Targets addressed:** 12.2, 12.3, 12.4 and 12.5

SEE CHAPTER 2 →

#### Sustainable Sugar Production

In order to address the challenges associated with the primary production of our raw materials, and in line with our *Sustainable Supply Strategy*, Arcor Group develops the *Sustainable Agriculture Program*—a set of initiatives designed to address specific challenges specific to its main agricultural supply chains. Under this endeavor, since 2012 we have developed the “Sustainable Sugar Production” program, including the following initiatives:

- Certification under the BONSUCRO standard since 2017.
- Global G.A.P. certification for our own sugar cane production.
- Certification under the G.A.P. Local standard to ensure that no fire is used in sugar cane production.
- Organic sugar production under the USDA-NOP (National Organic Program) certification since 2017, and under the UE-AR (European Union and Argentina) standard since 2020.
- Productive development of small-scale sugar cane producers through mechanization and modernization (Cobra Project).
- Biodiversity conservation.
- Forestry Plan: Plantation of trees in areas that are not suitable for growing sugar cane.
- Industrial compost preparation from sugar cane processing waste.



### SDG 16 – Peace, Justice and Strong Institutions

**Targets addressed:** 16.3, 16.5, 16.6, 16.7 and 16.10

SEE CHAPTER 5 →

#### Code of Ethics and Conduct

Arcor Group’s business success is tied to the relationship it builds with its stakeholders, based on the values that support its identity and the principles that guide the company’s actions.

Arcor Group’s Code of Ethics and Conduct sets forth a set of values, principles and rules that guide the actions of employees, while ensuring the sustainability of the organization and its stakeholders. In order to make its implementation easier, the document includes the steps to follow and the application cases to comply with its contents.





# Awards and Recognitions

Our company received several distinctions and awards during 2021.

## Arcor Group

- “Top 100 Confectionery Companies in the World”, from the Candy Industry magazine: 26th place in the overall ranking.
- “100 Companies with Best Corporate Image,” from *Apertura* magazine: 2nd place in the overall ranking, with our CEO making it to the 2nd place in the leadership ranking.
- “Top Brands” from *Apertura* magazine: 2nd place in the overall ranking.
- Merco ranking compiled by *Clarín* newspaper: 1st place among the “50 More Responsible Companies with Best Corporate Governance.” Besides, Arcor Group and our CEO occupied the 2th place in the overall ranking and in the leadership ranking.
- The Municipal Government of Arroyito (Cordoba) designated Arcor Group’s President and CEO, Mr. Luis Pagani, as a Distinguished Citizen of Arroyito.
- “Córdoba Empresaria 2021”, the award to the province’s business community from *La Voz del Interior* newspaper—on occasion of our 70th anniversary, we received an award to the business track record.
- “Exports Awards” from *Prensa Económica* magazine: 1st place among exporters within the Food Industry category.
- “Fortuna Awards” from *Fortuna* magazine: 1st place among the Best Food Companies.
- “Business Prestige” from *Prensa Económica* magazine: 2nd place among the most prestigious companies and 1st place

among food companies. Our CEO, Mr. Luis Pagani, ranked 2nd among Argentina’s most prestigious businessmen.

- CEADS Acknowledgment: The Argentine Business Council for Sustainable Development acknowledged our contribution to the achievement of the Agenda 2030 goals.

## Arcor Foundation in Argentina, Arcor Institute in Brazil, and Arcor Foundation in Chile

- Eikon Awards: We received the “Golden” award during the edition held in Cordoba, within the Social Marketing category for our project “*Campeones de la Transformación. Banco de experiencias: Escuela en casa*” (Change Champions. Experience Bank: School at Home) (a topic related to healthy lifestyle and education opportunities). We also received the Silver award during the national edition for our initiative “Arcor’s Award to Innovation.”
- APSAL Award: We were distinguished within the Education category for our “*Desde el Principio*” (From the Beginning) program.
- “Solidarity Entrepreneur” Award: Our Education Portal was distinguished within the Education category.
- “Business Initiatives in favor of Early Childhood” driven by Diálogo Interamericano and RedEAmérica: Our “Niñez Cercana” (Close to Childhood) program was distinguished as one of the six experiences that best illustrate how the business sector may contribute to well-being in early childhood.







# Dialogue with Our Stakeholders

We endeavor to build upon the relationship with our stakeholders in order to strengthen and address their interests and expectations.

## Governance and Society

We participate in more than 70 business chambers, associations and organizations related to social investment and sustainability ● We are engaged in initiatives and commitments related to sustainable development, such as the Global Compact, SDGs and WEPs, among others. ● We are involved in several working committees and governance bodies at several institutions.

## Media and Thought Leaders

Press releases ● Interviews with spokespeople ● Participation in news articles and special reports ● Institutional website ● Social media.

## Shareholders

Shareholders' Meeting ● Institutional website ● Argentine Securities Commission's website ● Communication through the Corporate Management division, which is responsible for coordinating all corporate aspects of the Group ● Financial statements ● Annual report ● Report on the Degree of Compliance with the Code of Corporate Governance.

## Employees

Ethics Line ● Internal communication channels: TV, Intranet, RedCom App, and mailing ● Feedback meetings under the Performance Management System framework. ● Satisfaction surveys on courses and meetings.

# Stakeholders

## Consumers

Consumer Service ● Market research meetings ● Consumers Committee (Brazil) ● Social media ● Corporate e-mail ● Institutional website ● Regular mail ● Service and product satisfaction surveys ● Preparation of reports for several stakeholders ● Coordination of promotional actions ● *Arcor en Casa* (Arcor at Home) platform.

## Community

Social media ● Corporate web site ● Perception studies ● Spaces for dialogue with local communities ● Working groups with provincial and municipal governments ● Coordination with civil society organizations ● Site visits ● Actions that empower our employer brand ● Communication actions aimed at attracting talent to our company ● Support in specific searches on social media.

## Distributors

Ethics Line ● Letter of Adherence ● Corporate e-mail ● TOKIN application ● Sustainability Good Practices Guide & Sustainability Performance Index ● Arcor Tour.

## Suppliers

Ethics Line ● Letter of Adherence ● Corporate e-mail ● ArcorBuy.com website ● Meetings with suppliers: Agricultural producers, outsourced suppliers, Quality Month ● Development of Responsible Inclusive Purchase (CIR, as per its initials in Spanish) suppliers ● Self-assessment and training under the REconocer program.



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### Redcom App Ongoing Growth

Seeking to increase users' participation and reach all countries where we have a presence, we endeavor to turn the Redcom App into a smoother and increasingly more open and collaborative channel.

During 2021, we introduced a number of improvements to the mobile app in order to increase the interaction among users. For instance, we added a "comments" module where our employees can write texts, reply to other comments, and include emojis to react to several prompts, quizzes, surveys, and activations. With the re-launch, we reached 7,965 views and received 604 comments on the first post.

We also launched the mobile app at our Brazilian plants, making the platform capable of supporting multilanguage. Thanks to this endeavor, we opened up spaces for interaction and participation with several local leaders and established new management roles and responsibilities for content creation.

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### Ongoing Consumer Service Improvement

In 2021, we implemented improvements to "Keepcon"—our social media monitoring system— at our Consumer Service (SAC, as per its initials in Spanish) in Argentina. Based on the detection of key words in forms populated by consumers on our web site, we can focus our attention based on the type of claim, thus ensuring traceability.

Besides, through our SAC, we take actions to ensure consumer satisfaction and to have a global view of their opinion on our service:

- Contacting consumers who make product complaints to provide a technical answer to whom so requests.
- Conducting satisfaction surveys by service and by product.
- Preparing reports for several stakeholders.
- Coordinating promotional actions.
- Addressing the concerns of consumers and customers that contact us through our e-commerce web site "*Arcor en Casa*" (Arcor at Home).

Finally, we continued working on our consumers' quality experience:

- We included 6 educational videos in our institutional web site, which are also offered to consumers that contact us through social media: How can you prevent the presence of mold in food? How can you prevent the presence of plagues in food? How can you prevent chocolate from developing a white film on it? Good product purchase practices. Good product storing practices. Crackers and cookies conservation.

- Training was delivered to call center advisors on the educational videos.
- We submit a letter with instructions on how to take care of our products when making product replacements due to customers' complaints.



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### We Are the Argentine Company with More LinkedIn Followers!

In September, we were distinguished by LinkedIn due to the large number of followers on our LinkedIn account.

Such distinction highlights our management efforts in each communication and interaction with our community of followers, which encourages us to keep working and improving looking forward.

By the end of 2021, we had more than 900,000 followers.

# Arcor Group's 70th Anniversary

During 2021, we carried out several initiatives to commemorate our 70th anniversary.

We launched the *Looks* campaign as a form to highlight how we have been *looking to the future* since our inception to change and grow over the years—that passionate and committed look

of our founders that has turned us into a large company capable of crossing borders.

**On occasion of our anniversary, we wanted to celebrate that look to the future, focusing on three key messages that are engrained in our history:**

## Entrepreneurial Spirit (Past)

Since 1951, we believe in entrepreneurs who make their dreams come true.



## From Argentina to the Globe (Present)

We are an international company from Argentina, with presence in more than 100 countries from several continents.

## Look to the Future (Future)

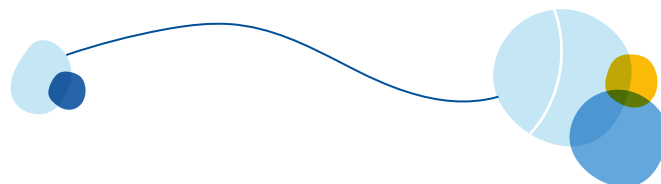
We reaffirmed our forward-looking approach and invited the community to think together the future we want to build.



In order to convey these messages to our stakeholders, we resorted to a new visual identity and developed several initiatives:

- **“Looks” Advertising Spot:** We created an advertising spot named “Looks” (*Miradas*, in Spanish)—the hallmark piece of the campaign— featuring Argentine singer “La Sole,” in which we tell what lies behind our look.
- **“Looks” Contest:** Through our social media accounts, we invited our communities to share their look to the future, as we did from the very beginning.
- **Streaming Events:** We conducted online events that benefited the interaction with users. These events were hosted by Iván de Pineda, José del Río, and “La Sole”, who also sang Arcor’s anthem.
- **“El Gen Empresarial” (The Entrepreneur Gene):** We presented the book written by our CEO, Mr. Luis A. Pagani, together with the publishing company Penguin Random House. The book walks around the company’s history and describes its outlook for the coming years.

We also developed exclusive products in commemoration of our anniversary, such as cans featuring the visual identity of our campaign. We delivered more than 20,000 cookware sets as a gift to our employees and more than 2,000 commemorative kits to thought leaders and journalists that symbolize our origin—a suitcase as the one our first distributors used to carry to offer our products door-to-door.



+14 million people connected through social networks

36,000 new social media followers

+10,000 participants in our “Looks” contest

766 people connected to the external event

12,200 employees connected to the internal event

7,300 distributed books



#### A Future with a Positive Look

The *Looks* contest held on our social media accounts received more than 10,000 *looks to the future* from our digital community. To such end, we carried out an analysis together with Ms. Adriana Amado Suárez, PhD in Social Sciences, and her team, about the emotion codes conveyed by the way we look, from both a neuroscience approach and also from an exploratory methodology, in order to understand how the community projects and wishes the future to be like.

Based on the conclusions received, it was found that the most common emotions were joy, hope, happiness, and surprise. Besides, one of the most interesting findings was the fact that this campaign managed to open a dialogue on the social media characterized by cordiality and joy in each message—different from the typical tense microclimate that abounds in social media, serving as a channel that enabled a positive and meaningful communication among users.



The special actions carried out to commemorate our 70th anniversary also helped strengthen our bond with civil society and community organizations, as part of our *Community Relationship Strategy*:

### Arcor's 70th Anniversary Contest

We celebrated our 70th anniversary with our customers, inviting them to participate in *Arcor's 70th Anniversary* contest.

The winners received gift products and were also able to choose a Food Bank that would then receive the same prize as they won. We donated products to each winning location to cover lunch or dinner meals and afternoon snacks, including marmalades, cookies and crackers, nougat candies (*turrones*), cocoa, sugar, polenta, canned food, and pasta.

The 16 winners selected 5 Food Banks to receive the donation in Buenos Aires, Mendoza, Córdoba, Resistencia and Salta.

### Food Bank Strengthening Project

As part of our 70th anniversary, we strengthened our alliance with the Food Bank Network in Argentina, as well as with Food Banks from Chile, Brazil, Paraguay, Uruguay, and Bolivia, by contributing funds to purchase equipment and management systems that streamline the Food Banks' activities and mission of rescuing and distributing food, to avoid waste.

In Argentina, the initiative was carried out with the aid of distributors. In Paraguay, Uruguay and Bolivia, it was conducted by each country's Sales Offices. These donations benefited 30 Food Banks from the region.



### Special Food Support Program

As part of a joint action of Arcor Group and its wholesale customers, we carried out a program involving the donation of non-perishable products to cover, at least, one main meal and one snack, through the Food Banks in Argentina.

The donated products included polenta, pasta, tomato purée, peas, oil, sugar, cocoa, and nougat candies (*turrones*) distributed among Food Banks from Santa Fe, Córdoba, Mendoza, Salta, Neuquén, and La Plata.

### Agreement with the Argentine Ministry of Education

Jointly with Arcor Foundation, we entered into a cooperation agreement with the Argentine Ministry of Education, through Educ.ar S.E., for an amount of up to ARS 25,000,000. The proceeds would be used to create digital educational contents and 24 EducLAB innovation spaces, with multimedia equipment at schools countrywide.

This action is also supported by our more than 150 distributors, and encompasses the production of innovative teaching resources by Educ.ar subject-matter experts, which will be made available to schools countrywide on the Juana Manso platform.



# Sustainable Food

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## Sustainable Food

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

Our *Sustainability Policy* sets forth the following commitments:

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



## Healthy and Affordable Nutrition

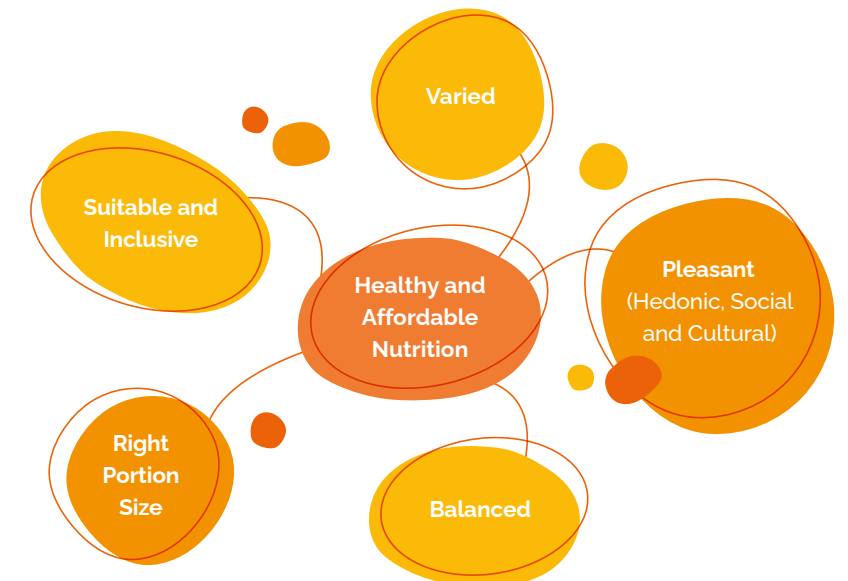
We believe eating means nourishing, gratifying and bonding. A healthy diet is varied, sufficient, rewarding and capable of providing a nutritional balance to each person. In addition, it is affordable when it provides good value for money and can be easily purchased by all consumers.

We are committed to offering the best alternatives for those who wish to have to a balanced and healthy diet, suitable to their needs, preferences and culture.

Through this commitment, we seek to provide options that address the emerging consumption trends, and the need for a pleasant nutrition, while also inspiring healthier habits.

## Food and Healthy Lifestyle Strategy

In line with the World Health Organization's (WHO) guidelines, we understand health as a state of complete physical, mental and social well-being. A healthy life is built upon good habits, such as rest, exercise and an active lifestyle; healthy relationships and enjoyment; planet preservation, and healthy and affordable nutrition.





The path to fulfill our commitment to healthy and affordable nutrition has been subject to changes and ongoing improvements. A decade ago, we created the Nutrition Platform Group in order to manage at the corporate level the initiatives the businesses had been proactively working on. In 2016, in response to the growing internal workload and to the requirements from our consumers and stakeholders, we created a Nutrition Committee in order to empower our internal management efforts and generate positive impacts on society.



**The Nutrition Committee is comprised by the utmost authorities of the Consumer Food Products and Agribusiness units and the Sustainability, Institutional Communication, Public Affairs, Food Laws, Transformation and Nutrition areas. This Committee is responsible for executing the Healthy Diet and Lifestyle Strategy (EA&HVS, as per its Spanish acronym).**

**The execution of our EA&HVS is subject to three governance levels:**



**Nutrition Committee**

It is the governance body responsible for defining and ensuring the execution of the EA&HVS.



**Nutritional Platform Group**

It is the operating group responsible for ensuring the enhancement of our food portfolio in terms of composition and nutritional value, whilst contemplating our profitability and sustainability goals.



**Corporate Nutrition Area**

It is the dedicated area responsible for the coordination of, specific support to, and operational follow-up of the actions stemming from the EA&HVS execution.

The first management period of our EA&HVS (2016-2020) ended with significant accomplishments. A renewed cycle will commence in 2022 that will span until 2025.

**Our actions are based on four pillars:**

**Portfolio**

Taking actions on our products to achieve the best possible nutritional profile, and to reach everyone, including minority and cultural groups with specific nutritional needs, ensuring affordable products and, thus, contributing to provide options for people to enjoy and accomplish their nutritional goals.

**Alliances and Knowledge**

Fostering the relationship and joint actions with the science & technology sector, in order to support food initiatives through alliances, and creation of and access to knowledge.

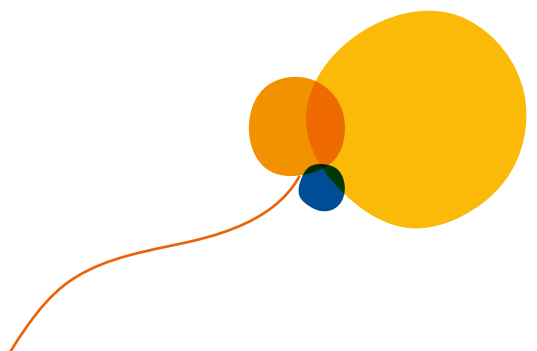
**Communication**

Conveying all information in a responsible and transparent manner, engaging with our several audiences through active listening in order to interact and detect needs and expectations.

**Promotion of Healthy Lifestyle Habits**

Targeting actions at our consumers, the community and our employees in order to foster healthy lifestyle habits.

All our programs, initiatives and agreements are developed in accordance with applicable laws and regulations, the recommendations from international organizations, and national and international benchmarks, and current nutrition trends.





# Portfolio

We are committed to providing affordable foods, enhancing the nutritional profiles of our products to make them more nutritious, while embracing ongoing innovation to tap into new categories in order to offer an increasing number of food products that help meet our consumers' needs, including those who have specific requirements, to help them achieve their nutritional goals within a healthy and balanced eating pattern.

## In fulfilling this commitment:

- We work on the sensitive nutrients included in our recipes, seeking to reduce or replace them with substitutes "without" them.
- We incorporated positive components to our product offering, such as fruits, vegetables, nuts and legumes, whole grains and fibers, micronutrients, and proteins.
- We develop products targeted at cultural groups with specific preferences.
- We develop products with specific functionalities targeted at vulnerable groups.
- We implement actions leading to improvements in food accessibility.
- We encourage portioning to reduce the contribution of calories and sensitive nutrients.
- We encourage moments of pleasure and bonding, with indulgent products for those who wish to enjoy consciously and share moments with others.

- We assure the quality of our products for them to be safe and aligned with controlled processes.
- We manage the supply of our inputs and manufacturing processes in a sustainable manner.

## Arcor Group's Nutritional Profiles System and Nutritional Score

During the first cycle of the EA&HVS, we developed Arcor's Nutritional Profiles System (SPNA, as per its Spanish acronym) as a tool to target improvements and new product developments. At this stage, the SPNA established maximum limits for sensitive nutrients, such as sugar, saturated fats, and sodium, as well as calorie contribution for each product category.



**More than 55% of our portfolio is made up of products compliant with all limits established in the nutritional profile.**

During the upcoming period of our strategy until 2025, we are determined to make progress with our nutritional rating tool, based on three premises:

- Alignment with international standards.
- Incorporation of positive aggregates into the assessment algorithm.
- Incorporation of criteria from food guides based on daily and optional consumption food.

Accordingly, during 2021 we worked on the alignment of our nutritional assessment tool, adopting a scoring system with an aggregate score that represents the global nutritional quality of our products. The tool applied to our portfolio yields coherent and consistent results with those resulting from international benchmark assessment systems. The use of this tool will help us advance improvements and guide the development of new product launches.



Building upon previous years' improvements, during 2021 we accomplished the following:

We improved the composition of 31.7% of the products (kg) marketed on a global basis in respect of their contents of sugar, saturated fats and/or sodium.

Concerning flour-containing products, we improved 62.6% of the products (kg) marketed by Bagley Argentina, and 74.6% of the products marketed by Bagley Brazil.

Within the categories included in the Food business, we made improvements in 14% of the products (kg) sold.

We expanded the offering of alternative products with modified (i.e., with no or reduced) content of sugar, sodium and/or saturated fats: 11.2% of our products (SKUs) globally are alternative products.

## Actions and Initiatives on Sensitive Nutrients

One of the approaches in our strategy lies in working on sensitive nutrients (sugar, sodium, saturated fats, and trans fats) which are present in our recipes, seeking to reduce their content or to replace them with alternative substitutes to turn them into products "without" those sensitive nutrients.

### Sugar

We voluntarily report the total sugar content in our product labels. Six point three per cent (6.3%) of our SKUs are products with modified sugar content, that is, in their sugar-free, low sugar content and/or no-added sugar presentations.

To date, as part of our sugar-reduction plan, we have reduced the sugar content in 141 SKUs, which means that we delivered 1,342,038.4 kg less of sugar to the market in 2021.

Our Research & Development teams constantly work on innovating and discovering new sugar substitutes.

### Products With Reduced Added Sugar

To ensure compliance with the *Sugar Reduction Agreement* voluntarily subscribed with the Brazilian Ministry of Health, in 2021 we introduced nutritional enhancements to the formulation of our lines of Maria Maizena biscuits and sweet dry cookies, including products such as the Maria Aymoré; Maizena Triunfo and Aymoré biscuits; and the sweet dry cookies Triunfo, Aymoré and Danix.

As a result of these efforts, we have achieved an annual reduction of 33,510 kg of sugar.

Looking forward, we will continue working on this action line, with active involvement in monitoring compliance.



## Sodium

All products manufactured in Argentina comply with applicable local laws and regulations on sodium content in food.

In recent years, we have revised the limits set forth under our Sodium Content Policy, with 97.8% of our products being already compliant with such policy.

To date, as part of our sodium-reduction plan, we have achieved improvements in 279 SKUs, which means that we delivered 132,777 kg less of sodium (equal to 338,609.4 kg of salt) to the market in 2021. This improvement plan was aligned initiatives driven by the Argentine and Brazilian governments, including the participation in the Argentine program entitled "Less Salt, More Life."

In 2021, the Argentine Ministry of Health, in association with the private sector through the "Sodium Reduction Board," worked on the reduction of the maximum limits set forth under the Argentine Food Code for the "snacks" category. The Ministry of Health's and the Ministry of Agriculture's Joint Resolution Project was discussed and approved by the Argentine Food Committee and is undergoing the formal stages for final adoption and publication.

## Saturated Fats

At Arcor Group, we encourage the reduction of saturated fats contained in our products, primarily using high oleic sunflower oil as a substitute. Our innovation areas work on ongoing

improvements in manufacturing to incorporate a larger share of liquid oils and fat substitutes, with less content of saturated fats.

To date, as part of our saturated fat reduction plan, we have reduced saturated fats in 296 SKUs, having delivered 3,237,391 kg less of saturated fats to the market in 2021.

During the last period, we developed a Saturated Fats Replacement Strategy encompassing specific action lines.



### Mediatarde and Serranitas Crackers with Less Saturated Fats

For more than a decade now, from Bagley, we have been working on continuously reducing the content of saturated fats to offer products with improved nutritional profile to our consumers.

In this vein, we engaged in a process for the partial replacement of beef fat with high oleic sunflower oil in our Mediatarde and Serranitas crackers, in an effort to improve their nutritional profile, without affecting their organoleptic characteristics.

We started to evaluate this initiative in 2017, as part of our nutritional targets to be achieved by 2020. In 2019, we initiated a technical-technological analysis, including the theoretical study

of nutritional profiles and pilot-scale tests. In 2020, we made progress with the industrial-scale tests allowing us to define new recipes and the needs for investments at our plant in Villa Mercedes. Besides, for some presentations of Mediatarde crackers that are manufactured in Salto, we concurrently conducted industrial testing to validate the recipe and the product in this manufacturing line.

The implementation began in May 2021 in products marketed in Argentina, and ended in September 2021, with the update of packaging materials for export markets.

Finally, we achieved a partial replacement of beef fat with high oleic sunflower oil, which resulted in 26% and 21% reductions in saturated fats in Serranitas and Mediatarde crackers, respectively.

Considering the nutritional improvements in the products and their market acceptance, we are committed to continue developing and offering products with enhanced fatty acid profile, at affordable prices.

## Trans-fatty Acids

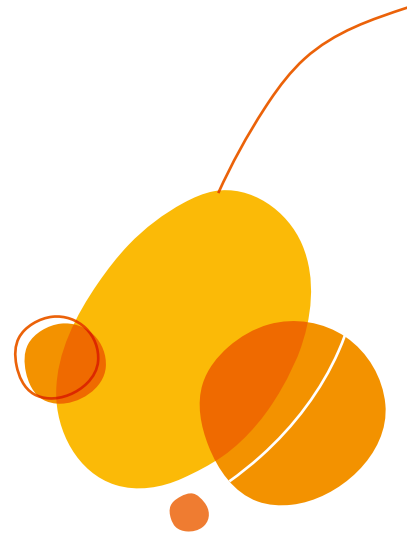
Since 2008, we have assumed the commitment to working on reducing trans-fatty acids. We have a *Trans-fatty Acids Policy* in place which establishes a 2% limit on the content of trans-fatty acids/fatty substance in our products. By 2019, our entire portfolio was already compliant with this threshold. Last year, we worked on including the elimination of partially hydrogenated fatty acids in our policy.

### Our efforts associated with the replacement of trans-fatty acids included:

- Replacing solid fats with liquid oils (primarily high oleic sunflower oil) in stuffing and dough recipes, adjusting the related sensory, process, and useful life profiles.
- Developing substitute solid fats with a crystallization profile aligned with available technologies.
- Introducing major changes in the supply of raw materials, which posed a challenge in terms of logistics and costs for raw materials which are not manufactured locally.
- Aligning manufacturing processes with investments in more suitable equipment, taking care of efficiency and productivity standards.

### Our proactive approach continues through innovation lines:

- Development of products free from partially hydrogenated oils, according to newly enacted laws and regulations at a global level, allowing us to export products from our plant in Mexico, thanks to these new developments, and also to comply with applicable laws in Brazil and Peru.
- Assessment of new suppliers and solutions that help us enhance our competitiveness and obtain substitute fats from local inputs.



## Food with Special Characteristics

Our portfolio includes products with nutritional benefits, such as products with reduced content of or without sugar and sodium; enriched in vitamins and minerals; rich in fibers and low in saturated fats, containing positive components (such as fruits, vegetables, nuts and legumes, whole grains and fibers, micronutrients, and proteins).

Besides, we manufacture and offer food products for people with specific nutritional needs, such as gluten-free or low-lactose products. We also offer wellness products, such as balsamic and inhalant products, oriented to specific cultural groups with special eating criteria.

In recent years, the market for products with nutritional benefits has experienced significant growth. In 2021, these products accounted for 34% of our revenues. Similarly, wellness products accounted for 7.5 % of our previous year's revenues.



### BC O Kcal Powder Juices

BC Power Juices are part of the low-calorie powder juice segment. One of the most valued attributes by consumers of these products is their low or zero calorie content.

Therefore, based on the company's goals and our consumers' interests, we have launched to the market a new formulation of BC powder juices, eliminating calorie-contributing raw materials from the product composition. The initiative posed a great challenge, for many of the ingredients to be eliminated played a functional role in the prepared product.

In August 2021, we executed the project, after a nutritional validation by external labs and the industrial validation of all juice flavors.

With this launch, we have managed to offer a product unique in the market of distinctive value for consumers.





#### Handmade Marmalades with More Fruit

In 2019, we set out to develop a marmalade with an additive-free home-made formulation.

The challenge in this initiative was being able to produce a marmalade with a consistency suitable to consumers' preferences, without using gelling agents or added preservatives. To such end, we worked on adding a larger amount of whole fruits and also on thermal validation.

In October 2021, we launched the product with a hand-made style formulation. The product consistency was achieved by using fruits only. The fruit content in the new marmalades accounts for approximately 60% of the formulation (50% more than in a standard marmalade).

The new product is available at supermarkets, at a price aligned with the pricing range for this market segment.

#### Distribution of Selz Rice Cakes

In Chile, the market for rice cakes has been growing consistently across all formats: Tower, mini cakes, family packs, and coated cakes. The main attributes appreciated by consumers within this segment include the product lightness and natural nature, the few ingredients contained in the recipe, and the fact that it may be a valuable substitute for bread.

The work done in 2021 was focused on increasing the product visibility and coverage on the traditional channel to reach a larger number of consumers, with special focus on mini-markets and grocery stores.

By year-end, sales of rice cakes rose by 123% and the channel's contribution to the total sales of Selz rice cakes grew from 12% to 18%.



## Gluten-free Food

At Arcor Group, we champion for food inclusion, offering new products every year that meet the needs of more consumers, making them accessible to most of them.

Our gluten-free products are present across all our businesses—hard and gummy candies, chocolates, lollipops, nougat candies (turrone) and Christmas' sugar coated peanuts, canned food, marmalades, polenta, juices and beverages, dried fruit mixes, dietary supplements, chocolates and premixes, rice toasts and ice-creams.

In 2021, we launched 35 new gluten-free products to the market, currently totaling 459 products.

In addition, together with the Argentine Celiac Society, we engaged in direct interactions on social media and dedicated supermarket shelves, and listed the products registered with the health authority as "gluten-free" on our corporate website.

### The Celiac Day—#HablemosSINTACC Campaign

In order to open up a space for dialogue that enables the participation and interaction of the celiac community and their loved ones, we presented "Hablemos sin T.A.C.C." (Let's Talk Gluten-free)—an initiative for the celiac community to share experiences and get connected with others.

We reached out to influencers from the celiac disease world and invited them to share their experiences through videos on our social media accounts, in order to be more empathetic through common experiences.

- Listen to [@mami\\_sin\\_gluten\\_](#)
- Listen to [@ser\\_celiaca](#)
- Listen to [@glutenfreak.ar](#)
- Listen to [@soyglutenfree](#)
- Listen to [@soyceliacoextraterrestre](#)

## Dietary Supplements

Focused on healthcare, a few years ago we partnered with Laboratorios Bagó to develop products for the dietary supplement market.

Continuing with our growth strategy, and aligned with the prevailing health context, in 2021 we launched *Simple Defensas* (Simple Defenses) to the market to help reinforce consumers' immune systems, and *Simple Colágeno* (Simple Collagen) for hair, skin and nail care.

As part of the growth process, we strived to educate consumers on the benefits of *Simple Defensas* (Simple Defenses) and *Simple Calcio* (Simple Calcium), by means of a mass media communication campaign featuring the renowned Argentine artist, Andrea Frigerio, to raise awareness on healthcare and prevention benefits.

## Food Products in Individual Servings

In order to improve proportions and quantities in food products consumed in the form of snacks, we have committed to offering individual serving options.

For 3 years now, we have been conducting a program in Argentina known as "Your Right Portion Size," identifying products that meet the established weight and calorie limits in their packages, thus facilitating consumers' choices. With the same spirit, in Chile we report the recommended serving of our products, including the legend "Suggested Serving" on the front of the package.

In addition, we have a corporate portioning guideline that encompasses all products consumed as snacks. In 2021, 58.6% of our snacks in individual serving packs were compliant with *Arcor's Portioning Guideline*.



### Individual Presentation of Tortuguita

The Tortuguita-branded product family is very popular among Brazilian children. These products are marketed in individual servings and, due to their chocolate content, their consumption occasion is associated with a moment of pleasure. Seeking to offer a product with less content of sensitive nutrients and less calories per serving, we reduced the product size. As a result of this action, our consumers reduce the intake of sugar, saturated fats and sodium by 14.6%, 13.2% and 17.5%, respectively.

This action was implemented in individual serving formats and also in assorted boxes.

## Product Affordability

In line with our purpose of making nutrition trends accessible so that everyone can live a better life, we have committed to taking actions to ensure a broader distribution of products with the best nutritional profile, whilst also offering good value for money.

### Natural Break: More Affordable to Everyone

In 2021, we redesigned our Natural Break portfolio to offer alternatives more aligned with current demands.

As a result, we created *Natural Break exclusive mixes*—a product that combines natural and nutritious food with enjoyment, seeking to make snacking a nutritious experience, without sacrificing satisfaction. *Natural Break exclusive mixes* is a versatile, tasty and nutritious snack, designed to accompany consumer at all times of the day.

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

Some of the nutritional benefits of nuts include:

- Healthy fatty acids (both monounsaturated and polyunsaturated).
- Plant proteins supplementary to cereal proteins.
- Soluble and insoluble fiber.
- Complex carbohydrates.
- E and K vitamins, folate and thiamine.
- Minerals (such as potassium, magnesium, copper and selenium).
- Bioactive compounds (such as carotenoids, antioxidants and phytosterols).

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

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

After 14 months under development, we launched 32 products in April-June 2021 —exclusive mixes of nuts, dried fruit and tasty ingredients, in individual serving packs ("Your Right Portion Size"), bars (on-the-go consumption), and family packs (at-home planned consumption).





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### Presto-Pronta Polenta in Single-serve Packs for Microwave

In line with our commitment to fostering nutritious and affordable food products encompassing and facilitating all consumption occasions, we launched flavored polenta with added skimmed milk powder in 65-gram single-serve packs, ready to cook in a microwave.

Following the launch of flavored polenta in 250-gram packs, we innovated by offering a single serving that makes out-of-home consumption easier. The product is ready only by adding water, making it an ideal option to have lunch at the office or as a soup replacement, for it is already flavored and does not need extra additives. Besides, it can be cooked in a microwave for 2 minutes.

We partnered with Mastellone Hnos. to add skimmed milk powder to the product.

Presto-Pronta Polenta was launched to the market in March and comes in 3 flavors—with milk, creamed spinach, and cheese & bacon.



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### Tuna Salad Launch

In 2020, we set out to develop a salad with La Campagnola tuna—a product characterized for its convenience since it serves as a nutritious meal, containing nutrient-rich ingredients such as vegetables and fish, whilst maintaining a price similar to a tuna can.

The product was launched in September 2021, and was wonderfully welcomed by almost 2 million consumers, who already perceive the brand as relevant and innovative, in line with their expectations.

The product also adds innovation to an emblematic and renowned product as it is La Campagnola canned tuna, to keep maintaining our leadership position in the segment.

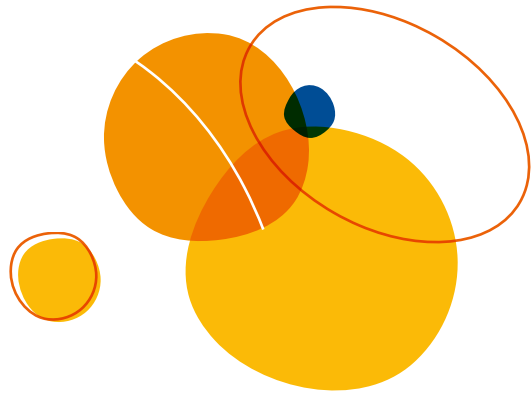
Looking forward, we will continue enhancing our fish salad offering, with quality options and more positive components.





# Alliances and Knowledge

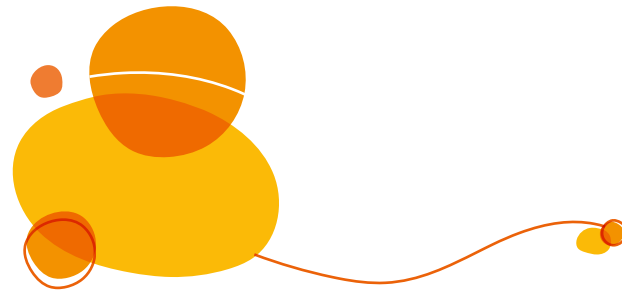
One of the goals aligned with our commitment to making sustainable food is building key relationships with our stakeholders, encouraging responsible dialogues and meaningful conversations, seeking to make substantial contributions to meet our society's food demands and needs. In addition, these relationships are an essential input to the research for the development of our products.



## Public-Private Cooperation Actions

**Some of the initiatives in which we have participated include:**

- 21st Argentine Nutrition Congress, organized by the Argentine Society of Nutrition, through an online booth that provided information on our Simple, Natural Break and Cereal Mix brands. The event was the first one held online. Arcor Group also gave out 100 grants to healthcare providers for them to be able to access the event.
- Development of several scientific reviews on a variety of topics, together with renowned researchers and other experts. The papers contributed to strengthen the nutritional surveillance system and the approach to specific topics from an Evidence-based Nutrition perspective.
- Participation in technical-regulatory task forces within business chambers and chamber coordinators. These task forces develop and discuss topics of interest relevant to the food industry, in alignment with health authorities and technical organizations through working groups, addressing and following up on several topics of interest, including those related to healthy nutrition.



## Regional Program on Basic Nutrition Education

As part of our diet and nutrition internal knowledge management efforts, in 2021, through Arcor University, we completed the "Corporate Program on Basic Nutrition Education," targeted at members of our Marketing, Research & Development teams and other related areas.

**This Program was regional in scope and convened 80 employees from Argentina, Brazil, Chile, Mexico and Peru.**

The Program's curriculum - which spans for one year and a half - was structured to delve into and reinforce nutrition and health concepts, provide impact evaluation tools and ensure effective implementation, in order to foster projects that include the health aspect.

The Program was delivered by renowned subject-matter experts, thus contributing to strengthen the alliances with the scientific-technical system. Some of these experts were researchers at CONICET (National Council on Scientific and Technical Research), who participated through the STAN (High Level Technological Services) modality and other renowned subject-matter experts.





## Communication

As a consumer food company, transparent communication through responsible advertising is essential at the time of building long-lasting and trust relationships with our consumers.

In order to foster and share these practices, we participate at several organizations, including Argentine Advertising Council (*Consejo Publicitario Argentino*), Argentine Chamber of Advertisers (*Cámara Argentina de Anunciantes*), Association of Communication Managers and Directors (*Asociación de Directivos de Comunicación*), Argentine Professional Council in Public Relations (*Consejo Profesional de Relaciones Públicas de la República Argentina*), Brazilian Association of Advertisers (*Asociación Brasileña de Anunciantes*), National Council for Advertising Self-regulation (*Consejo Nacional de Autorregulación Publicitaria*) in Brazil; and National Association of Advertisers (*Asociación Nacional de Avisadores*) and National Council for Self-regulation and Advertising Ethics (*Consejo de Autorregulación y Ética Publicitaria*) in Chile. In addition, Arcor Group is adhered to the Self-regulation Policy of the Food Industry Coordinating Organization (COPAL, for its initials in Spanish), which executed the compliance verification methodology.

We believe we are called for to assume a key role when conveying messages that foster better lifestyle and eating habits, primarily among children. Therefore, since 2018, we have had our proprietary *Self-Regulatory Policy for Children's Advertising*. According to such policy, Arcor may target communications at audiences made up (at least, by 50%) of children under 12 years' old only in respect of products compliant with Arcor's Nutritional Profile System. The policy is applicable in all markets and countries where our products are present, except where a more stringent standard or sectorial agreement exists, in which case the latter shall prevail.

Besides, since 2016 we have been proactively working in order for the information on our products' ingredients to be readily visible in the package and for consumers to be able to easily recognize nutrition facts.

Accordingly, we comply with all mandatory requirements on front-of-pack nutrition labelling for critical or sensitive nutrients applicable in Latin America, as well as with all health requirements established in the countries where we market our products.



## Promotion of Healthy Lifestyle Habits

At Arcor Group, we have assumed a comprehensive commitment to the promotion of healthy lifestyle habits through actions and programs targeted at both our employees and the community.

### Initiatives to Promote Employee Well-being

During 2021, together with our suppliers, we continued reviewing the nutritional content of snacks, lunches and dinners served at our industrial facilities' cafeterias. In addition, we implemented a Service Level Agreement (SLA) arrangement to assess the quality of the products and services supplied across all Argentine sites where we offer catering services to our employees.





## “Learning to Enjoy” Program

“Learning to Enjoy” is a corporate social investment program managed by Arcor Foundation in Argentina and Chile, and by Arcor Institute in Brazil. The program contributes to the promotion of healthy lifestyle habits among children, through three action lines:

- Digital mass mobilization strategy
- Content production
- “Learning to Enjoy” Regional Award

143 sponsored schools and kindergartens

92,993 children benefited

5,565 teachers trained

In 2021, the program highlighted the results and developments accomplished over the 4 years of efforts through several actions:

- **Implementation of a Digital Mass Mobilization Strategy:** We developed a WhatsApp channel to distribute training materials, which contents were welcomed and used by a large number of teachers.


**We surpassed 3,000 direct contacts from 25 countries, and reached all Argentine provinces.**


- **New Content Development and Production:** We launched 3 new courses at Arcor Foundation’s Education Portal on healthy lifestyle habits and developed new contents on nutrition, active lifestyle, and healthy relationships for our WhatsApp channel.


### “Learning to Enjoy” Award

We designed and kicked off the first call to participate in the “Learning to Enjoy” award. Organized in partnership with the Organization of Ibero-American States (OEI, as per its initials in Spanish) and with the support of Universidad Católica de Córdoba, Fundação de Ensino Superior de Bragança Paulista (FESB) and Universidad Mayor de Chile, the award seeks to recognize experiences that foster healthy lifestyle habits during childhood, developed at schools and community centers in Argentina, Brazil and Chile. In this first edition, we received 42 experiences from the 3 countries. The winners are:

**Regional Award:** “Salucleta. Promover Salud”. Daycare and School Support Center No. 232. *Mi Mundo de Fantasías*. Barrio 25 de Mayo, Santa Rosa, Mendoza, Argentina.

 **Argentina:** National Award: “*Cuidando la primera infancia y el embarazo*” (Taking Care of Early Childhood and Pregnancy), Fundación Acción País para la Formación de Liderazgo Social (Fundación Pilares), Autonomous City of Buenos Aires. Special mention: “*Cocina con sentido*” (Meaningful Cooking), Asoc. Civil La Quinta de Vera, Province of Santa Fe.

 **Brazil:** National Award: “Nutrición Dunamys”, Dunamys Educational Center in Curitiba. Special mention: “*Alimente a energia da sua vida*”. Escola Jarbas Passarinho de Ipoyuca.

 **Chile:** National Award: “*El juego en el corazón del CEM*” (Playing at the Core of CEM). Complejo Educacional de Maipú (CEM) School, Santiago. Special mention: “*Construyendo vínculos para una cultura alimentaria saludable*” (Building Bonds for a Healthy Food Culture). Fundación Brotes de Ñuñoa, Santiago.

The regional winner received USD 2,000 in cash, whilst national winners received the equivalent to USD 1,500 in their respective local currencies. On the other hand, the winning projects were distinguished with an acknowledgement plaque and their authors received a smartwatch with healthcare features.



## Support to Participating Schools and Kindergartens

We also continued supporting the projects underway and the education community of schools and kindergartens that foster a healthy lifestyle.



### Argentina

We worked with the 93 schools that are part of the program, providing support, listening and guidance to encourage healthy lifestyle habits amidst the COVID-19 pandemic and social distancing.

- **Online support:** We conducted situational surveys at schools and enabled a dialogue with school leaders, creating spaces for sharing insights and reflecting on the pandemic effects on school proposals and healthy habits.

88 participating schools from 11 communities.

+70 hours of dialogue.



- **Experience bank:** Through an online space to share school-implemented strategies, we seek to communicate and highlight the innovative and sustained work done by the educational community.

We gathered 36 experiences from schools participating in the “Learning to Enjoy” program that illustrate actions and strategies to promote healthy lifestyle habits.

- **“Physical exercises for children during the pandemic” education program:** The program included two workshops: “Physical activity as an essential pillar for growth and development” and “Physical activity and healthy lifestyle habits: The power of school.”

Participation of teachers from 93 schools engaged in the “Learning to Enjoy” program from 11 communities.

- **End-of-year “Super-healthy” video:** We celebrated the end of the year with the schools engaged in the “Learning to Enjoy” program by sharing a video where “Super-healthy,” the nutrition superhero, together with his friends, Passion Fruit, Petrona, Pacho, Physical Activity, and Ecology, invited participants to renew their commitment to a healthy lifestyle and stay on track.

93 schools from 12 communities participated in the end-of-year celebration.

### Brazil

We supported 8 projects: 5 at public schools, and 3 at civil society organizations in the municipalities of Bragança Paulista, Campinas and Rio das Pedras, State of São Paulo.

During the year, we developed a number of initiatives as part of the Program:

- Online training for school teachers and headmasters.
- Development of activities with children at school and at home.
- Sharing of nutritious recipes with families to be prepared at home.
- Development of reinvigorated school areas with newly installed playgrounds, paintings of games on the floor, and toys for motion activities.
- Creation of teaching kitchens at schools for students to prepare recipes and to be replicated at home.
- Families' access to nutritious and distinctive food involved in the project activities.
- Making playing and moving materials available that families could take home, customizing activities to the pandemic context.

Against this backdrop, we held 6 online meetings to introduce and deliver training on healthy lifestyle habits. We carried out the first in-person project closing and socialization meeting, convening 180 participants.

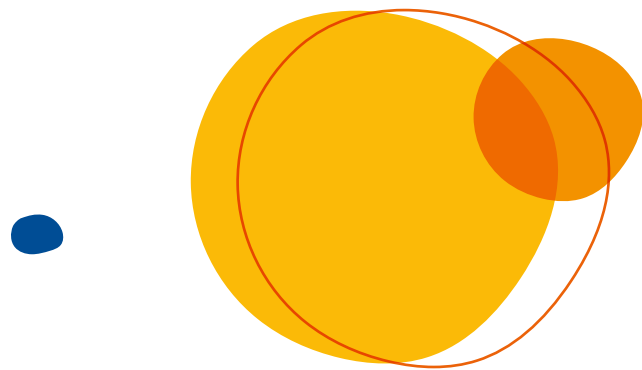


# ✓ Quality at Every Step

We are convinced that the population's dietary needs can only be satisfied with safe food products, respectful of their attributes, and accompanied with transparent information.

We are committed to guaranteeing top quality across our entire product offering, considering consumers' expectations and ensuring a reliable supply chain, certified production processes, and an efficient marketing network.

Through this commitment, we seek to deliver the experience our customers and consumers expect at all our points of contact.



## Food Quality and Safety

To us, quality is at the core of everything we do across the organization, being understood as a concept that is born and ends with the consumer.

**In 2021, we incorporated Quality as a new value within our corporate philosophy: “We are devoted to meet high-quality standards, by listening to what our customers and consumers have to say at each stage of the value chain, so that they can have the experience they expect with our products”.**

### 2021-2024 Strategic Plan

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

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

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

To such end, we developed 5 well-defined cultural avenues in 2021, building a close bond between the Quality and the other areas of the company in order to jointly move towards a truly quality-oriented cultural change:

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

To us, setting clear and objective goals is essential to strengthen our Integrated Management System across all our operations.

In October, as part of Arcor's Quality Month, we carried out quality-related activities at all our operating facilities, primarily focused on the strategic initiatives under the *Cultural Change Project*.

## Certified Industrial Process

In order to ensure both our employees' and our products' safety, in 2021 we made progress with the implementation of our Management System certification plan under ISO standards at our industrial facilities, including the Cartocor (former Zucamor) plants that were incorporated to the corporate management project.

Concerning Food Safety, we adopted new certifications under the voluntary module of Preventive Controls pursuant to the U.S. Food Safety Modernization Act (FSMA) and Foreign Supplier Verification Program (FSVP) at 4 confectionary plants in Arroyito, as well as the Hazard Analysis and Critical Control Point (HACCP) and Good Manufacturing Practices (GMP) certifications at the grain storage plant in Villa Mercedes. On the other hand, we maintained our previous years' certifications under British Retail Consortium (BRC), HACCP, GMP, Global GAP and FSSC 22000 (*Food Safety System Certification*) at the several sites. Due to the pandemic-related restrictions and the definitions of the IFS standard, the recertification audit on the Butter Toffees soft candy lines in Arroyito was scheduled for March 2022.

On the other hand, last year, the U.S. Food and Drug Administration (FDA) did not carry out audits at our facilities or compliance verification activities in respect of the requirements established by the FSVP rules at our U.S. affiliate.

As it concerns new requirements from laws and regulations and customers' requests, we are working on updating our risk-based hazardous analysis under HACCP, HARPC (Preventive Controls), Food Fraud, Food Defense, and Allergen Management.



**42 manufacturing sites have some form of food safety certification.**

Regarding our quality management system, last year we adopted the certification under ISO 9001:2015 "Quality Management" at our grain storage plant in Villa Mercedes (Argentina). We plan to further strengthen our Comprehensive Management System across all our operations to keep incorporating functional areas to the corporate certification project.



**50 manufacturing sites certified under ISO 9001:2015.**



**We also maintained our UTZ and RSPO certifications in respect of the mass balance-chain of custody for sustainable cocoa and the mass balance supply chain for sustainable palm oil.**

As a new challenge, in 2021 we set out to integrate Zucamor plants to Arcor Group's Comprehensive Management System, approving indicators, certifications, criteria and policies for quality management and control in processes.

All our products and manufacturing processes comply with applicable regulatory requirements in the country of origin and in each country of destination.



## Food Safety and Quality Audits at Suppliers

Concerning quality and food safety, we carried out a selection, assessment, follow-up and improvement process to ensure that all suppliers of manufacturing materials comply with the standards required to manufacture quality, authentic, safe and lawful products.

We carry out audits at our suppliers' facilities to obtain a Supplier Potential Index (IPP, as per its initials in Spanish) to qualify suppliers and assess their reliability. A supplier will be considered approved if it gets a minimum score in excess of 70 points and if it is certified under any of the standards recognized by the Global Food Safety Initiative (GFSI), such as British Retail Consortium (BRC) or FSSC 22000, among others. If a supplier fails to reach a minimum score, we give support to help such supplier make improvement plans to be able to meet the required standards in the future.



**We completed 1,147 food safety and quality assessment activities at our suppliers.**



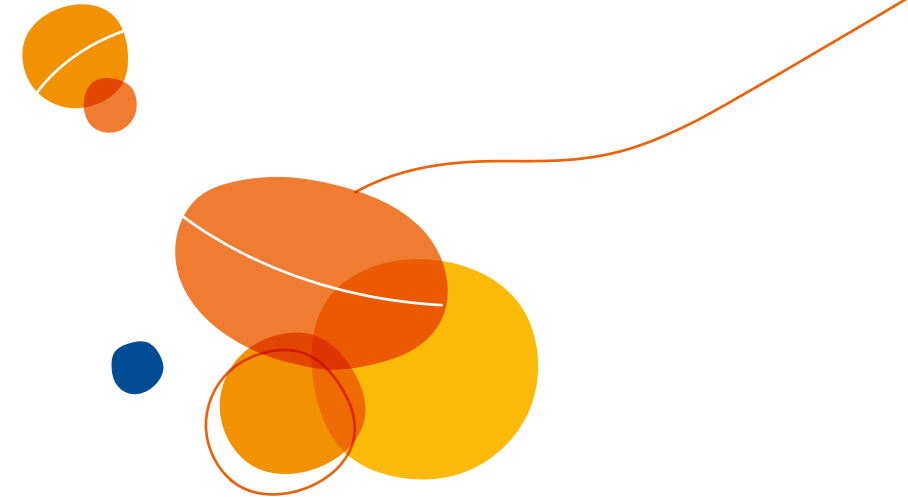
**94.9% of these suppliers obtained an IPP equal to or higher than 70.**

In 2021, we stuck to the stated supplier management challenge aimed at being able to maintain our current activities, going on with the assessment, follow-up and development of suppliers, whilst maintaining the quality and safety accomplishments and standards already achieved; ensuring the supply chain continuity, and the level of interaction and communication with suppliers; and implementing new activities associated with the goals and targets already set.

During the year, we helped suppliers the required support from us on issues related to the implementation of COVID-19 protocols and preventive measures to minimize the possibility of spreading the virus among employees and ensure business continuity in a safe manner.

We also continued with the development and assessment of agricultural producers associated with our Food and Agribusiness units in terms of quality, implementing strategies and specific questionnaires. We also developed and started to implement new questionnaires customized to the characteristics of other types of suppliers.

On the other hand, we continued working on the implementation of a Certified Quality program with some strategic suppliers, based on agreed-upon verification requirements and methodologies, reliability of their operations and raw materials, and delivered packaging materials.



As a result of the several interactions with our suppliers, many of them have decided to go ahead with the certification process under a renowned Global Food Safety (GFS) standard. In early 2021, 59.3% of our suppliers (of raw materials and direct contact packaging materials) related to the consumer food product business were certified under a renowned GFSI standard (such as BRC, IFS, FSSC 22000, Global GAP). At the end of 2015, this indicator stood at 21.1%.

Finally, at the Zucamor plants, we started to implement the corporate methodologies and criteria for supplier management. We delivered training to new internal auditors for these plants that will conduct supplier assessment activities.



## Assessment Procedure for Outsourced Suppliers

We have an assessment procedure in place for our outsourced suppliers involving quality, as well as economic, social and environmental aspects across all stages of our business relationship (qualification, contracting, follow-up, and control).

Since more than a decade now, we have developed a schedule of audits and recognized certification equivalents encompassing several aspects: GFSI (Quality), SA80003 (Contracting Conditions), ISO14001 (Environmental Management), OHSAS18001 (Occupational Health and Safety), WCA4 (Working Conditions), BSCI5 (Compliance), and SMETA6 (Ethical Trade).

The Outsourced Suppliers Corporate Committee, responsible for overseeing the implementation of these procedures, held 11 meetings and issued 34 risk reports during 2021.



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

## Quality and Safety in Distribution and Marketing

In order to be able to market sustainable food, it is essential that our quality processes be shifted to our entire value chain, particularly, the logistics, distribution and sales areas, through the integration of logistics and commercial processes, in order to increase our consumers' and customers' satisfaction levels pursuant to our *Cultural Change Project*.







# Regenerative Agriculture

We believe that food production systems must be sustainable to meet the demand from the world's growing population. Regenerative-agriculture production models propose solutions to address such a demand, whilst considering the major environmental challenges of our times.

We are committed to implementing conservationist models for the production of our raw materials that contribute to regenerate ecosystems, strengthening the best agricultural practices embracing precision technologies.

Through this commitment, we contribute to the ecosystems' resilience and climate stability, enabling a positive interaction among production systems and natural environments.

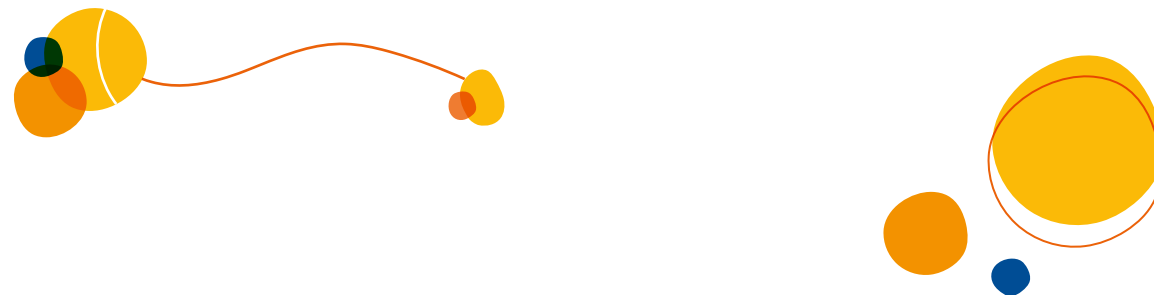
# Sustainable Agriculture Program

In 2012, we created the Sustainable Agriculture Program seeking to ensure the quantity, quality and safety of, as well as the environmental and social responsibility for, the main raw materials that we produce and acquire.

Through this program, we seek to raise the productive, environmental and social performance standards of the agricultural chains we are part of, by fostering the best manufacturing practices, the adoption of technology and innovation, and the search for solutions to address their main challenges.

The intervention strategy for each input will depend on the traceability of each chain and on the risks and opportunities associated with each of them in terms of sustainability.

During 2021, we continued implementing several projects, based on the approaches defined for each input.



## Sustainable Sugar Production

In April 2021, La Providencia sugar mill was recertified under BONSUCRO—the highest sustainability standard in sugar production at a global level.

In November, we also completed the recertification under the Global G.A.P. standard for our own sugar cane production fields and under the Local G.A.P. standard for 6,500 hectares that belong to La Providencia sugar mill, ensuring “no sugar cane burning.”



### Organic Sugar

We completed the USDA-NOP audit on 1,600 hectares of our own fields and 900 hectares of fields owned by producers, enabling the production of 10,536 tons of organic sugar for Arcor Group’s customers in the United States and Canada. We also completed the certification audit under the EU-Arg standard, which resulted in 550 tons of organic sugar for sale in the European and Argentine markets.

### Development of Small-scale Sugar Cane Producers

We continued implementing the “Cobra Project,” which seeks to foster the comprehensive development of small-scale sugar cane producers, by means of the systematic replacement of the conventional harvesting model with a mechanical one, adding value to the sugar cane production. Mechanical sugarcane harvesting replaces most of the work done by sugar cane producers, shortening sugar cane harvest time from 100 to 3 days; thus, freeing up producers’ available time to develop other productive activities and, therefore, diversify their sources of income. Mechanization also prevents burning as a practice for cleaning stubble since the machine fully removes sugar cane and all things taken out from it to clean it up (leaves, tips) are returned to the soil, resulting in a great agronomic benefit in terms of preservation of organic matter in the soil and the carbon cycle.

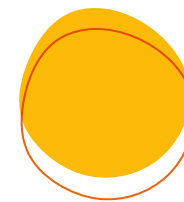
In 2021, the project benefited 33 small sugar cane producers that supplied 28,900 tons of sugar cane to the sugar mill.

### Forestry

Our *Forestry Plan* involves the use of areas not suitable for growing sugar cane within La Providencia sugar mill (river banks, slope land, etc.) to plant trees potentially useful for timber or energy-generating purposes in the future. The plan also includes enriching the forest with native specimens from areas with high conservation value. In 2021, 12,000 trees were planted. To date, we have planted more than 50,000 trees: 47,000 exotic species (pine trees and eucalyptus) and 3,000 native species (cedar trees) to enrich the forest.

### Composting from Organic Waste from Production

During the year, we continued with our composting project from organic waste resulting from sugar cane processing—cachaza (sugar cane fluid), bagasse, mud and ashes. Making an organic fertilizer from composting reduces the use of chemical fertilizers, by replacing them with a low-carbon alternative that allows to reuse organic waste and turn them into soil-enriching nutrients. In 2021, 6,500 tons of organic compost were prepared to produce organic sugar cane in our own fields to enhance the soil physicochemical properties.





## Development of Fruit and Vegetable Producers

In 2021, we made progress with the implementation of the 2025 Strategic Plan to ensure the agricultural supply of our Food business. The plan was incorporated as a new pillar of the *Strategic Operations Plan*, in order to secure a source of raw materials ensuring volumes, quality and safety to be able to address changes in the prevailing conditions whilst minimizing climate risks.

### The plan encompasses the development of the following initiatives:

- Strengthening of and support to strategic producers, including, without limitation, actions to identify productive areas and producers, follow-up on the crop cycle, production advice to suppliers and their associates, implementation of good agricultural practices, productivity gains, full mechanization, producer-community relationship building (child labor prevention and eradication), and financial support.
- Control systems for agricultural producers. Certification under agricultural standards.
- Cost containment and management. Cost, profitability and pricing matrix. Agricultural machinery and supply logistics efficiency.
- Training for agricultural entrepreneurs (producers and services). Training on productive innovation, management, sustainability, and community impact management.
- Productivity gains and production at proprietary fields.
- Sustainable agricultural production development. Reuse of by-products from the industrial activity and utilization of non-productive areas.

### In 2021, we delivered the following training to producers:

- Workshop targeted at fruit producers addressing topics related to efficient fertilization in fruit trees, *Clean Field Program*, and good agricultural practices.

- How to control codling moth (*Cydia pomonella*) in quince.
- Mechanical tomato harvesting targeted at companies that render mechanical harvesting services to tomato producers.
- Water situation in San Juan and Cuyo.

### “Crecer jugando, por una niñez sin trabajo infantil” (Grow up Playing, for a Childhood without Child Labor)

Through this program, we strive to prevent and eradicate child labor in the fruit and vegetable supply chain, by means of three specific action lines:

- **Community intervention:** Opening of Child Development Centers for children of fruit and vegetable harvesters during the harvest season.
- **Awareness:** Training to several stakeholders on issues related to the importance of eradicating child labor.
- **Business relations:** Execution of agreements containing specific language on child labor eradication to ensure joint commitment.

As part of these action lines, we focused on the induction for new

**We supported the operation of 29 Child Development Centers in the Provinces of Mendoza and San Juan to take care of more than 530 children of harvesters during the harvest season.**

**We trained 142 teachers and delivered 38 game kits, involving the participation of 42 fruit and vegetable suppliers.**

producers and work crews concerning the prevention of child and teenage labor risks.

Finally, we partnered with the Province's Bureau of Childhood, the Local Agency of the Argentine Ministry of Labor, the Social Action Department of Pocito Municipality, COPRETI and SENAF, to enhance the location of day-care centers for children of agricultural sector's workers in the Province of San Juan based on the work crews.

### Producer & Community Program

We delivered a training session entitled "Perspectives on Impact Management - Tomato Producers," with the attendance of more than 20 tomato producers from the Pocito and Rawson departments. During the session, producers received information on how Arcor Group conceives the relationships with the community, impact management from the producer's perspective, and the variables or tools to consider for the successful management of the economic, environmental and social impacts of their productive activity. A conceptual and methodological guide was designed to identify the main social, economic and environmental impacts from their productive activities.

### In addition, we conducted the following activities:

- Training on sustainability-oriented responsible management practices.
- Organization of instances for final disposal of agrochemical recipients and irrigation tapes.
- Information on current initiatives that producers might support.
- Working conditions for transplanting and harvesting workers.
- Extension of harvest mobile cart technology.



## Development of Sustainable Corn Producers

We fostered the *Certified Sustainable Supply* initiative seeking to encourage the adoption of sustainable practices at corn producers that supply Arcor Group.

In 2021, we purchased corn from a group of producers certified under the SAI-FSA standard in 2020 (Arcor S.A.I.C, Cono S.A., Compañía Anglo, Tecnocampo S.A., El Labracer, Viluco, Cusillos and Garmat) which, combined, manage a production area of 136,000 hectares. We manufactured more than 60,000 tons of sustainable syrup by processing over 86,000 tons of corn from certified producers.



## Supply of Free-range Eggs

Since 2018, we have been carrying out a *Free-range Egg Supply* project to ensure that the egg products used by Arcor Group are sourced from suppliers that use chicken raising and handling systems that permit these animals to display natural behaviors.

Based on the changes implemented in 2019 and 2020 in several production lines, during 2021 we purchased approximately 47,500 kg of free-range egg by-products (powdered whole eggs and powdered yolk) having the “Certified Humane” label for our lines of wafers and *alfajores*. This volume accounts for a 121% increase vis-a-vis 2020 (21,500 kg), reassuring our commitment to animal well-being.



## Palm Sustainable Supply

In 2021, we moved forward with the filing of the Annual Communication of Progress (ACOP) with the RSPO (Roundtable on Sustainable Palm Oil), including an action plan to ensure a fully sustainable supply, the volume of palm and palm by-products used by Arcor during the year, as well as the certified volume purchased during such period.

## Cocoa Sustainable Supply

In 2021, we continued purchasing UTZ-certified cocoa and delved into the analysis and discussion of strategies to address cocoa sustainable supply, beyond certification.

To such end, we followed up on the progress made in programs carried out by suppliers of by-products involved in the sustainable development of cocoa producers in the region through field projects.



## Milk Production Sustainability

In 2021, we made progress with the implementation of the 2020-2023 *Work Plan* for our own dairy farms, based on pillars defined in 2020. In 2021, we moved forward with the identification of key issues related to the local communities nearby the dairy farms. One of the opportunities identified lies on working on environmental preservation and on strengthening the primary school in Las Pichanas, which is attended by most children of dairy farmers and employees.

# People Prosperity

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## People Prosperity

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

Our *Sustainability Policy* sets forth the following commitments:

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



## Inclusion, Diversity and Equality

We are convinced that inclusion is essential to ensure that no one lags behind on the way to development, that diversity enriches teams, and that equality is key to address imbalances.

We commit to fostering a respectful and tolerant workplace, building a culture in which everyone is valued as an individual.

Through this commitment, we ensure equal opportunities for everyone, without discrimination.

## Diversity Program

Diversity is part of our agenda. Our commitment is generating spaces where everyone feels included and represented, and has equal opportunities. Over the last decade, we have developed multiple initiatives to reinforce the Diversity pillar. In 2010, diversity was included as one of the commitments assumed under Arcor's Sustainability Policy and in 2016 it was included as a value within our corporate philosophy.

Through several initiatives and projects, we seek to highlight diversity through three lines of action: Gender Equality, Disability Inclusion at Work, and Job Opportunities for Young People.





## Gender Equality Program

At the beginning of our *Gender Equality Program* back in 2012, we were focused on enforcing women participation at the company. Over the last decade, we have adopted several policies to accomplish such goal, such as ensuring that 50% of new hires through the *Young Entrepreneurs Program* are women, or the adoption of our *Policy on Reduced Workday for Maternity Reasons*. Five years ago, we reinforced our commitment to gender equality by adhering to the United Nations' Women Empowerment Principles (WEPs).

In 2021, we started a new chapter of our *Gender Equality Program*, by reviewing women participation in the composition of the organization's internal structure, identifying growth facilitators or barriers, assessing similarities and differences in men's and women's career paths and, finally, by checking in programs and practices related to gender diversity, in general, and women growth, in particular, at other relevant companies.



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## Renewed Commitment to Diversity

We are determined to foster a more inclusive company that encourages equal opportunities.

To such end, we have renewed our commitment to diversity, since we know that having diverse teams enriches us, and allows us to be better persons and closer to those who prefer us and our community.

### Accordingly, we are committed to:

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

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

### Based on our review, we defined 3 action pillars:



Working on our organizational culture for those in leadership roles to become leading change agents.



Providing women with tools for them to be able to grow in their careers.



Expanding maternity benefits (tailored made to each country and to position-specific features) and reinforcing these benefits among leaders for them to endorse and support these actions.

To carry out these pillars, in 2020 we created the Diversity Committee with representatives from our 3 business divisions, the several countries and the corporate areas. In turn, María José Sucarrat—diversity subject-matter expert and leader of *Red de Empresas por la Diversidad* (Network of Pro-Diversity Enterprises) at UTDT—is an advisor to this committee, which moved forward with its mission in 2021 and will continue pursuing it in 2022.





In 2021, we set new goals to make progress with this line of action. By 2023, we will strive to ensure that 50% of our new hires are women, thus increasing their participation within the organization. On the other hand, we set the transversal goal of having 50% of management positions occupied by women by 2025.

**Based on the agreed-upon definitions, in 2021 we carried out the following initiatives:**

- Communication: We conducted several actions, such the presentation of the *Inclusive Communication Manual*, training to ensure gender equality and enhance women's visibility in internal and external communications.
- Awareness Talks at Managerial Levels: We organized workshops concerning the change of approach in our teams for them to be able to generate more diverse workplaces. The workshops were attended by 281 managers, and dealt with the issues, such as, "Unconscious Biases" (120 participants), "Inclusive Leadership" (98), and "Joint Responsibility" (63).
- Mentoring Program for Women with Potential: Intended to create rooms for dialogue and provide women with tools to enhance their visibility within the organization, encourage networking, and detect career inhibitors. Fifty-four (54) mentees and 48 mentors from Argentina, Chile, Brazil and Mexico participated in the last edition of the program.
- Gender Perspective: The topic was incorporated in our Human Resources processes, such as recruitment, the *Strategic Resources Planning Program* and the Performance Management System.

**Finally, we offered additional specific benefits to support our female employees in the maternity process:**

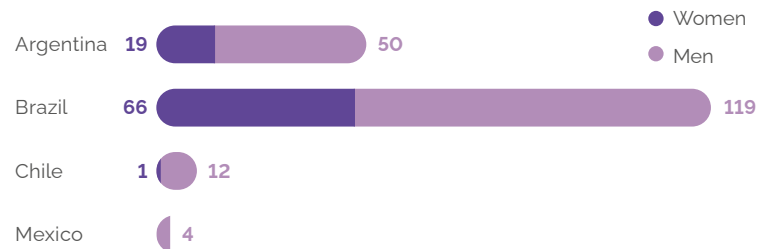
- Telework arrangements as from the 6th month of pregnancy.
- Reduced workday for maternity reasons.
- Return to work with a hybrid workday during the baby's first year of life: 50% of the time at the workplace and 50% of the time teleworking.

### Disability Inclusion at Work

Since 2012, we have conducted the *Disability Inclusion at Work Program*, in order to develop the conditions required to hire persons with disabilities at our company. Over these years, we have improved the job accessibility conditions across all our sites and developed several local sources of recruitment.

In 2021, due to the pandemic, we were not able to complete new hires and related initiatives. Following the hires consummated in previous years, in 2021 we had a headcount of 271 persons with disability at our company.

#### Headcount of People with Disabilities by Region and Gender (2021)



### Young Entrepreneurs Program

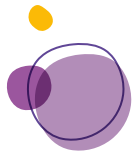
Through our Young Entrepreneurs Program, we seek to hire young people with leadership potential, who are interested in developing a sustainable approach to the business.

We convened young graduates from the provinces of Córdoba, Tucumán, San Juan, Catamarca, Entre Ríos, San Luis, Misiones and Buenos Aires, who majored in Engineering (Systems, IT, Mechanical, Electromechanical, Electronic, Environmental, Chemical, Food and Industrial), Accountancy, Business Administration, Economics, Marketing, Trade, Human Resources, and Health and Safety.

**In 2021, we hired 29 Young Entrepreneurs (48% of them women).**

In 2021, we also implemented a *Leadership Workshop*, focusing on training leaders on selection workflows and processes, for them to develop skills to detect soft competencies among candidates.

In turn, this year we incorporated training for young entrepreneurs' mentors, and implemented a training and development plan for young professionals including, on the one hand, technical training on project management and, on the other hand, training on emotional self-control and relationship building.



## Relationship with Technical Schools Program

During the year, we conducted the *Relationship with Technical Schools Program*, which seeks to contribute to learning processes and quality education in the areas where we operate, while ensuring the availability of qualified technical resources. Besides, for several years now, we have promoted teachers' and students' training by sponsoring internship programs and donation of equipment.

As a strategic guideline, we are part of several public-private coordination initiatives to contribute to enhance educational contents and methodologies.



**In 2021, we delivered training to 1,413 young people and 123 teachers from 36 participating schools.**

### Some of the activities we developed during 2021 include:

- **Mentoring Project:** At the Cartocor plants in Luján and the industrial facilities in Villa Mercedes and San Luis, we conducted an initiative named "2021 Technical High-School Mentoring Projects," developed jointly with the Argentine Business Association (*Asociación Empresaria Argentina or AEA*), the Province of Buenos Aires' Bureau of Technical Schools, and the Ministry of Education of San Luis.

The initiative seeks to create meaningful and enriching opportunities based on the students' ideas related to their last year's integrating projects. In this way, we provide an insight into the social-productive world, in addition to guiding the projects' methodology and ways of working.



**During a total of 12 meetings, 20 professionals from Arcor Group mentored 150 students and teachers from 5 technical high-schools in Luján, Villa Mercedes and the City of San Luis, developing 17 projects associated with different specific areas. We also created a Reviewer Committee made up of 30 Arcor's employees, 25 from San Luis and Villa Mercedes, and 5 from Cartocor in Luján.**

- **Alliance with Siemens:** We carried out a joint plan with Siemens Foundation to foster local technical education and industries, aimed at enhancing education quality by means of specific actions for teachers and students to gain more knowledge on science, technology and automation. At our plant in Salto, we also donated equipment to ensure the lab's technological upgrade and for students to be able to complete practices at the institution.
- **Relationship with Technical Schools in San Luis:** Together with INTI Regional Center in San Luis, we carried out the "Kaisen at School" project to train students and teachers on the Kaisen ongoing improvement philosophy and methodology based on playing.



**Two hundred and twenty-eight (228) students and 21 teachers participated in the project.**





## Internship Program

Through our *Internship Program*, we seek to hire students currently enrolled in their final years of their majors in Engineering, Logistics, Accountancy, Systems, Business Administration, Marketing, Trade, Human Resources or other Social Sciences, with a view to link their vocational interests to job prospects through a first experience in the labor market.

### Some of the main goals of the program include:

- Ensuring intern development, fostering their personal and professional growth.
- Creating a talent pipeline.
- Delving into the experience and learning.
- Changing our culture by means of the interaction with younger generations.

In 2021, after being on halt for one year due to the COVID-19 pandemic, we resumed our *Internship Program*, customizing the recruitment, selection and onboarding process to an entirely online modality.

To convene candidates, we held a large communication campaign, seeking to surpass 5,000 applications in our database. To this end, we used tools such as Google Search and social media, i.e., LinkedIn, Instagram and Facebook.



**More than 6,900 candidates and 46 virtual assessment centers involved, together with HR teams from different businesses.**



**115 interns selected and 23 interns hired.**



**For the first time, we hired college interns in IT & Systems areas.**

As part of the *University Liaison Plan*, we built the relationship with academic institutions to participate in job fairs, access to relevant events, and feed our talent database. Bienestar laboral

### TechCamp 2021

In partnership with Universidad Católica de Córdoba, we organized a workshop with high-school students from several parts of the country, where we challenged them to come up with solutions to real-world problems, using agile methodologies, taking our company as business case.

Each team worked with a facilitator who guided the work being done, including consultation instances with a mentor specialized in the challenge topic.

At Arcor Group, we celebrate these sorts of initiatives that encourage young people to pursue technology and innovation-related courses of study, whilst allowing us to engage with the education community to seed talent for future internship programs.





## Workplace Well-being

We believe that safe working conditions, good workplace climate, and professional growth are essential aspects to people's quality of life.

We are committed to maintaining safe and healthy workplaces that ensure the well-being of each company's member, encouraging creativity, initiative and development, as well as an appropriate work-life balance.

Through this commitment, we foster the creation of suitable, flexible and modern work environments for our employees, in alignment with the future challenges of employment.

## Hiring and Workplace Conditions

Similarly to the previous year, in 2021, the Coronavirus Committee continued pursuing its mission. At the beginning of the year, the prevailing health situation allowed to strengthen surveillance activities, understanding and embracing the industry's best practices to reinforce the protocols in place. In this way, we were able to arrange and be aligned with the several protocols developed by local authorities, isolating positive cases and, primarily, reducing close contacts at the sites.

Such measures led to minimize the impact of the second wave in Argentina, without disrupting operations.

## Occupational Health and Safety

During 2021, we completed the migration of all plants certified under OHSAS 18001 to ISO 45000 (Health and Safety). With this certification process, we could validate our approach to psychosocial risks related to operational tasks, establishing work plans to manage the risks inherent to our activities and associated with organizational factors. We maintained our *Mixed Health and Safety Committees* with the participation of unions, based on the modalities established in the several countries where we operate.







## Occupational Accidents

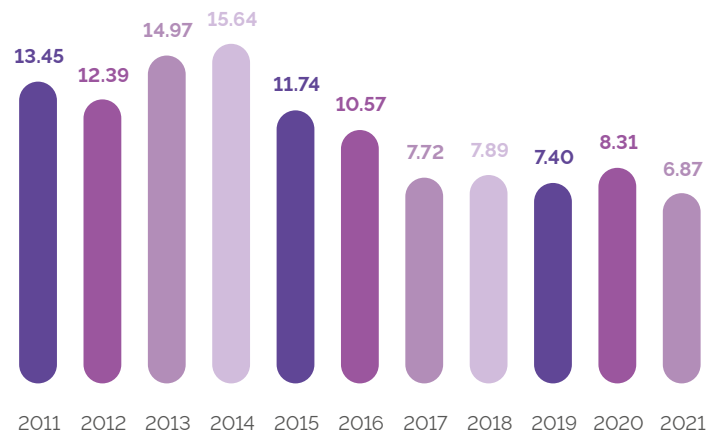
Our employees' safety is at the core of our day-to-day operations.

During 2020, the Disabling Injury Frequency Rate (DIFR) was affected by the pandemic, due to replacements and changes of tasks among our employees to fulfill programs and commitments at the sites.

In 2021, we managed to revert this trend and reached a record rate at the company. We worked on the key pillars of safety, the human factor and closeness to our employees, sustaining and reinforcing methodologies that allow us to reinforce the safety culture. In turn, we worked on the safety conditions, with focus on how to strategically allocate the resources available to mitigate and control hazards.

Ratios	2017	2018	2019	2020	2021
Disabling Injuries	274	288	270	274	251
DIFR	7.72	7.89	7.40	8.31	6.87
DIFR 6C	1.35	1.45	1.26	1.76	1.40

### Disabling Injury Frequency Rate (DIFR)



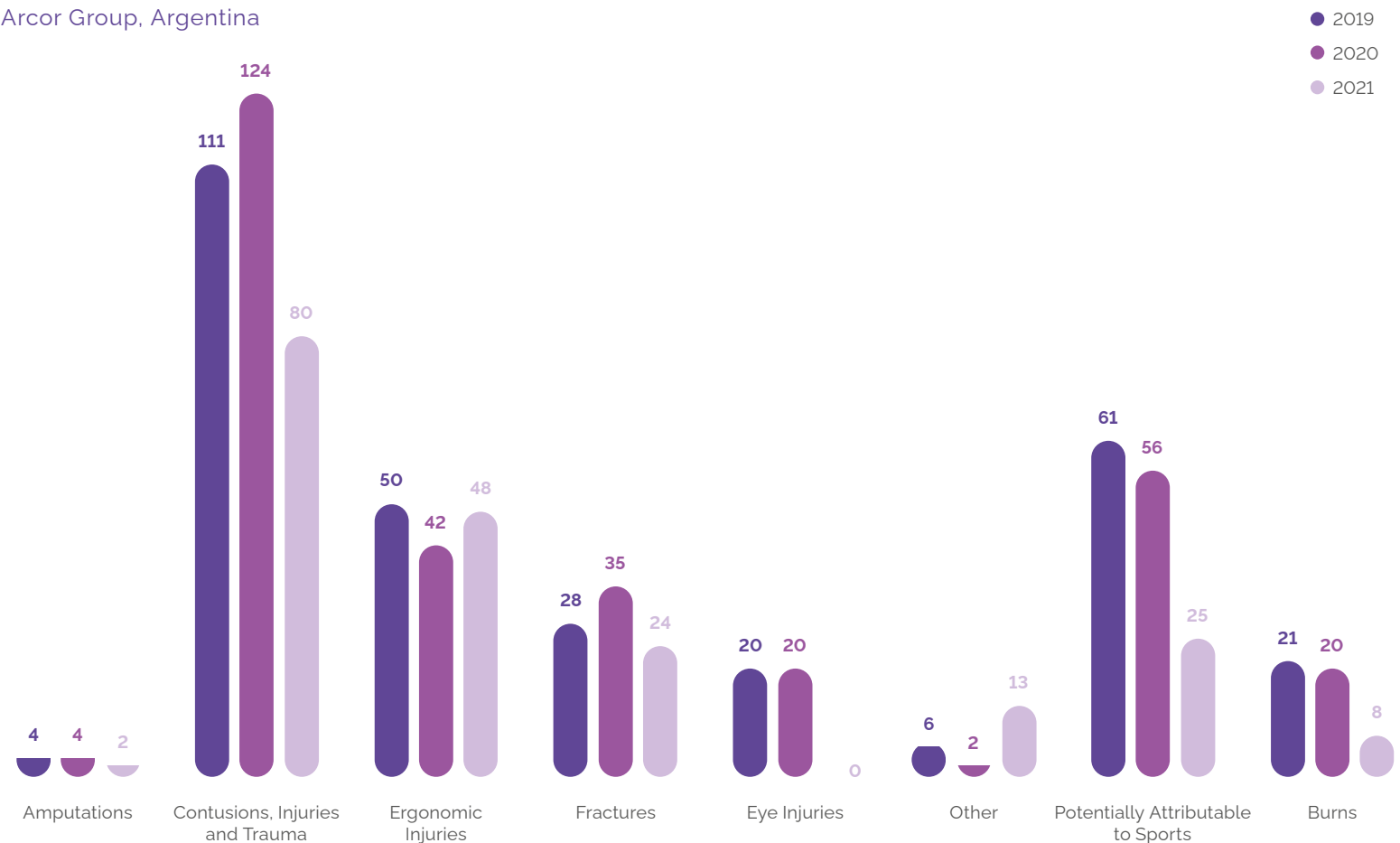
Despite the fact that the number of accidents declined considerably, in 2021 we had to regret a fatal accident at La Providencia sugar mill, in the Province of Tucumán, due to an equipment breakdown during the cleaning of an evaporator.

**As a result of the root-cause analysis and other studies, we established several action lines as corrective measures:**

- We implemented contingent measures with changes in the way of doing the task.
- We developed a work standard for hydrokinetic cleaning.
- We are considering whether it is feasible to use semi-automatic equipment to eradicate manual operation.
- We hired a consulting firm to implement a cultural change program across the sugar mill.

### Accidents by Type – With and Without Days Lost

Arcor Group, Argentina



On the other hand, as part of our 2021 management efforts, we managed to digitize the processes of the EHS area in two key aspects:

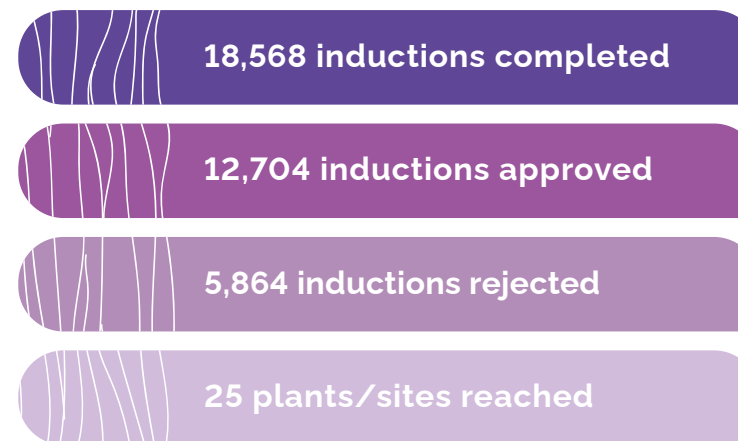
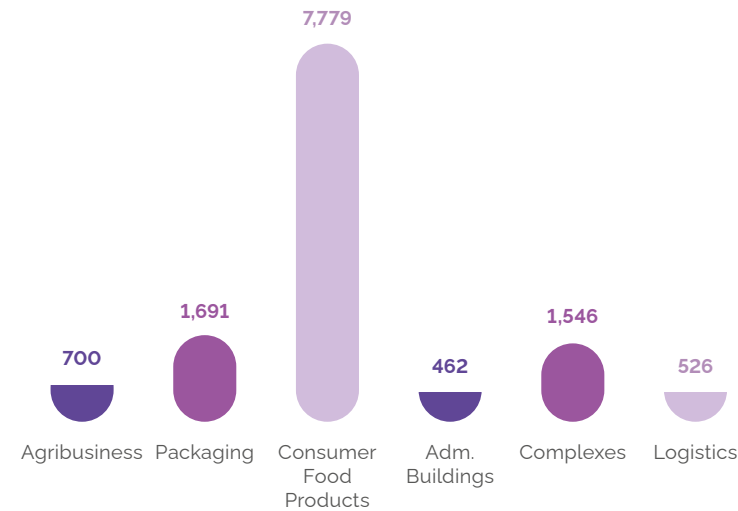
- **Contractors' induction:** In order to standardize induction contents that can be replicated across all our sites, reducing the allocation of resources, minimizing close contacts, and streamlining the entry process for new contractors, we made progress with a new online induction and self-management module through the "Documentary Control" platform.

In February, we successfully completed the pilot stage of the process at Complejo Arroyito; therefore, we started to implement it across all Arcor Group's facilities in Argentina. Some significant milestones include:

### Contractors' induction

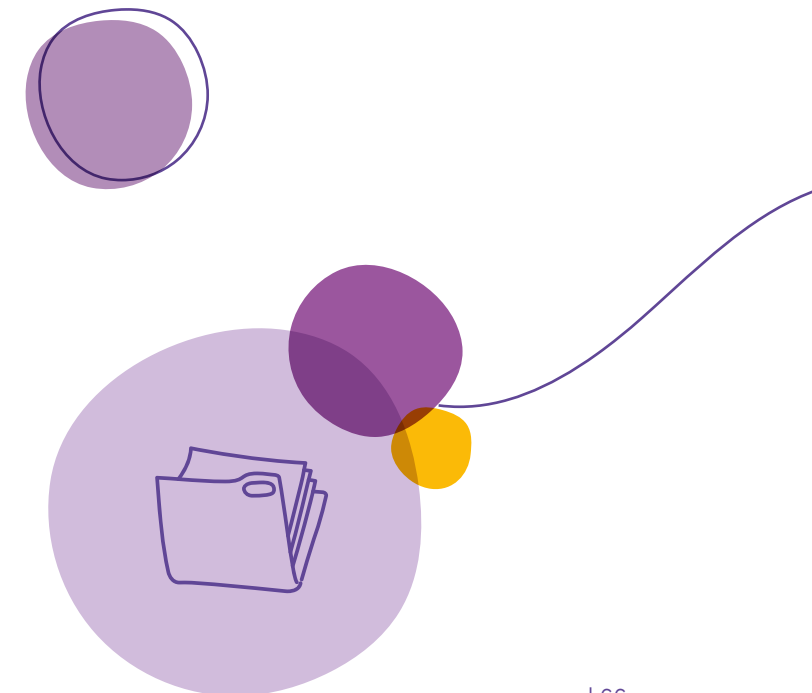


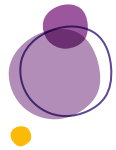
### Approved Inductions



- **Commitment and Change for Growth Project:** During the year, we expanded the Wiiprot platform used by the Packaging business, at Arcor Group's plants. The tools implemented include: Patrols, Scheduled Safety Inspections and preventive findings, depending on the needs of each plant.

As a challenge for next year, we will further strengthen our process digitization, allowing us to better manage a greater deal of information. In this way, we will be able to streamline actions leading to prevent accidents involving our employees and losses at our facilities.





## Occupational Diseases

In 2021, there was a general decrease in occupational diseases.

**Some of the most frequent conditions include upper limb disorders. To address them, we work on:**

- Early management of new projects.
- Training on how to perform activities safety.
- Administrative ergonomic controls (turnover arrangements) and adjustments to workstations.



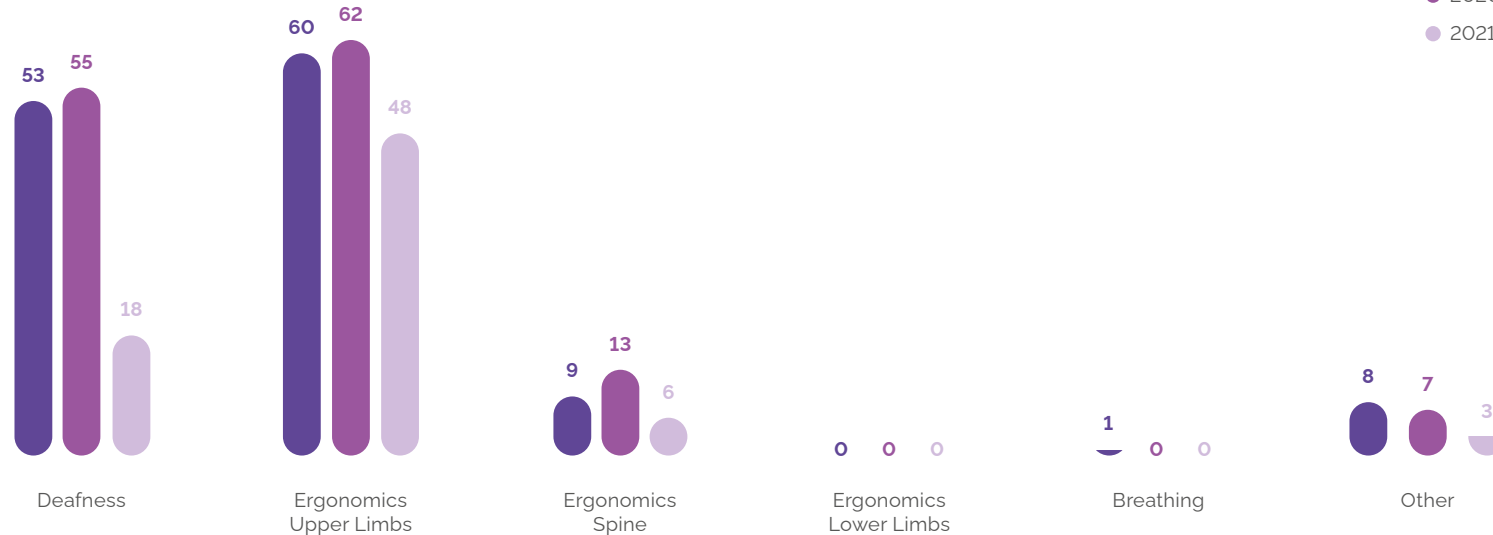
## Logistics' Occupational Health and Safety Indicators

Seeking to ensure road safety, we have a Loss Frequency Rate (LFR) that measures the number of accidents based on traveled kilometers. In 2021, we managed to comply with the target LFR, achieving a 24% reduction in losses and "O" casualties. This achievement encourages us to keep working on this approach with renewed commitment and efforts.

As part of the plan, we delivered the third training program for drivers aimed at fostering good driving practices and general procedures and requirements. The training was targeted at company-wide drivers and drivers from our Southern affiliates (Uruguay, Paraguay and Bolivia), and will be expanded into Chile.

### Occupational Diseases by Condition

Arcor Group, Argentina




**1,886 drivers from all services received training on safe driving practices, attaining a 96% level of completion.**

We also implemented a ranking known as "Safe Driving" to measure drivers' performance, according to speeding tickets based on traveled kilometers. With these actions, we were able to focus on drivers with many speeding tickets to take corrective and awareness actions together to prevent accidents.



# Professional Development and Training

Our employees are our key driver. We offer opportunities for development and training on new tools and knowledge to strengthen their skills and ensure Arcor Group's sustainable growth.

## Arcor's Internal Job Postings (Búsquedas Internas Arcor or BIA) Program

The program is intended to foster the growth of such employees who wish to assume new challenges within the organization. Through the BIA portal, employees may apply for active job postings.



**In Argentina, 51% of vacant positions at the company were filled by Arcor Group's employees.**

## Strategic Resources Planning (PRE as per its initials in Spanish)

As part of this program, in 2021 we created the development and training instances required for our talents to be able to learn and challenge themselves to get ready for their next step in their career path.

We arranged individual development plans, in which all employees involved in the process and identified as having high potential had their own training plans based on a 70/20/10 approach: 70% hands-on learning, such as assignments to projects, turnovers, etc.; 20% coaching and mentoring or feedback and follow-up instances; and 10% formal classroom learning, reading, etc.

As part of the actions within the 10% portion, we re-launched our *Managerial Development Program* (PDG, as per its initials in Spanish) across all of Arcor Group's businesses, with the attendance of 60 employees from Argentina, Chile, Brazil and other international businesses. The PDG is carried out jointly with Di Tella University and corresponds to the first year of that academic institution's MBA. With more than 7 editions now, the program has already built a long track record at Arcor Group. In 2021, the program was delivered entirely online, and we were the first group in participating under this modality. The program has a duration of 172 hours, and will continue during 2022, to conclude with the presentation of a business case by each group of participants, adding up innovation to Arcor Group.

## Personal Change Program

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



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

## Performance Management System (SGD as per its initials in Spanish)

This year, we have embedded the multiple feedback function to the consolidated Performance Management System process. To the traditional assessment format (self-assessment, assessment and review), we incorporated the insights of internal customers, peers and reports in order to enrich the feedback and be able to measure performance as a 360° process.



## Arcor University

For more than 10 years now, we have had a digital training platform in place to strengthen and develop our employees. The training offering is related to both conducts aligned with our corporate values and valuable knowledge for professional growth.

In 2021, we implemented a section entitled "Self-development," where our employees may choose the topic they wish to be trained on, thus following learning roadmaps focused on gaining knowledge and tools to apply on their jobs.



**12,259 employees participated in training sessions.**

Some training topics include:

**Design thinking**

**Change Agents**

**Unconscious Biases**

**Consultative Selling**

**Digitization and Digital Transformation**

**Team Leadership**

**Understanding the Reason for Data**

**Microaggressions**

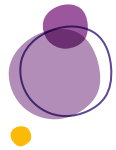
**Challenging Conversations**

**Introduction to Agile Methodologies**

**Creativity**

**Agile Mindset**





## Benefits and Compensation

Our employees' commitment is essential to reach our customers' satisfaction. We recognize the importance of an adequate work-life balance to build healthy and long-lasting relationships with the company. To such end, we develop policies and offer a number of benefits tailored to the prevailing circumstances of each country where we have a presence.

Some of the benefits offered during the previous year include:



**Provision of company's products.**



**Marriage gifts\*.**



**Birth gifts\*.**



**Food and lunch vouchers.**



**Health care.**



**Additional optional life insurance\*.**



**Pension plans for senior staff\*.**



**Discounts on fitness clubs.**



**Reduced workday for maternity reasons, and adoptive maternity/parenting leaves\*.**

Some of the benefits associated with children include:



**Monthly financial aid for working mothers per child up to 6 years old.**



**High-school scholarships.**



**Summer school and breast pumping room at industrial facilities.**



**Kits with school clothing and supplies for employees' children.**



**Delivery of Arcor products.**



**Private health insurance.**

At Arcor Group, we do not make any form of discrimination in compensation based on our employees' gender. Through a compensation system based on the renowned HAY methodology, we are able to monitor the salaries of our non-bargaining employees to enhance internal fairness, ensure gender equality, and be competitive in the market.

Range positioning is based on data from the comparative market and on each employee's individual performance, whilst payment levels are defined considering and abiding by any of the formal



regulatory guidelines, but, in particular, a formal payment policy based on market guidelines to ensure that the company is competitive enough to attract and retain the talent required for its operations.

As part of our commitment to the United Nations Global Compact, and as defined in both *Arcor's Sustainability Policy* and in our Code of Ethics and Conduct, we respect freedom of association and acknowledge the right to free collective bargaining. We foster voluntary unionization. In fact, 78.5% of our employees are covered by some collective bargaining agreement, based on the respective activities that they develop.

In 2021, no incidents had occurred at our own and at our suppliers' main manufacturing facilities that had jeopardized these rights.

\* Current benefits for hired staff.





# Community and Value Chain Development

We are convinced that companies can have a role in encouraging the creation of economic, social and environmental value throughout their value chain and the communities in which they are present.

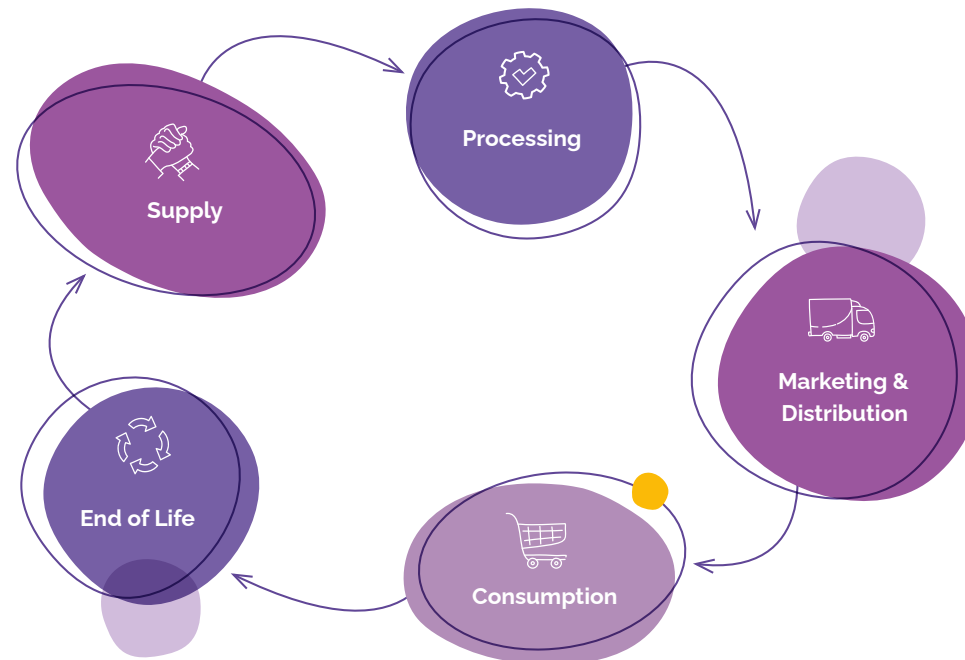
At Arcor Group, we are committed to fostering the comprehensive development of our communities, creating spaces for collaboration, fostering the entrepreneurial spirit, and favoring local roots. Similarly, we commit to ensuring a responsible value chain, championing for quality work, ongoing improvement, and compliance with applicable environmental, social and health standards.

Through these commitments, we raise the progress prospects and the standard of living for every person with whom we interact.

## Value Chain

We understand sustainability as a business approach that seeks to generate economic, social and environmental value in the long term, by managing impacts transversely across the organization, its value chain and stakeholders.

We map the processes and stakeholders involved across our entire value chain seeking to identify and manage impacts and foster innovative sustainable value creation practices at each link of the value chain—supply, processing, marketing and distribution, consumption, and end of life.



## Sustainable Supply Strategy

By means of our Sustainable Supply Strategy, we seek to achieve traceability in the supply of goods and services, while managing the impacts that arise from our business relationship with our more than 12,000 suppliers.

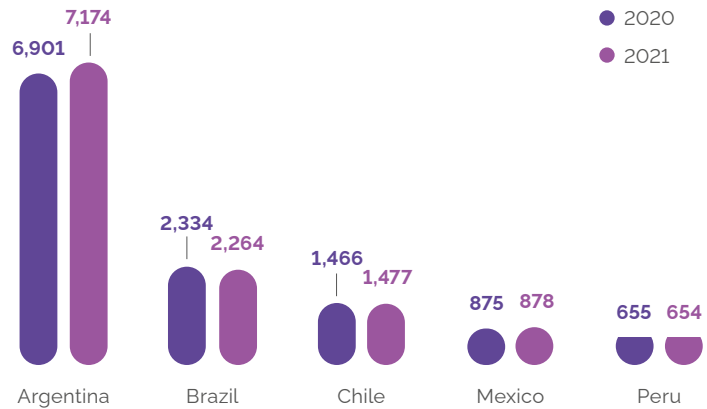
We have several initiatives, projects and programs in place aimed at fostering ongoing improvement in our suppliers' management practices, as well as in the sustainable management of their operations. Based on a general framework, we design and develop initiatives based on the needs, challenges and opportunities posed by each supplier in terms of sustainability.



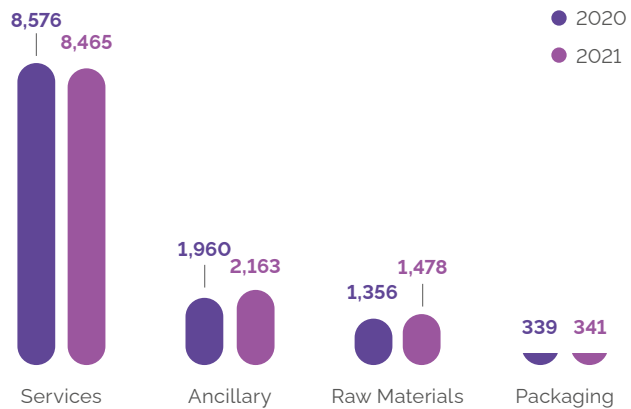
# Suppliers

**12,447 active suppliers.**

### Active Suppliers by Region

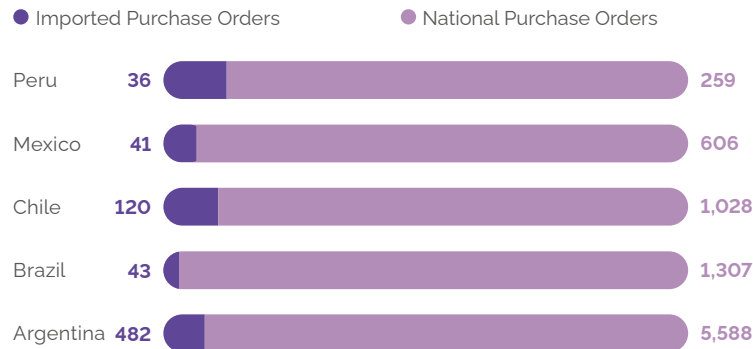


### Suppliers by Product/Service Type



We source most of our purchases from local suppliers in each country where we operate<sup>3</sup>.

### Purchases from Local Suppliers by Region

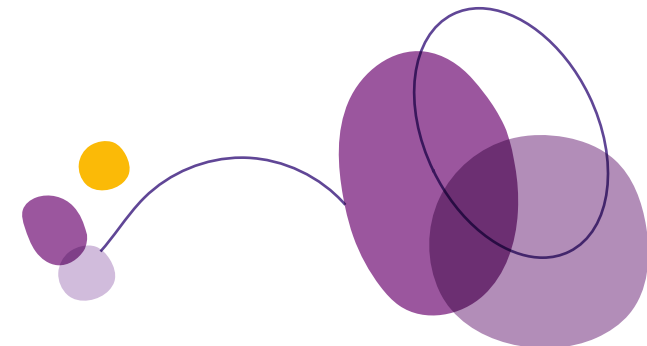
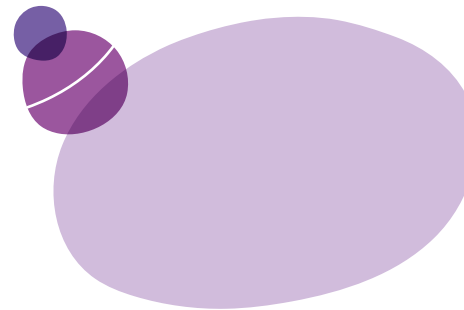


<sup>3</sup> Local suppliers are suppliers by country having a domestic purchase order. It does not include "OD"-type purchase orders.

## Knowledge for Change - Awareness and Training

Awareness and training are the starting point of all our initiatives, marking the beginning of a dialogue with our suppliers that helps us clearly define and communicate our expectations. In this way, we paved the way for the subsequent inclusion of sustainability aspects in our business relationship, using several instruments:

- We included more than 90 sustainability messages related to our commitments in our purchase orders.
- We shared our Code of Ethics and Conduct with and made available our Ethics Line to our suppliers.
- We facilitated sustainable management information at ArcorBuy—the digital communication channel dedicated to current, potential and interested suppliers.
- We encouraged training and education instances on several sustainability-related topics, based on each group's specific needs and based on the framework of each project.





## Advocacy for Commitment - Progressive Alignment

In this vein, we included actions oriented to embed sustainability in our business relationship with suppliers.

This relationship begins by asking suppliers to assume a formal commitment to sustainable management, by signing the *Letter of Adherence to the Guiding Principles for Responsible Management*—a set of values linked to the ten principles of the United Nations Global Compact, the labor standards set forth by the International Labor Organization (ILO) and the best business practices.

### Guiding Principles for Responsible Management

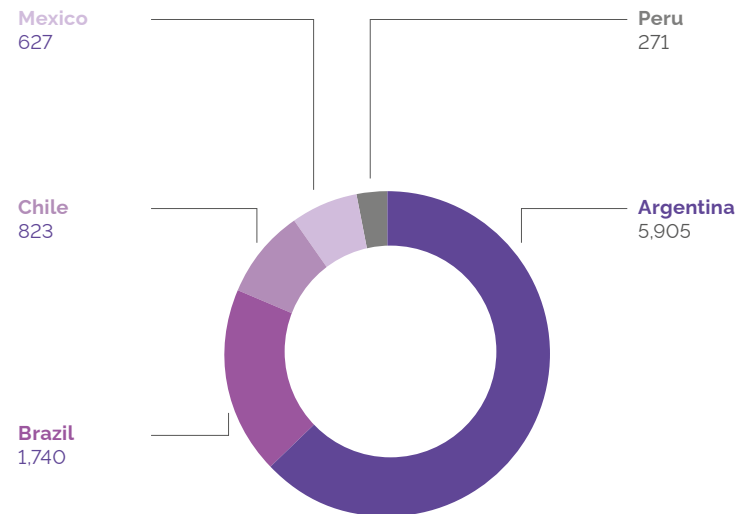
We encourage our suppliers to embrace the "Guiding Principles for Responsible Management" for them to become, by means of a gradual, comprehensive and strategic process, key components of sustainable business management contributing to the development of the society as a whole:

1. Respect and protect Human Rights.
2. Ensure decent work conditions.
3. Respect freedom of association.
4. Contribute to eliminate all forms of forced labor.
5. Contribute to eradicate any form of child labor.
6. Contribute to eliminate discrimination at the workplace.
7. Take care of the environment.
8. Fight against all forms of corruption.
9. Ensure responsible and transparent conducts.
10. Build sustainable business relationships.

Since 2015, all our suppliers, from all countries in which we operate, have been required to subscribe the letter of adherence to be included in our suppliers' base.

At the time, 9,366 suppliers have subscribed the letter.

### Active Suppliers that Subscribed the Letter of Adherence to the Guiding Principles for Responsible Management



## Measurement for Improvement - Monitoring & Assessment

This area includes initiatives oriented at assessing our suppliers on sustainability aspects in order to foster ongoing improvement in their management practices, whilst contributing to their business sustainability.

[SEE CHAPTER 2 →](#)







## REconocer Program

In 2021, we continued with the implementation of the REconocer Program, whereby we manage the business quality and sustainability risk across Arcor Group's supply chain.

**The 2021 Plan for the REconocer Program was structured on the basis of two major action lines:**

### Assessment

Implementation of a self-assessment for suppliers in order to derive a Business Quality & Sustainability Index, which is considered by the Purchase area to encourage ongoing improvement actions among participants and make the best purchase decisions. The self-assessment includes the following categories:

- Business background.
- After-sales services.
- Commercial capabilities.
- Financial information in general and with respect to Arcor Group.
- Business integrity and management system.
- Human and Workers' Rights.
- Risk and emergency management in operations.
- Health and safety laws and regulations.
- Environmental laws and regulation.
- Environmental management.

**In 2021, 190 suppliers completed the program's self-assessment, adding up to a total of 1,122 suppliers evaluated since the beginning of the initiative in 2017, accounting for 47.3% of the total procurement volume.**

In turn, during the year, we carried out a pilot test to implement the program's self-assessment during the suppliers' onboarding process in order for the assessment to become one of the eligibility requirements to be a supplier of Arcor Group.

### Ongoing Improvement at Suppliers

Based on the results of the self-assessment, we encourage several initiatives to foster ongoing improvement in our suppliers' economic, social and environmental performance:

- **Communication/Awareness:** We conducted a communication campaign to share with our suppliers the goals of the program, the opportunities for improvement that it poses, and the importance of its implementation to the company.
- **Training:** We invited suppliers from previous editions to participate in on-line training events on key management issues and opportunities for improvement identified among suppliers. In 2021, we carried out 7 webinars and enabled networking and discussion forums, where our suppliers could share positive sustainability experiences and challenges related to the workshop. The webinars addressed the following 4 topics:
  - **Business Integrity and Sustainability Management:** Delivered on November 24 & 25 to suppliers from Brazil, Argentina, Chile, Mexico, Peru and Uruguay.
  - **Environmental Impact Sustainability and Management:** Delivered on November 30 (2 shifts) to suppliers from Argentina, Mexico, and Chile, and on December 1 to suppliers from Brazil.

- **Health, Safety and Quality of Life:** Delivered on November 23 to suppliers from Argentina, Chile, Mexico and Brazil.
- **After-sales Services:** Delivered on November 25 to suppliers from Argentina, Mexico, Chile and Brazil.



**A total of 204 suppliers participated in the several initiatives.**

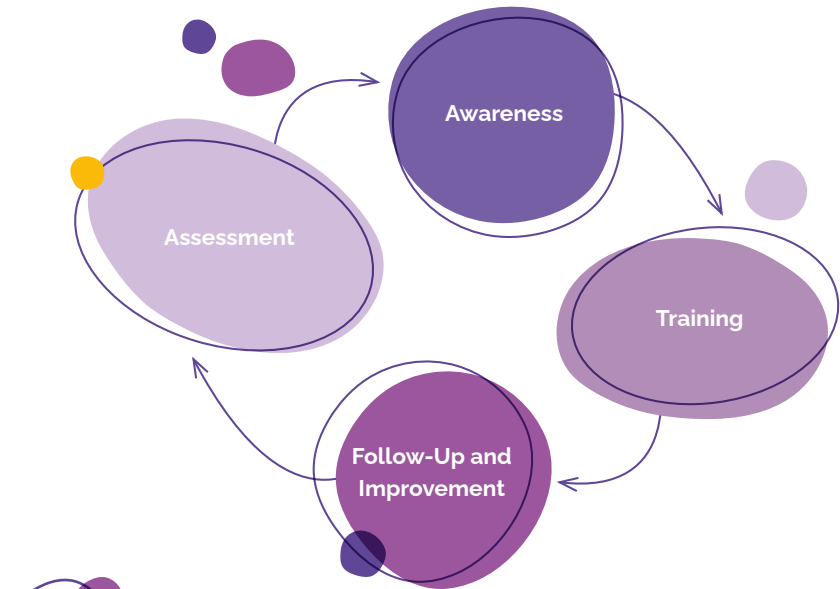
- **Follow-up and Improvement:** We worked together with suppliers to develop specific action plans to address the opportunities for improvement identified in suppliers whose result falls within an "Improvement Zone."

We also made progress with integrating the program results to the company's business management practices. To this end, we have online result reports available that provide the Purchase areas with updated and detailed information on suppliers' sustainable management and evolution over the time, which can be mapped to other variables considered when making purchase decisions.

In 2021, in order to keep strengthening the program results, we set out to develop risk maps that link the business quality and sustainability index resulting from the REconocer program to other performance indicators in suppliers that are assessed from several company's areas (quality, industrial operations, etc.).

We also conducted a survey to learn about the experiences and expectations of the suppliers that participated in the REconocer program, in order to make a diagnosis to keep fostering self-assessment as a tool for improvement.

 **32 suppliers participated in diagnosis surveys.**



## Partnership for Growth - Specific Initiatives

This action line includes all initiatives developed in order to foster improvements in managing sustainability aspects and in building capacity among groups of specific suppliers which, due to their complexity, require specific approaches.

### Responsible Inclusive Purchases Program (CIR as per its initials in Spanish)

For more than 14 years now, we have advocated for the inclusion and development of suppliers whose manufacturing processes are carried out under vulnerable conditions, and that usually have less opportunities for market access and inclusion in the private sector's value chains.

#### The initiative encompasses three action lines:

- Technical assistance for the supplier's development.
- Purchase of ancillary materials, working clothing, gifts, and raw materials.
- Revolving credit facilities for ventures and/or project financing.

In 2021, if we add our responsible inclusive purchases at the corporate level, purchases managed by industrial facilities from Argentina, Chile and Brazil, and purchases completed by Arcor Foundation, we reached a combined total of ARS 60,437,534 in purchases from 32 social economy suppliers that create job opportunities, primarily for female heads of household, young people and adults with disabilities.



#### A Gift Box with a Special Surprise

In 2021, we included for the first time a product purchased from a supplier participating in the *Responsible Inclusive Purchases* program in the gift box delivered to our employees.

We purchased 13,500 honey jars from *Federación de Jóvenes Agrarios Cooperativistas y Mutualistas*—an organization that gathers more than 400 small producers from the provinces of Córdoba and Santa Fe. More than 10 producers and 7 technical workers participated in splitting the honey.

This purchase is part of the “*Consumo Trabajo*” (Consumption for Employment) campaign—a national action endorsed by us and that seeks to reinforce the idea that consumption may have a direct impact on job generation at manufacturing units in vulnerable situation.

# Distribution and Marketing

## Sustainable Logistics

Logistics plays a key role in the value chain, both in terms of the supply of our facilities as well as in the distribution of our products. Addressing the commitments of our Sustainability Policy, every year we foster a Sustainable Logistics Plan to optimize the productivity, efficiency and service quality levels in our processes from a sustainable, respectful and human approach.

This year, our affiliates in Uruguay, Paraguay and Bolivia were included in the Sustainability Plan, as part of our commitment to the region's expansion and integration in the key processes of the Management System. In 2022, we will incorporate Logistics Chile as a further step in this strategy.

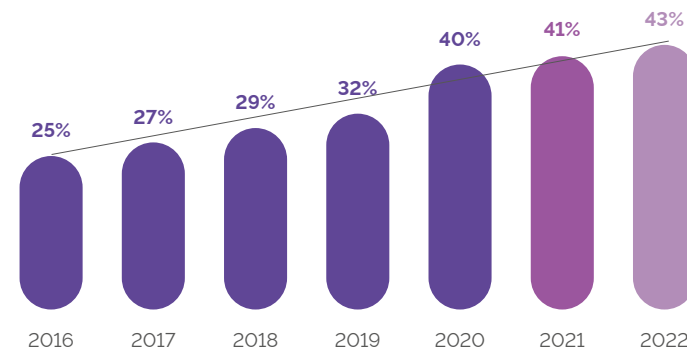
The actions planned for during 2021 resulted in the following milestones:

- **Optimization of the storage capacity in transportation units:** We focused on taking full advantage of trucks, seeking to accomplish efficiency gains. This action was supplemented with improvements that are being leveraged through the GRU project (enhanced pallet occupation and sizes).
- **Scalability:** We continued fostering this modality through strategic alliances with service providers to maximize the number of tons carried per trip. These units lead to cost savings, reduce greenhouse gas (GHG) emissions, and have a positive impact on safety.

- **Direct product deliveries (from site to point of sale):** In a single movement and using the same truck, we deliver the products from the primary warehouse to the customer, eliminating the need for moving the goods from our plant to the distribution center, and then, from there to the customer's premises. In 2021, we achieved a 4.6% improvement relative to 2020, accounting for a 4.5 million increase in the number of packages directly delivered to our customers. In light of the progress made against the project, it was selected as the *Logistics Business' Special Improvement*, thus consolidating as a key process within the business' 2025 Strategic Plan.

- **Use of units that run on alternative fuels in strategic corridors:** We incorporated 10 CNG-powered units which are already part of our suppliers' fleet. In 2022, we will continue strengthening this project.

### Changes in Direct Delivery



- **Assessment matrix for transportation service providers:** In 2021, we consolidated this assessment as a systematic process in the transportation area, adding value to the supplier development process in key aspects that have an impact on logistics, such as billing, subcontracting, finances, reliance on Arcor, submission of legally required documents (GMC Index: Global Management and Control), timing, number of units, unit aging, health and safety, losses, and quality. As a global result, 14% of the suppliers were qualified within the "Optimal" range, whilst 82% of them were qualified within the "Meets" range. In the meantime, as part of the improvement process, we will continue working with such suppliers that fell out of this range—that is, 4% of the total—to bring them to the desired condition.

- **Integration of the GHG emissions from the logistics activities to the company's GHG inventory**

SEE CHAPTER 4 →

- **Development and implementation of the transportation loss ratio**

SEE CHAPTER 3 →

- **Training on good safety and safe driving practices.**

SEE CHAPTER 3 →

**108 initiatives completed.**

**12 distribution centers involved in the initiatives.**

**53,847,656 km traveled.**

**131,344 trips.**



**Red Activa (Active Network) Program**

Since 2014, we have adopted this program in order to fully strengthen the competitive advantage of our network of distributors, fostering good logistics practices in four specific focus areas: Infrastructure, Logistics Processes, Management, and Product Integrity. The program is implemented in three stages:

1. Survey and diagnosis.
2. Training.
3. Communication and disclosure of good practices.

**2021 Milestones:**

**170 surveys in Argentina, 18 in Paraguay, 10 in Uruguay, 23 in Bolivia, and 29 in Chile.**

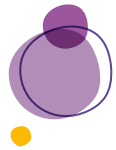
**78% of the reviewees based in Argentina and 65% of the total (Argentina and affiliates) were rated as Active/Proactive, which is the maximum level of fulfilment.**

**15 training sessions with a 98% attendance level.**

**Communication and disclosure of good practices by means of e-mails sent from the Distributors - Logistics inbox.**







## Our Strategic Partners: Customers

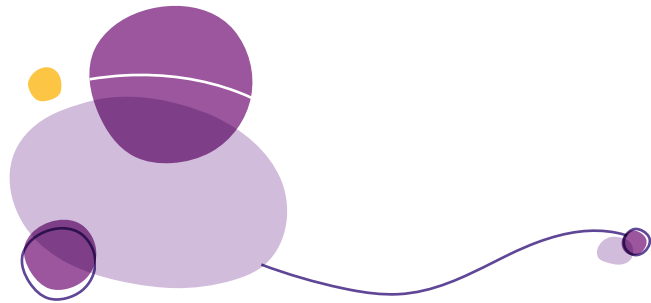
### Arcor Group's Customers (2021 vs. 2020)\*

Year	Distributors	Wholesalers	Supermarkets	Sellers	Our Businesses	Points of Sale Visited
2021	325	897	58	9,490	36	838,580
2020	322	952	58	8,519	39	836,757

### 2021 Arcor Group's Customers (Channel by Country)

Year	Distributors	Wholesalers	Supermarkets	Sellers	Our Businesses	Points of Sale Visited
Argentina	160	278	27	2,680	36	248,917
Brazil	109	298	5	3,044	-	237,719
Chile	31	168	6	342	-	54,200
Mexico	3	111	17	3,222	-	252,062
Peru	22	42	3	202	-	45,682
<b>Total</b>	<b>325</b>	<b>897</b>	<b>58</b>	<b>9,490</b>	<b>36</b>	<b>838,580</b>

\* Data only correspond to the distribution network in countries where we have industrial



## Sustainability in the Distribution Business

In 2019, we launched our *Sustainability Strategy for Distributors*, in order to provide support, and encourage ongoing improvement and the integration of sustainability at Arcor Group's network of official distributors.



In 2021, with the collaboration of *Instituto Argentino de Responsabilidad Social Empresaria* (Argentine Institute of Corporate Social Responsibility), we assessed 145 distributors using the Good Sustainability Practices Guide. The result of the self-assessment allows to make a diagnosis of Arcor Distributor Network's sustainability performance and the next steps to follow in order to foster ongoing improvement in sustainable management. In 2021, we updated the guide to incorporate improvements identified in previous editions of the assessment.

### The topics addressed include:

- **Human Rights:** Occupational health and safety; Relationship with our employees; Relationship with customers and suppliers; Sales management; Relationship with the community; and Ethical and citizenship commitments.
- **Active Life and Healthy Nutrition:** Product transport; Storage; Loading, unloading and internal transfer; Order processing; Employees' conduct; Integrated pest control; Organic waste management; and Specific food safety policies.
- **Packaging Materials:** Disposal of product boxes and office paper; Waste.
- **Energy Efficiency and Climate Change:** Cold storage; Air conditioners and lighting; Transport fleet management; Fleet routing; Fleet fueling; Warehouse infrastructure; Multiplication and disclosure of good practices; and Purchases.
- **Water:** Cleaning of facilities, vehicles, irrigation and restrooms; Cleaning supplies.

On the other hand, in December, we conducted online training sessions for distributors on *Company & Human Rights*, *Community Relations*, and *Responsible Waste Management*, based on the opportunities for improvement identified in previous editions of the assessment.

Finally, in order to keep fostering the sustainable management of our Distribution Network, for the second consecutive year, we granted the "Sustainability" award to outstanding distributors, as part of the annual recognition held in the first *ArcorTour* of the year.

During the 2021 ArcorTour, 9 distributors were recognized due to their good sustainability performance: Bascolo, Alvarenga, Distri-Orán, Orlandi, Ladiar, Disam, VC, Graciela Valles, and Zabia.

### Installation of Photovoltaic Panels by Distributor Orlandi

Based on the joint work carried out by Arcor Group and its distributor network, and supported by several publications developed by the company to endorse its development (the *Good Sustainability Practices Guide* and the *Decalogue of Energy Efficiency Good Practices*), we have made significant progress in several aspects.

Distributor Orlandi, from Río Tercero (Cordoba), is one of the most remarkable cases, in that it managed to install photovoltaic panels on the roof of its warehouse. With an investment of USD 18,000, Distributor Orlandi managed to meet its daytime energy needs out of solar power. Besides, the project resulted in 45% savings in energy consumption and a substantial reduction in carbon emissions.

In this way, we continue making progress against our goal of strengthening each link of our value chain on the way to sustainable development.

# Community

## Community Relations Strategy

Our *Community Relations Strategy* is established as part of *Arcor's Sustainability Policy* and the Code of Ethics and Conduct. We conceive community relations as a gradual, comprehensive and strategic process of our business management.

In Latin America, the COVID-19 pandemic took its toll on the region's social-economic conditions, directly affecting the population. We believe that the organization is jointly responsible for the local and regional development. As such, we strive to keep consolidating and strengthening the *Community Relations Strategy* in the communities where we have a presence.

We have a Community Relations Management Division and 28 Local Community Relations Committees onsite at our industrial facilities. These committees are responsible for implementing, at the local level, the community relations strategy based on 3 action lines:



**Managing the impacts of the company-community relationship, identified based on reliable diagnosis.**



**Strategically manage risks and opportunities.**



**Promoting and managing comprehensive community development actions.**

### Some of the committees' responsibilities include:

- Making and implementing the local operational plan based on corporate guidelines, the local diagnosis and the business context.
- Recognizing, arranging and updating the impacts of the company-community relationship by means of a diagnosis.
- Sharing information on the projects and actions being executed with the industrial plant and the community.
- Acting on behalf of Arcor Group in activities related to the projects being implemented at the local level.
- Managing claims received at the industrial plants, based on the specific procedure for each site—diagnosis, communication and management.

We also have consistent communication mechanisms in place with specific characteristics for the several stakeholders: Municipalities, town halls, civil society organizations, educational institutions, public services, and neighbors of the plant.

In 2021, we launched a training program targeted at members of the Community Relations Committees based in our industrial facilities in Argentina, Chile and Mexico, and also at new employees related to the area. The goal pursued is providing information and updating knowledge on community impact management and the Company-Community relationship. Through this initiative, the Committees' members are able to gain, update and enhance their theoretical knowledge on the methodology, tools and corporate programs for the fulfilment of their respective roles.



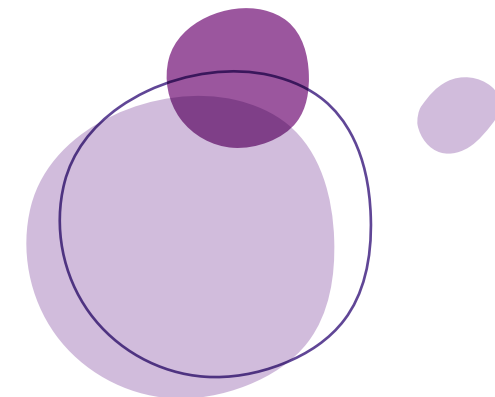
**In 2021, we made progress in consolidating the Community Relations management structure at our industrial facilities, encompassing all our operations in Argentina, Chile and Mexico.**



**We created Committees in Rio Das Pedras and Campinas in Brazil.**

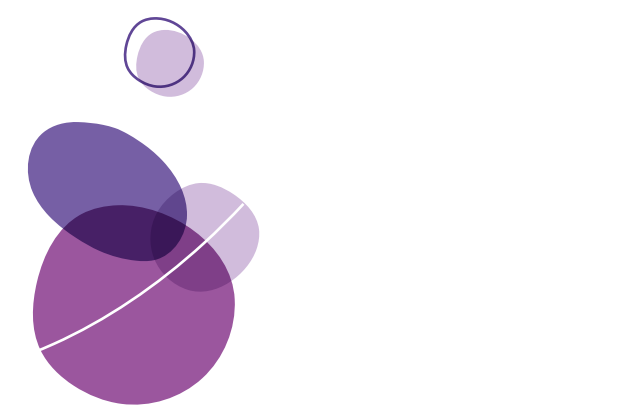
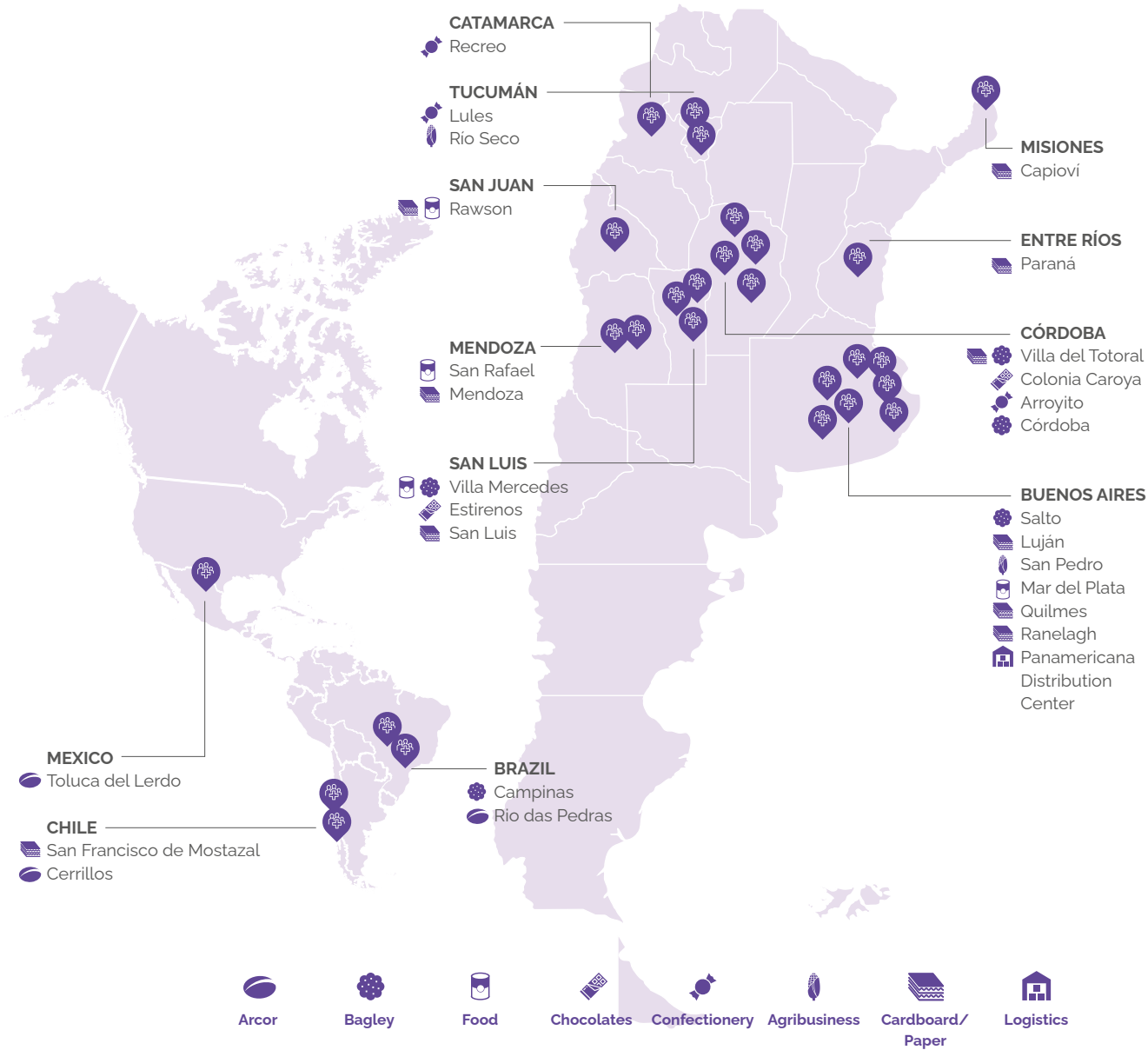


**We have 28 Community Relations Committees operating at Arcor Group's industrial facilities**





## Local Community Relations Committees







## Alliances and Working Spaces

In order to strengthen the bonds with several local agents in the communities we are part of, we are engaged in several coordination platforms, which we are considered key to the enterprise's role as a social and economic player.

In 2021, we consolidated our alliance with the Argentine Business Association (*Asociación Empresaria Argentina* or AEA) for the implementation of the "Mentoring" project targeted at public and private high-school students from the Province of San Luis and the District of Luján (Province of Buenos Aires). Moreover, in the Cuyo Region we continued participating in spaces convened by the Provincial Committees on the Prevention and Eradication of Child Labor (COPRETI, as per the initials in Spanish), primarily in the Province of San Juan.

The Community Relations Committees also maintained their participation in and joint work with more than 15 coordination platforms with local and provincial institutions, benefiting the continuity of programs and projects tailored to the prevailing circumstances.

On the other hand, in partnership with CODE—the social enterprise that seeks to create jobs by bringing together small producers and consumers—we strived to expand and diversify the company's sources of supply, supporting the economic inclusion of groups that manage a productive activity and have less possibilities for market access. Together, we conducted the "*Consumo Trabajo*" (Consumption for Employment) campaign, pursuant to which we developed new *Responsible Inclusive Purchases* processes, adding more hours of decent work for local people living in extreme poverty.

We also continued participating in *Red de Empresas Contra el Trabajo Infantil* (Network of Companies Against Child Labor), by sharing our more than 15 years' experience with the "*Crecer Jugando, por una niñez sin trabajo infantil*" (Grow up Playing, for a Childhood without Child Labor) project, at several training and sharing events. In addition, together with *Red de Empresas Contra el Trabajo Infantil* in Costa Rica, we participated in an event to share successful experiences and good practices, together with organizations from the private and public sectors.

We are also part of RedAmérica as members of the consultation team of the *Company-Community* program. In 2021, we worked on the implementation of a self-diagnosis system for companies to apply and be able to determine how they are doing in their relations to the community and what kind of contribution they are making to create social, economic and environmental value for the sustainable development of the jurisdictions in which they operate. Moreover, during the period, we have been part of the consulting group that organized a training and sharing program on women's employability and venture.

## Corporate Donation Program

As part of the development of our communities, through product donations, we strive to strengthen the work done by local organizations and institutions primarily dedicated to children and teenagers.

The program also contributes to the work done by organizations engaged in consistently distributing food, thus favoring food access to the region's poorest sectors.

Out of our total donations in Argentina, 80% were channeled through Food Banks and 11% through Cáritas diocesan offices, whilst the remaining portion is set aside for several educational institutions and community organizations nearby the company in Argentina. The program is also developed in Brazil, Ecuador, Chile, Paraguay, Uruguay, Bolivia and Mexico.

**In 2021, we donated 1,123,063 kg of products in Argentina, Brazil, Ecuador, Chile, Paraguay, Uruguay, Bolivia and Mexico, allowing community organizations to facilitate food access in their communities, primarily, among children and teenagers.**

In addition, we rescued products from Christmas and Easters together from supermarket chains for subsequent donation to the Network of Food Banks.

**We rescued products from 134 Cencosud, Walmart and Libertad stores, located in more than 30 cities from 18 Argentine provinces. We recovered the equivalent to 150,500 food servings and delivered them to 20 Food Banks and 5 Cáritas diocesan offices.**

## Donation Program: End-of-Year Special Support

The effects of the COVID-19 pandemic have had significant economic impacts on large urban conglomerates in Argentina, particularly affecting the poorest families. Against this backdrop, in 2021 an increasing number of families requested food assistance at several community centers.

Therefore, on occasion of the end of year, Arcor conducted a special food donation action to help 30,000 families, delivering consumer basket products to cover lunch and dinner meals, afternoon snacks, and Christmas products. The products delivered included pasta, tomato purée, sugar, powder cocoa, cookies and crackers, and puddings.

The donation was channeled through Food Banks from Buenos Aires and Cordoba to be delivered by several social organizations that have community soup kitchens.

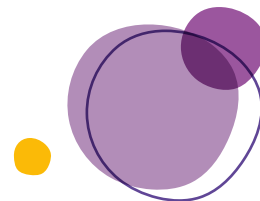


## “Ser Parte” (Being Part) Program

For eighth consecutive year, we implemented the *Ser Parte* (Being Part) environmental training program to engage our nearby communities, hand in hand with our employees, in environmentally-friendly training activities and practices, and to make known the environmental management and protection practices in place at our industrial operations. The program is developed at our industrial plants and involves the participation of local primary schools.

**23 plants involved,  
more than 20 participating schools,  
and 1,402 benefited students.**

In 2021, we implemented an online course for teachers at Arcor Foundation's Education Portal to deliver training to primary schools' teachers.



## Social Investment in Childhood

Arcor Foundation in Argentina (1991), Arcor Institute in Brazil (2004) and Arcor Foundation in Chile (2015), based on specific knowledge gained over the years and in line with Arcor's Sustainability Policy, carry on the Group's *Social Investment Strategy*, involving the voluntary, planned and monitored mobilization of resources to social projects of public interest that benefit childhood.

We foster equal educational opportunities for children in Latin America, by mobilizing social agents, developing skills among educators, caregivers and guardians, and supporting territorial scope projects targeted at children, from a perspective of rights.

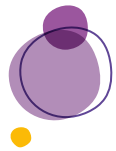
**We work on initiatives and projects under two common guidelines for all the region's countries:**

- Childhood and Comprehensive Early Childhood Development.
- Childhood and Healthy Life [SEE CHAPTER 2 →](#)

In turn, we encourage transversal discussion and reflection on the situation of children in Latin America, in order for the topic to gain more visibility in the public agenda.



**We supported 148 projects with an investment of ARS 64,685,258, benefiting 115,851 children from the region and training 1,539 people related to the topic.**



## Childhood and Comprehensive Early Childhood Development

We help strengthen early childhood care and education services and settings through the development and training of adult role models and support to the material conditions of the institutions they work at.

We benefited 8,473 children from 0 to 4 years old in the region and trained 20,468 teachers on topics related to early childhood.

### **“Mi Patio es el Mundo” (My Playground is the World) Award (Regional):**

Together with the World Organization for Pre-school Education (OMEPE, as per its initials in Spanish), we conducted the fourth edition of the “Mi Patio es el Mundo” (My Playground is the World) award in Bolivia, Uruguay, Paraguay, Argentina, Chile and Brazil. The award seeks to recognize education experiences for sustainable development in early childhood at institutions engaged in children care and education. We received 100 experiences on successful practices and selected 12 of them, including winners and special mentions.

### **SITEAL Early Childhood (Regional)**

The “Support to Knowledge Generation on Early Childhood by 2021” project is an alliance between IIPPEE UNESCO and Arcor Foundation, which seeks to build mechanisms to monitor the observance of children’s rights in early childhood in Latin America. The Information System on Education Trends in Latin America (SITEAL, as per its initials in Spanish) is a platform to identify, standardize, analyze and disclose information useful to monitor the education outlook in the 19 Latin American countries.

### **“Niñez Cercana” (Close to Childhood) Program (Argentina)**

In order to strengthen the work done by the municipalities for the benefit of early childhood, we continued delivering training through a set of education modules and equipment to ensure children’s motion. The program is carried out in a combination of online and in-person meetings to support the bonds with municipal teams and local leaders. On the other hand, we organized two panel discussions in order to generate spaces for sharing and learning among municipal leaders participating in the program: “Local Challenges and Urgent Needs Concerning Early Childhood” and “Dialogue: Children and Local Spaces.”

### **Training for Active Lifestyle Promoters in Early Childhood (Chile)**

In partnership with JUNJI, Corporación Municipal in La Reina, Corporación Municipal in Puente Alto, Municipality of Renca and San Sebastián University, this training program seeks to educate specialists and educators to become active lifestyle promoters, encouraging motion and active playing among children, thus contributing to their well-being and health from a perspective of rights. By means of two calls for enrolment in the program, we trained 96 kindergarten professionals from the districts of La Reina, Puente Alto, Renca, San Joaquín in the Metropolitan Region, and O’Higgins Region.

### **New Style” Program (Brazil)**

In partnership with FEAC Foundation, the course seeks to boost children development by working jointly with school teams for them to be able to build educational projects that offer equal rights and meaningful learnings among children. This year, we trained more than 400 educators from 33 civil society organizations based in the municipality of Campinas. During the second semester of the year, the project started to be replicated in the municipality of Rio das Pedras, convening 100 educators.

**Training courses developed in partnership with the municipalities of Cerrillos, Lo Espejo, Corporación Infancia in Santiago, Corporación Municipal in Puente Alto, Integra Foundation and Universidad Católica Silva Henríquez, with whom we subscribed an agreement to have them certified as from 2022 (Chile)**

- **Course on Early Childhood Participation:** The course seeks to train specialists, educators and other professionals to become promoters of children's participation in the education or local community, duly recognizing them as holders of rights and as citizens. This year, by means of three calls for enrolment, we trained 154 members of kindergarten educational teams from the districts of Cerrillos, Lo Espejo, Puente Alto and Santiago in the Metropolitan Region and territorial professionals country-wide from Integra Foundation.
- **Course on Early Childhood Bonds:** It is designed to reflect on the essential aspects that underpin relationships with children and, thus, favor bonds underlying good treatment practices, from a human rights approach. By means of two calls for enrolment, we trained 85 professionals who are part of kindergarten educational teams from the districts of Cerrillos, Lo Espejo and Santiago in the Metropolitan Region, and territorial professionals country-wide from Integra Foundation.

**"Desde el Principio" (From the Beginning) Program**

The program has been carried out since 2020, together with civil society organizations engaged with grassroots groups, families and children in order to:

- Strengthen their work through projects that foster play and access to several cultural practices.
- Contribute to work from a comprehensive approach to children development in community interventions, from a perspective of children's rights.

The initiative began in 2021 by financing organizations for the execution of the submitted projects.

Then, we offered technical assistance during the project development and subsequent execution. In turn, we added several training programs on comprehensive children development, relevance and healthy relationships targeted at the organizations' teams.

Finally, we attempted to disclose practices, experiences and methodologies within the organizations participating in the program, as well as inside the community, putting forward the need for having a complex and comprehensive look at children development.

The program helped maintain the work proposals developed by the organizations during the pandemic and lockdown, in addition to enhancing the facilities and favoring the purchase of equipment, materials, and teaching materials.

This initiative embodies and highlights our commitment to childhood, through social investment, from the perspective of children's rights.

In 2022, we will attempt to systematize the work model and will focus on making visible the work done by these organizations.

## Childhood in the Public Agenda

**We carry out several initiatives to reflect on and enhance the visibility of children's situation in the region, including:**

- More than 20 online events:
  - *"Moviéndonos por una niñez saludable"* (Let's Move for a Healthy Childhood) conference.
  - *"Pandemia, pedagogías, equidad"* (Pandemic, Pedagogics and Equality) webinar.

- *"El juego como modo de construir sentido"* (Playing as a Meaning-building Mechanism) conference by Patricia Sarlé.
- Webinars in partnership with the organization Equidad para la Infancia.
- Webinars and conferences in partnership with Omep Argentina.



- Education Portal managed by Arcor Foundation in Argentina and Chile and Arcor Institute in Brazil, which includes several training offerings on childhood, healthy lifestyle, and education opportunities. In 2021, we had 38 courses available in Spanish and Portuguese (31 in Spanish and 7 in Portuguese), and trained more than 8,428 students in Latin America through 95,764 hours of training.
- Actions to mobilize and raise awareness among several players involved to recreate the childhood space as everyone's responsibility. We carried out a digital strategy in Argentina, Brazil and Chile, seeking to become a specialized source of useful, innovative and quality information for the community. During 2021, we reinforced the mobilization, communication and outreach strategy among the several audiences in response to the COVID-19 pandemic.
- "La niñez en juego" (Childhood at Stake) podcasts: On occasion of Arcor Foundation's 30th anniversary, we launched a number of exclusive podcasts reinforcing the commitment of putting childhood in the social scene. Through several episodes, users may listen to interviews carried out by Andrés Rieznik to renowned childhood experts such as Maritchu Seitún, Cielo Salviolo, Kary Pintos and Patricia Sarlé, addressing issues such as: "Healthy relationships with our children"; "Childhood, participation and culture", "The importance of playing with children," and "How to prompt playing situations among little kids."

Through these actions,  
we reached 5,168,438 persons  
and interacted with 512,064 users  
through digital mass media.

## Alliances and Knowledge

Arcor Foundation in Argentina, Arcor Foundation in Chile and Arcor Institute in Brazil renewed their commitment to working in partnership with institutions that advocate for social investment. We participate in several networks in order to have a greater impact at a regional level. In this way, we reinforced the actions deployed through pro-childhood initiatives carried out in the three countries.



**REDEAMERICA (Regional):** The group was created in 2002 with the support of the Inter-American Foundation (IAF, as per its initials in Spanish). Currently, it convenes more than 70 organizations and boosts private social investment actions in 11 Latin American countries, with the shared purpose of developing practices that promote sustainable communities. Within this network, Arcor Foundation in Argentina and Arcor Institute in Brazil participate in the Regional Affinity Group on Early Childhood and in the Brazilian Node, respectively.



**"Nuestra Córdoba" Network (Argentina):** Arcor Foundation participates in the network, together with 200 members from 60 social organizations, universities, companies, research centers, professional councils, and residents of Córdoba. In 2021, we coordinated a project related to childhood and the public space, aimed at reflecting on this situation in times of pandemic. The network worked on other action lines, such as urban agriculture, social economy, inclusive management of urban waste, urban planning, and community engagement and open governance boards, setting forth the guidelines for assessing the 2021 targets and the 2022 target plan.



**GDFFE, Grupo de Fundaciones y Empresas (Group of Foundations and Companies), Argentina:** Since 1995, this non-for-profit civil association—comprised by donor foundations and companies—has been advocating for private social investment initiatives for the public benefit, encouraging social responsibility in

communities. In 2021, it carried out activities related to education, health and local development. It also hosted an annual event conceived to reflect on how private social investment can be aligned with new perspectives, work as a change engine, multiply its impact, and generate actual solutions amidst a challenging scenario.



**UPPI, Unidos por la Primera Infancia (United for Early Childhood), Chile:** It is a network of companies that seeks to make visible the importance of childhood for the comprehensive development of society. In 2021, it organized 6 seminars that convened more than 1,290 participants countrywide. It also conducted a course entitled "The Role of Companies in Children's and Teenagers' Rights," sponsored by UNICEF and ILO, under which 14 professionals were certified. Arcor Foundation in Chile has presided over the network since 2021, and will continue presiding it until 2023.



**Rede Nacional Primeira Infância (Brazil):** Comprised by Brazilian civil society organizations, government officers, the private sector, and multilateral organizations that advocate for children's rights, its mission is fostering the integration of policies targeted at children from 0 to 6 years old, encouraging validation, monitoring and assessment actions, as well as the dissemination of early childhood information. Currently, it gathers more than 200 organizations from different regions of the country, including Arcor Institute in Brazil.



**GIFE, Grupo de Institutos Fundações e Empresas (Brazil):** Founded in 1995 in Brazil to generate knowledge on social investment, the network currently gathers more than 160 social organizations, including Arcor Institute in Brazil. In 2021, we took an active role in the Network of Social Investors from the Interior of São Paulo, which held periodical meetings to set a regional action strategy.

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## Company-Childhood Program

We strive to foster respect, protection and promotion of children's rights through initiatives that intersect all our businesses, value chain, and stakeholders. By participating and sharing in several dialogue instances, we also seek to articulate and influence public policies related to this topic.

In 2015, with the approval of *Arcor Group's Children Rights Commitment Policy*, we became the first company in the region in embedding this perspective into our sustainability policy. The document which "guides and governs the company's work in its relationship with childhood" is based on the "Convention on Children's Rights, the "Guiding Principles on Businesses and Human Rights", the "Children's Rights and Business Principles," Convention 138 concerning "Minimum Age for Admission to Employment" and Convention 182 on "Prohibition and Immediate Action for Elimination of Worst Forms of Child Labor." This policy is also aligned with our corporate philosophy and Code of Ethics and Conduct.

### The commitments set forth under the policy includes:

1. Respect and promote children's rights as a central part of our sustainability strategy.
2. Eradicate child labor in all the organization's business activities and extend such effort throughout the value chain.
3. Offer decent work that supports workers, men and women in their role as parents and caregivers.
4. Ensure the protection of children in the organization's activities and facilities.
5. Ensure our products and services are safe for children.
6. Make use of institutional communication and marketing in a manner that respects and supports children's rights.
7. Respect and promote children's rights with regard to the environment, safety provisions and emergency situations.
8. Reinforce communities' and governments' efforts to enforce children's rights.

All our employees are responsible for seeing to the compliance with this policy. The Ethics and Conduct Committee is liable to resolve any conflict that may arise as a result of a violation to the provisions laid down in the policy.

In order to execute it, we developed the Company-Childhood initiative, which helps monitor on a comprehensive and ongoing basis that children's rights are duly observed company-wide. We build work plans on an annual basis involving the several areas of the company.

Under this framework, in 2021 we participated in the world initiative entitled "Self-assessment scorecard corporate sector and children's rights benchmark" driven by the Global Child Forum together with the Boston Consulting Group. The initiative encompassed a self-assessment on this topic, where Arcor Group ranked among the sector's top range, with a score of 8.6 out of 10.

### In turn, we continued working with several areas of the company on a number of initiatives:

- Follow-up of Arcor Group's Children Advertising Self-Regulation Policy, through content validation actions.
- Design and development of the internal and external communication campaign to commemorate the anniversary of the Convention on Children's Rights on November 20.
- Content development for the 2022 school kit delivered to our employees' children.
- Development of a survey about the impact of the pandemic on children to get to know the insights in this respect from employees with children under 18 years old.





# Living Planet

89 Water Care



95 Action for Climate and Biodiversity



106 Circular Economy of Materials



## Living Planet

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

Our *Sustainability Policy* sets forth the following commitments:

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

## Water Care

We believe that clean water availability is one of the main environmental challenges of our times, since water is vital for all forms of life.

We are committed to an increasingly more efficient water consumption, returning water to the environment in a safe manner, and preserving our water sources across the entire value chain.

Through this commitment, we help spread environmentally-friendly production practices.

## Water Strategy

As part of our goal to reduce water consumption, last year we integrated Zucamor plants into Arcor Group's indicators, and established a new baseline to develop new targets. Besides, pursuant to the strategy pursued since 2020, which relies on the concept of water risk based on an analysis performed with the Water Risk Filter tool, we focused on three action lines:

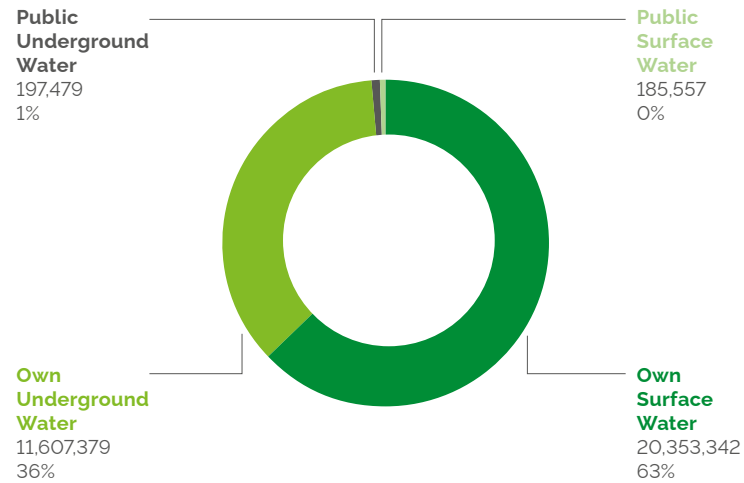
- Reducing Consumption.
- Ensuring Availability.
- Ensuring and Optimizing Industrial Effluent Treatment.





Considering all our plants on an aggregate basis, 98.82% of the water used in our operations comes from our own intake facilities.

### Total Water Consumption by Type (m³)



Country	Company	Plant	Water Consumption (m³)
<b>Argentina</b>			<b>31,894,836</b>
		Sugar Mill	9,276,468
		San Pedro Complex	1,910,628
		Arroyito Industrial Complex	1,640,381
		San Juan	1,405,275
		Misky Complex	1,310,706
		San Rafael Food Plant	483,298
	Arcor S.A.I.C.	Villa Mercedes Complex	405,969
		Mar del Plata Food Plant	100,099
		Caroya Chocolate Plant	93,565
		Estirenos Confectionary Plant	47,100
		Recreo Complex	22,701
		La Providencia Sugar Mill	0
		Maipu Ancillary Admin. Dep.	0
		Mendoza	668,148
		Arroyito Industrial Complex	561,365
		Ranelagh	544,143
	Cartocor S.A.	Luján Complex	148,331
		Cartocor Parana	39,676
		Totoral Complex	32,069
		Cartocor San Juan	18,359
		Quilmes	17,130
		Salto Plant	188,355
	Bagley Argentina S.A.	Villa Mercedes Plant, Bagley	95,784
		Córdoba Plant	18,684
		Totoral Complex	16,175
	Papel Misionero S.A.I.F.C.	Virgin Paper Plant	11,076,874
		Industrial Bags Plant, San Luis	4,224
		Wet Milling Plant Tucumán 1	956,882
	Ingrecor S.A.	Wet Milling Plant Arroyito 2	520,325
		Wet Milling Plant Arroyito 1	264,925
	Multicompañía Arcor	Panamericana Distribution Center	27,198
		Arroyito Industrial Complex	0

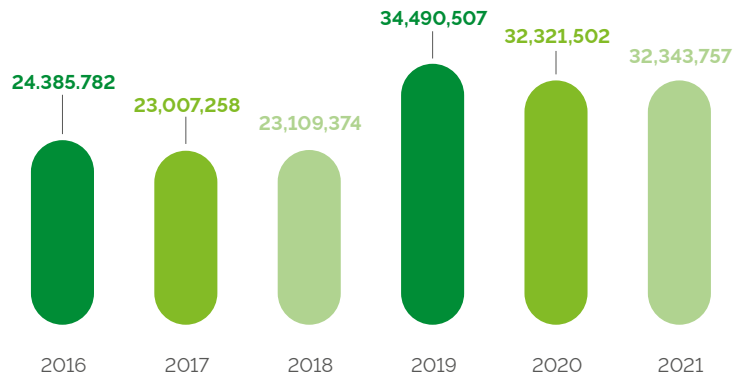
Country	Company	Plant	Water Consumption (m³)
<b>Brazil</b>			<b>260,764</b>
		RDP - Plant	133,691
	Arcor do Brazil LTDA	BRG - Plant	45,704
		Arcor - Campinas	0
	Bagley do Brazil Alimentos LTD	Campinas - Produção	48,803
		Contagem - Produção	32,566
<b>Chile</b>			<b>90,025</b>
	I.A.D.E.U. S.A.	Bicentenario Plant	65,572
		CD DEU.	0
	Galletitas JV S.A. - Chile Prov.	Cerrillos Plant 2	15,860
	Cartocor Chile S.A.	Cartocor Chile	8,593
<b>Mexico</b>			<b>80,710</b>
	Mundo Dulce S.A. de C.V.	Toluca Plant	80,710
<b>Peru</b>			<b>17,423</b>
	Arcor de Peru S.A.	Chancay Plant	16,613
	Cartocor de Peru S.A.	Cartocor Peru	810
<b>Total</b>			<b>32,343,757</b>

# Reduced Consumption

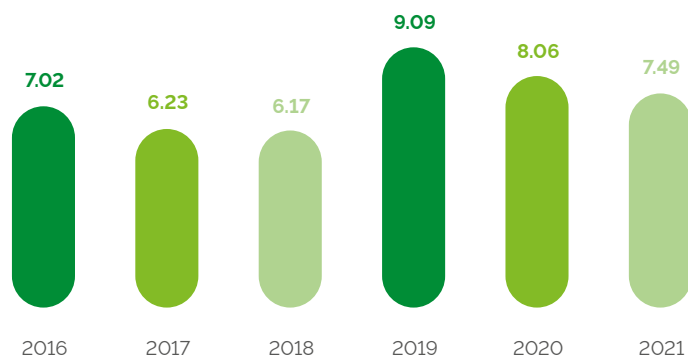
We strive to make an increasingly more efficient use of water, looking to preserve water sources.

In 2021, and in line with previous years' declining trend, we achieved a 7% reduction in our specific water consumption indicator ( $m^3$ /ton produced).

## Water Consumption ( $m^3$ )

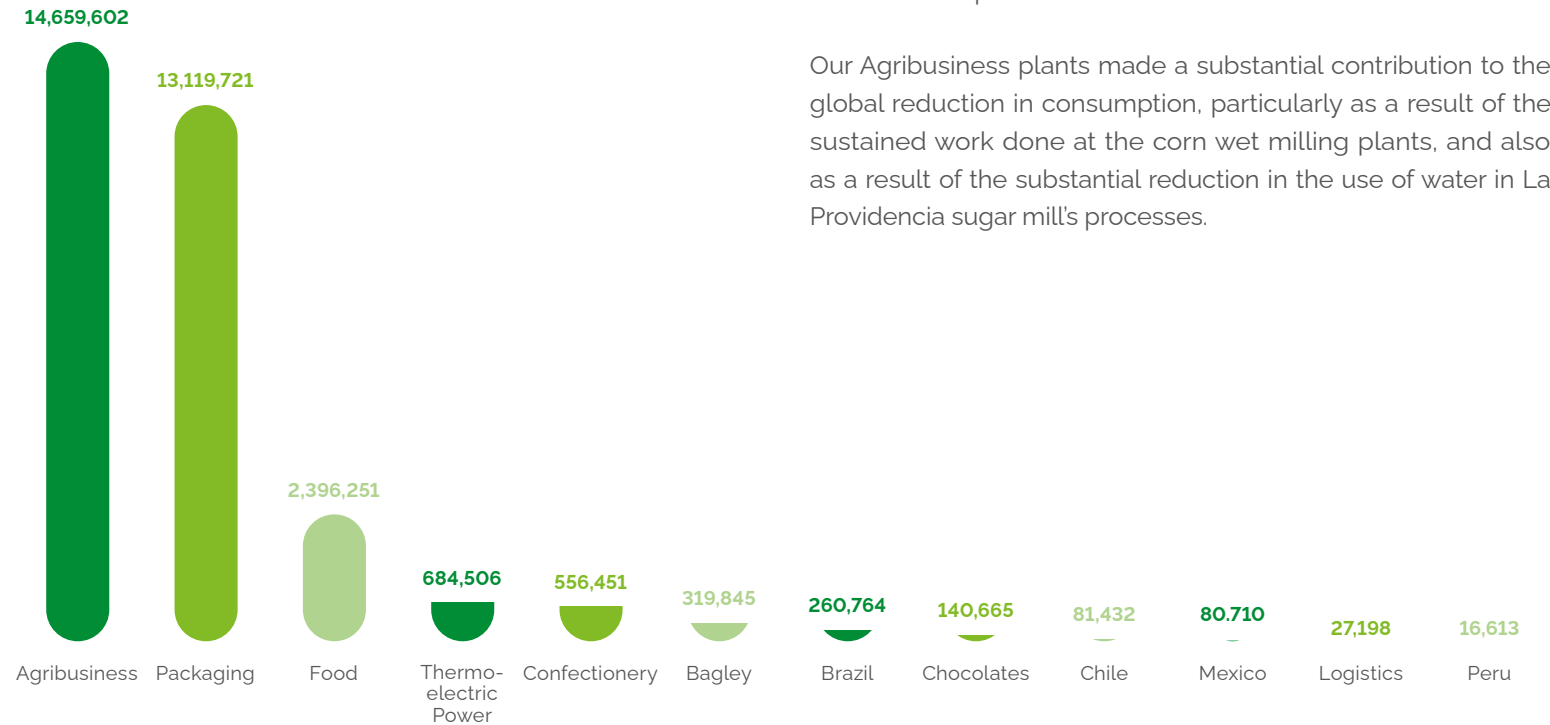


## Water Consumption ( $m^3$ /Ton)



Water consumption, in absolute terms, increased by 0.07% only ( $22,255 m^3$  more of water), despite the 7.7% increase in processed tons relative to 2020.

## Water Consumption by Business ( $m^3$ )



As part of our reduction premise, we focused on the plants with greater water consumption, that is, those primarily associated with our Agribusiness and paper production activities, with particular emphasis on our new plants, where we are reviewing opportunities for improvement, and have started to develop projects to reduce water consumption.

Our Agribusiness plants made a substantial contribution to the global reduction in consumption, particularly as a result of the sustained work done at the corn wet milling plants, and also as a result of the substantial reduction in the use of water in La Providencia sugar mill's processes.

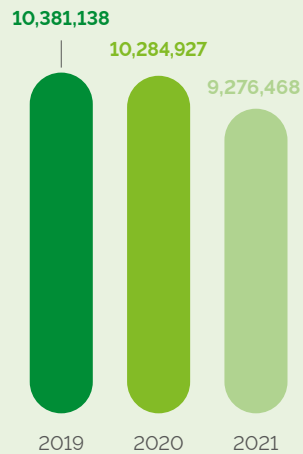
### More Recirculation, Less Consumption

At La Providencia, like other sugar mills located in the area do, we use water from Pueblo Viejo River, thus increasing the demand for water during the sugar cane harvest season and reducing its availability. Due to this problem, and taking into account our premise to reduce consumption, we carried out several actions leading to a responsible use of water.

In 2020, we started a project to enhance the cooling tower system at the sugar mill, which allows to increase water circulation flows. To date, we have made adjustments to 9 of 16 modules, achieving a 1,008,459 m<sup>3</sup> reduction in 2021 during the sugar cane harvest season.

With an investment of USD 10,000, we expect to complete the remaining 44% of the works, with a total investment of USD 47,893.

Specific Water Consumption (m<sup>3</sup>)



Specific Water Consumption (m<sup>3</sup>/Ton)



### More Tomato with Less Water

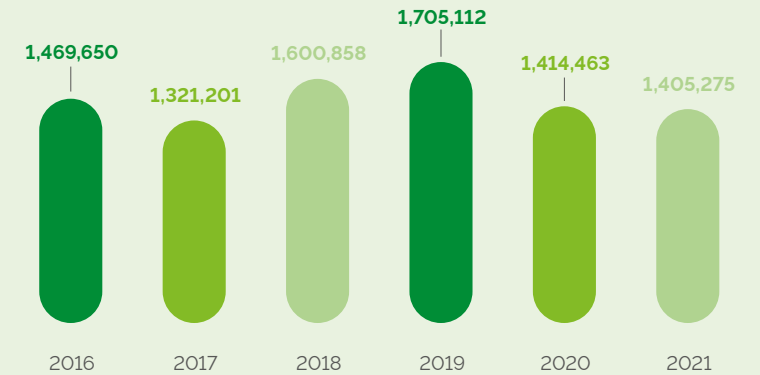
San Juan is one of the driest provinces of Argentina. Accordingly, we continued looking for opportunities that will allow us to enhance and reduce our water consumption.

Last year, we completed maintenance and infrastructure works at our canned tomato plant in San Juan, seeking to regulate and correct water flows in the production lines' sprinklers.

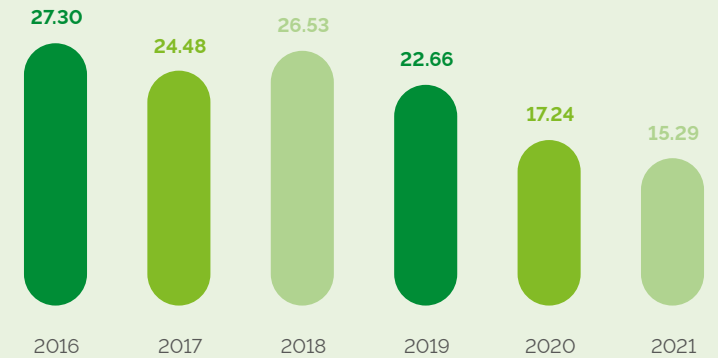
Even though water consumption was reduced by 0.65%, production grew by 9,672 tons relative to the previous year, which would account for an 11.7% decrease in specific water consumption.

This reinforces the *more tomato with less water* motto, evidencing the Food business commitment to ongoing improvement in this approach.

### Water Consumption (m<sup>3</sup>)



### Water Consumption (m<sup>3</sup>/Ton)

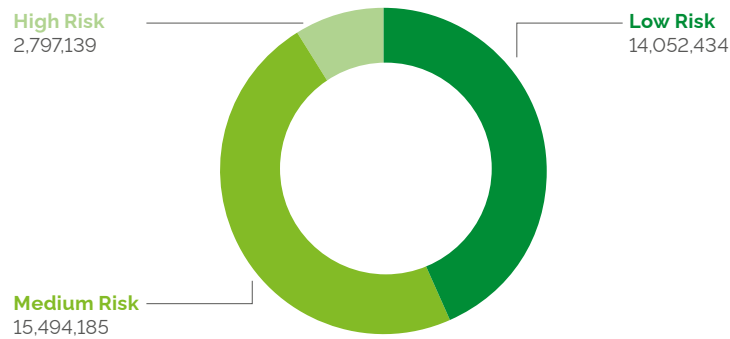


# Ensuring Availability

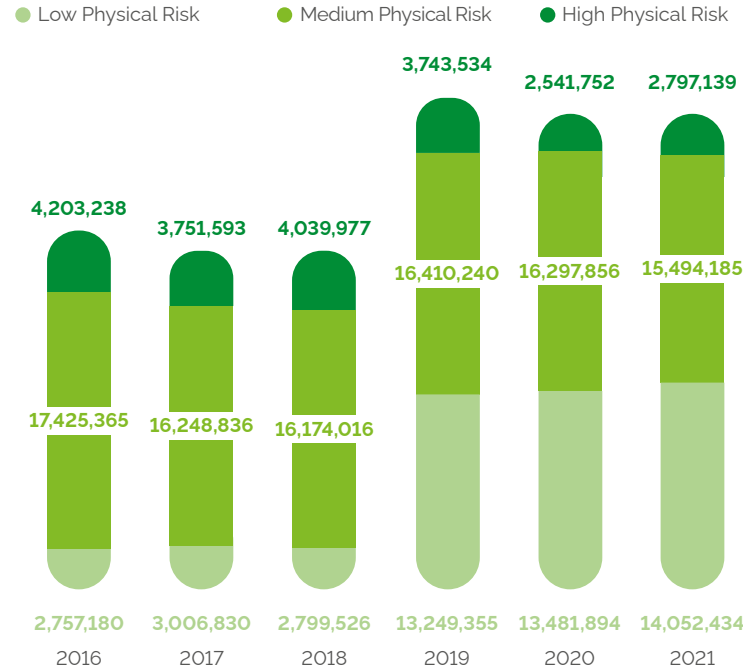
As a result of the analysis performed with the Water Risk Filter tool, we were able to classify the several sites from which we withdraw water, on the basis of their water risk. Within the global risk, we placed special emphasis on watching for consumption and taking actions to ensure supply in high water-risk locations.

In this respect, only 8.65% of the total water used by Arcor Group is withdrawn from high water-risk or water-stressed areas. Increased consumption in water-stressed areas is attributable to the incorporation of the recycled paper plant in Mendoza (Zucamor) to Arcor Group's indicators and also to the increase in pulp production at the plant in San Rafael.

## Water Consumption by Risk Area (m³)



## Water Consumption by Risk Type (m³)

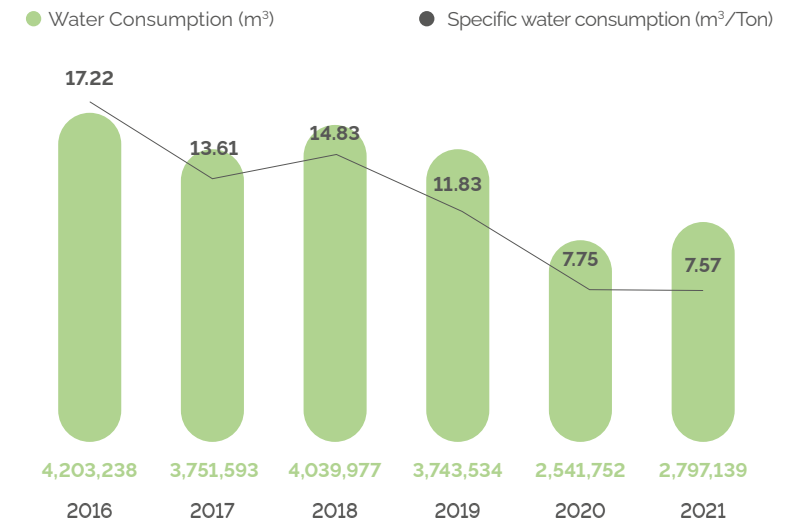


One of the strategies to ensure supply in high water-risk areas lies on using our own intake mechanisms, ensuring operations capable of monitoring and preserving this source in terms of quantity and quality. In this respect, 95% of the water that we use in high water-risk areas comes from this form of own supply, whilst the remaining portion is sourced by local dealers.

In 2021, we expanded the scope to 18 plants identified as the most critical ones in terms of water availability and shortage, strengthening the responsible use of water, and analyzing and implementing improvements to gain efficiency. These 18 plants account for 97.1 % of our water consumption.

In turn, we started to review water availability at each of our facilities by means of hydrogeological studies and studies of static and dynamic levels in our drillings, in order to gain a local understanding of the state of the basin from which we source water.

## Evolution of high water risk







# Ensuring and Optimizing Industrial Effluent Treatment

In addition to ensuring compliance with applicable laws at each site, the industrial effluent treatment strategy is focused on upgrading processes seeking to achieve efficiency gains and identify opportunities for reusing water.

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## Ongoing Work at Our Effluent Plant in Ranelagh

In 2021, we completed the expansion project of the effluent treatment system at the recycled paper mill located in Ranelagh, as a supplementary stage for the installation of a Drum Pulper.

In Argentina, a portion of the recovered paper and cardboard may not be reused for quality reasons. The works done at our plant in Ranelagh pose a great opportunity in that the Drum Pulper allows to recycle lower quality fibers, whilst the new effluent plant enhances water recovery.

The conceptual design of the effluent plant is based on a MBR-type (membrane bioreactor) aerobic process, where the conventional activated sludge reactor gradually clarifies the effluent by filtering it through a membrane system.

The effluent plant will allow us to ensure effluent discharge limits, thus optimizing water consumption.

The total investment in this plant amounted to USD 3,266,000 and it is expected to be fully commissioned by 2022.



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## Arroyito Industrial Complex: Treatment of Household Effluents

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

In 2021, we installed trunk lines in order for all sewers to be treated at our effluent treatment plant, integrating the Southern area of the city. Thanks to this effort, we incorporated approximately 3,000 connections, in addition to the existing 4,600 active ones.

We are proud of this public-private partnership we have established over the time, which has resulted in significant social and environmental benefits to the local community.

In 2021, no environmental spills had occurred that could have resulted in a negative environmental impact.



# Action for Climate and Biodiversity

We believe that the efforts to mitigate the climate change and reverse biodiversity loss are pressing and imperative, since food production depends on nature and on the environmental services offered by ecosystems.

We are committed to taking action in favor of the climate, seeking to achieve a positive carbon balance in our activities. Similarly, we commit to preserving biodiversity, enabling a beneficial interaction among production areas and natural ecosystems.

Through these commitments, we protect and regenerate the production landscapes in which we are immersed.

## Arcor Group's Greenhouse Gas (GHG) Inventory

At Arcor Group, we have been quantifying greenhouse gas (GHG) scope 1, 2, and 3 emissions since 2017, identifying the main sources of emissions and reduction opportunities, and monitoring the changes thereto.

In 2021, under this scope, we issued 875,740 tons of CO<sub>2</sub>eq, which accounts for an increase of 26,440 tons of CO<sub>2</sub>eq. relative to 2020 and a 5.47 % reduction vis-a-vis 2017.

Sources	2017	2018	2019	2020	2021
<b>Scope 1 - Direct Emissions</b>	<b>297,910</b>	<b>310,147</b>	<b>297,128</b>	<b>293,327</b>	<b>284,579</b>
Natural Gas	262,002	277,062	260,918	259,876	256,226
Gas Oil	5,912	4,184	5,005	4,301	4,229
Liquefied Gas (LPG)	487	706	431	904	1,598
Fuel Oil	13,460	12,625	16,723	13,782	1,794
Fugitive Emissions	6,404	8,853	8,674	10,279	15,381
Fugitive Emissions Out of the Kyoto Protocol	9,209	6,071	4,672	3,695	5,221
Treatment of Effluents	436	646	706	491	130
<b>Scope 2 - Indirect Emissions</b>	<b>261,765</b>	<b>260,912</b>	<b>255,225</b>	<b>223,280</b>	<b>253,646</b>
Electricity	261,765	260,912	255,225	223,280	253,646
<b>Scope 3 - Other Emissions</b>	<b>366,795</b>	<b>368,972</b>	<b>349,360</b>	<b>349,724</b>	<b>337,515</b>
Transport	327,102	331,754	319,454	324,564	315,192
Landfills	27,060	24,585	18,579	13,780	11,723
Emissions from Ice-cream Marketing	12,633	12,633	11,327	11,379	10,600
<b>Total Inventory (Reported Scope)</b>	<b>926,470</b>	<b>940,031</b>	<b>901,713</b>	<b>866,331</b>	<b>875,740</b>

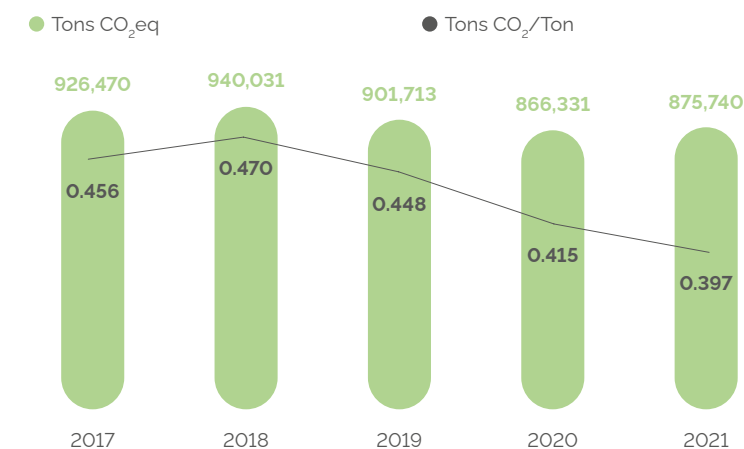
\* Data from 2017 through 2020 were adjusted with newly incorporated information.

The main reductions achieved vis-a-vis the 2017 base are attributable to:

- Reduced use of natural gas due to its replacement with biomass.
- Reduced transport in the Packaging business.
- Reduced landfill waste disposal.

The increase in 2021's emissions is attributable to the increased use of electricity associated with higher production levels, considering that the year 2020 was peculiar due to the pandemic. However, the relative value of emissions (per ton produced) continues to decline year after year.

### Arcor Group's Total GHG Emissions (Reported Scope)





# Climate Change Strategy

Mindful of the causes and consequences of climate change for the society, we strive to quantify the impact of our operations by maintaining an Inventory of GHG Emissions and taking actions to reduce it.

In 2021, we introduced our *Climate Change Strategy* and set the goal of achieving a 30% reduction in greenhouse gas (GHG) scope 1, 2, and 3 emissions by 2030 (on the basis of the year 2017's emissions).

As a leading company in the region, the strategy poses a responsibility and a very challenging commitment that calls us to innovate and work, both on our processes and the entire value chain. Besides, the vertical integration of our businesses poses more opportunities for us to create synergies with our several stakeholders.

**Based on our main sources of GHG emissions, the strategy sets forth the following action lines:**

**Reducing intensity in the use of energy and consolidating the shift towards renewable sources of energy through our *Energy Performance Program*.**



**Advancing towards more carbon efficient and less carbon intensive transportation.**

**Developing and strengthening regenerative agriculture practices to reduce emissions and maximize the carbon intake in the soil.**

**Exploring carbon intake compensation mechanisms.**

**Based on these action lines, we defined activity-specific goals leading to achieve the 2030 target:**

- Reducing electricity and gas consumption by 15% vis-a-vis 2017.
- Ensuring that 80% of our electricity purchases come from renewable sources.
- Reducing global emissions from transportation by 20% compared to 2017.
- Taking actions to ensure that our own agricultural activities are carbon neutral and achieve a 50% reduction in emissions from the corn and wheat that we use.
- Achieving a 50% reduction in fugitive emissions from refrigerating gas.
- Reducing to zero the emissions from landfill waste disposal.
- Achieving a 30% reduction in emissions from marketing activities at distributors and with cold chain products

# Energy Performance Program

Energy is constantly present in most of our day-to-day activities. Energy is motion; therefore, as a company, we endeavor to shift towards a model that allows us to manage energy performance across all our operations.

Energy performance is essential for our company. We look for a balance among energy sustainability over the time and the several scenarios associated with the prevailing context; energy supply at efficient costs with high availability and guaranteed service quality; and the ongoing reduction in consumption at nominal and feasible levels across all our operations. All of this within a corporate culture based on good energy efficiency practices and on an environmentally-friendly approach for the present and looking forward.

Since 2017, we have developed management strategies that help us define specific actions to accomplish the proposed targets.

The energy performance strategy is carried on through three action lines:

### Energy Intensity

Actions in the long-, medium-, and short-term ensuring the ordinary development of the energy strategy, based on an analysis of the prevailing context, ensuring the supply, energy information management, and the definition of corporate operating standards in terms of energy.

### Energy Efficiency

Actions in the long-, medium-, and short-term leading to reduce specific energy consumption in processes through technology upgrades, identifying and prioritizing the use of energy in all of its forms.

### Energy Savings

Actions in the medium- and short- term leading to reduce absolute energy consumption by raising awareness and delivering training to our employees on good maintenance practices and operations leading to achieve energy savings and conservation.



In turn, we have three areas of analysis that allow us to define activities leading to ongoing improvements in specific and absolute energy consumption in our processes:

- Energy consumption in its different forms: Amount of energy used
- Types of energy use: Ways of applying energy
- Relationship between energy consumption and production (or other variables)

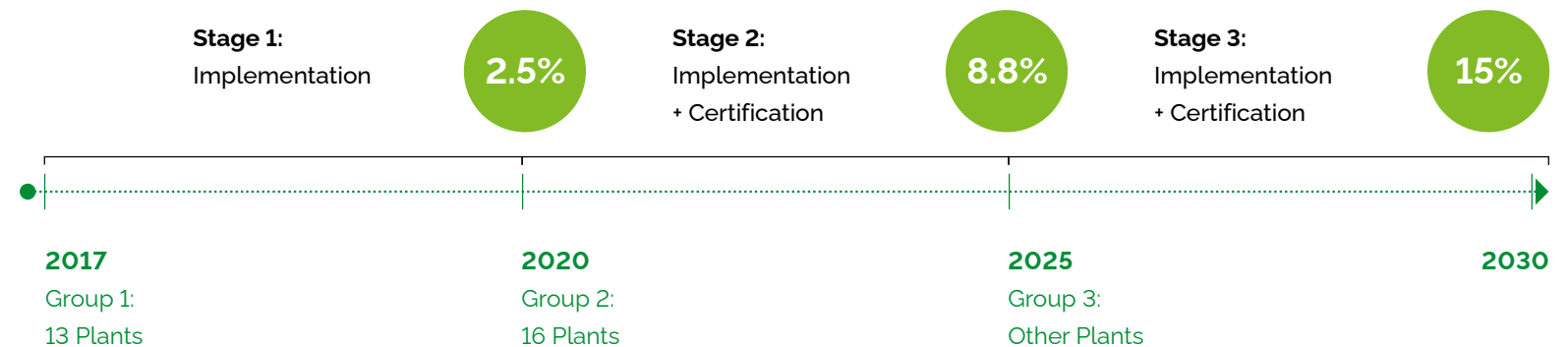
In line with these concepts, we have a Corporate Energy Efficiency Committee in place and carried out an *Energy Performance Program* pursuing the following specific goals:

- Environmental protection and reduction of GHG emissions.
- Enhanced profitability from our operations.
- Compliance with applicable laws and regulations.
- Definition of the energy matrix and enhanced energy supply strategy for the company.

- Search for energy efficiency in equipment and reduced energy intensity in our operations.
- Proposal of specific actions to reduce and generate savings in energy consumption.
- Employees' training and awareness.
- Exploration of new business alternatives and environmentally-friendly technologies.

As part of the program, Arcor Group established energy consumption reduction targets of 2.5% by 2020, 8.8% by 2025, and 15% by 2030. Based on the proposed targets, we developed an action plan to implement the Energy Management System (SGE, as per its initials in Spanish) methodology across all Arcor Group's industrial plants in three stages.

The plants in stages 1 and 2 account for 88% of Arcor Group's energy consumption. We expect to achieve an 8.8% reduction in specific energy consumption by the end of the second stage in 2025.







## Stage 1

Plants in stage 1 have fully implemented the SGE methodology and in 2020 surpassed the 6.45% reduction target.

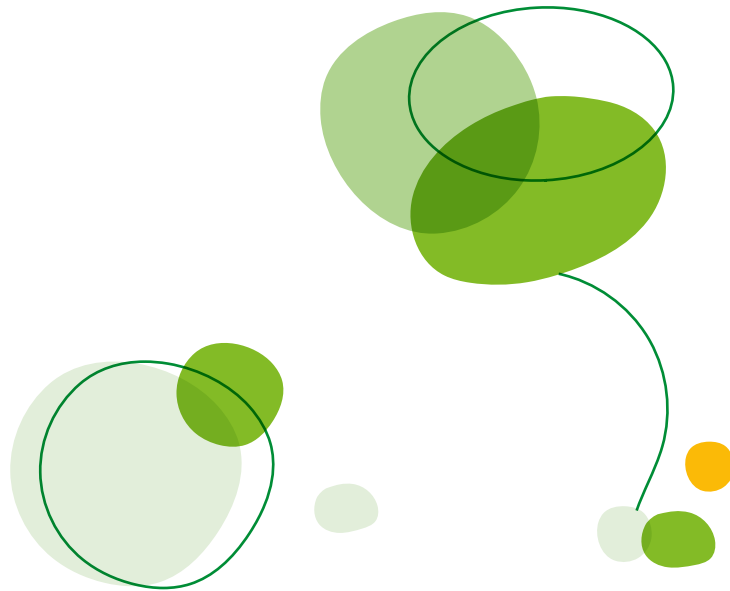


## Stage 2

During the first year of the stage 2 (2021-2025), the program was implemented in 81.25% of the scheduled plants: 12 plants in Argentina and 1 in Chile. By the end of 2021, the global progress in applying the SGE methodology for this stage reached 47%.

In 2022, we will incorporate the pertinent plants from Brazil and Mexico.

Concerning performance in 2021, we achieved a 6.58% reduction in consumption, bringing us closer to achieve our 2025 target.



Stage 1: 2017	Stage 2: 2021	Stage 3: 2025
✓ Arcor Arroyito Confectionary	✓ Arcor Misky PMH2	🏠 Arcor San Rafael
✓ Arcor San Pedro	✓ Arcor Misky Confectionery	🏠 Arcor Mar del Plata
✓ Arcor Arroyito PMH1	✓ Arcor Estirenos	🏠 Arcor Recife (Br)
✓ Arcor Arroyito PMH2	✓ Arcor Recreo	🏠 Arcor Chancay (Pe)
✓ Arcor Arroyito PMH3	🏠 Arcor Rio Das Pedras (Br)	🏠 Bagley Campinas (Br)
✓ Arcor La Providencia	🏠 Arcor Bragança (Br)	🏠 Bagley Contagem (Br)
✓ Arcor Villa Mercedes	✓ Arcor Santiago (Ch)	🏠 Bagley Santiago (Ch)
✓ Arcor San Juan	✓ Cartocor Luján	🏠 Cartocor San Francisco (Ch)
✓ Arcor Caroya	✓ Cartocor Quilmes	🏠 Cartocor San Juan
✓ Arcor Arroyito Mario Seveso	✓ Cartocor Ranelagh	🏠 PM San Luis
✓ Bagley Salto	✓ Cartocor Mendoza	🏠 PM Misiones
✓ Cartocor Arroyito Paper	✓ Bagley Villa Mercedes	
✓ Cartocor Arroyito Cardboard	✓ Bagley Totoral	
✓ Cartocor Totoral	✓ Bagley Córdoba	
	🏠 Mundo Dulce (Mx)	

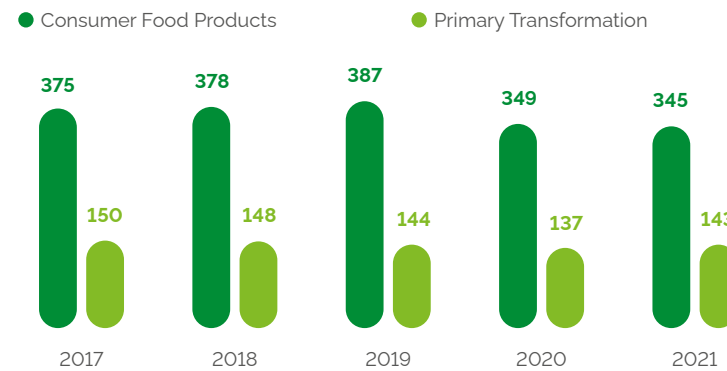
These accomplishments were made possible thanks to the commitment of Arcor Group's businesses to reducing the absolute consumption of energy in their processes.

- **Agribusiness:** Reduced consumption was attributable to the efforts made at La Providencia sugar mill's plants, causing a significant impact on the reduced consumption of Natural Gas and Wet Milling and Maceration Plants 1 and 3, with improvements in steam consumption reduction.
- **Food:** The business accomplished significant efficiency vis-a-vis 2020, considering the substantial increase in raw material processing at Arcor's plant in San Juan. This increase of almost 40% in processing was coupled with a 30% increase in Natural Gas consumption and a 6% increase in Electricity consumption.
- **Cookies and Crackers:** By increasing the utilization factor of its production lines, this business managed to enhance its energy performance by 1.8% relative to 2020.
- **Confectionery:** By increasing the utilization factor of its production lines, this business managed to enhance its energy performance by 1.2% relative to 2020.
- **Energy:** The business managed to enhance its performance relative to 2020, by recovering 10 points in terms of efficiency at "Mario Seveso" Thermoelectric Power Plant.
- **Packaging:** The business improved its performance vis-a-vis 2020.

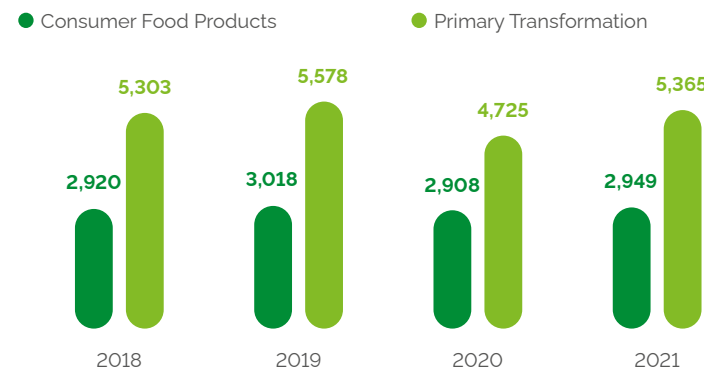
There is a declining trend in energy relative consumption, consistent with the improvements made in the several businesses.

The year 2020 was quite peculiar due to the COVID-19 pandemic, with production and consumption levels too different from those of previous years. On the other hand, in 2021 activity returned to pre-pandemic similar levels. Despite this increase in activity compared to 2020, we managed to sustain the declining trend in the use of energies.

### Electric Power Consumption (kW/ton)



### Fuel Consumption (MJ/ton)



### Energy Information Management

We strive to upgrade existing information technologies, as well as to search for and develop new management tools, in order to administer the company's energy information in a more efficient manner.

In 2021, in alignment with our *Energy Performance Program*, we developed a scorecard to look at our energy performance indicators, making it easier to identify and correct deviations and look for new opportunities for improvement.

In 2022, the scorecard will be presented company-wide.

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## Electricity Generation Efficiency at La Providencia Sugar Mill

Since 2019, La Providencia sugar mill has been working on enhancing electric power generation. In 2020, we implemented several improvements that led to increase generation in 2020 and also in 2021:

- **Quality of condensate recovery:** Enhancements in equipment basic conditions, technology upgrades, automation and enhanced detection and classification of condensate which helps reduce corrosion and organic contamination at boilers, in addition to recovering discharged condensate.
- **Quality of make-up water:** Installation of new water treatment technologies, such as reverse osmosis, eradicating low quality issues in make-up water, and preventing boiler out-of-spec water inflow, thereby reducing unavailability in steam generation.
- **Bagasse boiler No. 5 operation and maintenance status:** Together with experts and manufacturers, we could implement enhancements to the boiler, troubleshoot chronic failures, define methods for its correct conservation and optimize the control and maintenance plans, achieving efficiency gains.



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

All these actions resulted in positive impacts. In a matter of 6 months, La Providencia sugar mill accounts for 5% of Arcor Group's natural gas consumption volume.

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

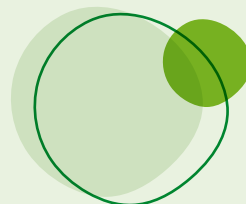
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## Production Increase at our Plant in San Juan

In recent years, our plant in San Juan has implemented drastic changes to increase its production capacity.

These changes resulted in a considerable increase in raw material processing (78,000 tons of tomato in 2019, 107,000 tons of tomato in 2021 and 153,000 tons of tomato in 2021) and in less idle capacity at the production lines. In addition to this, our energy efficiency actions and the resetting of equipment to basic conditions contributed to such remarkable improvement in production and energy consumption ratios.

As a result of the 43% increase in raw material processing, the 30% increase in natural gas consumption, and the 6% increase in electricity consumption, the plant achieved an annual efficiency gain of 13.05% compared to 2017.





## Enhanced Efficiency at “Mario Seveso” Thermoelectric Power Plant Combined Cycle

“Mario Seveso” Thermoelectric Power Plant generates electric power, steam and other services to supply our plants in our Arroyito Industrial Complex. Besides, the excess in electricity generation is exported to the Argentine grid and is used by other plants owned by Arcor Group.

As part of the premises of our *Energy Performance Program*, in 2019 we carried out efficiency studies to determine the main areas for improvement at the Thermoelectric Power Plant.

One of the main findings from the study was the fact that the main hot gas recovery boiler was failing to achieve its optimal steam generation level, therefore using up more fuel and ancillary boilers to supply a small portion of the missing production.

**Accordingly, in 2021 we implemented several improvements, such as:**

- Repair of heat losses.
- Thermal isolation overhaul.
- Cleaning of the outer and inner sides of internal tubes.
- Development of a condition simulator to measure efficiency.
- Condensate recovery.
- Training and awareness

The cleaning of tubes by means of CO2 micro-pellets was an innovative measure that yielded great results.



We also developed a condition simulator to monitor the cycle efficiency and act upon potential deviations. The simulator was created by the thermoelectric power plant's employees and was then transferred to a data management software program.

With these actions, we achieved a 7% increase in steam generation at the main gas recovery boiler, and an 8% reduction in specific consumption of natural gas per generated ton of steam, whilst eliminating the need for using ancillary boilers to produce small amounts of steam. In turn, we managed to reduce the consumption of water to feed the boiler and our direct and indirect gas emissions.

## Corporate Guidelines

Jointly with our *Energy Performance Program*, the Energy Committee established certain corporate guidelines which are observed by all our plants. These guidelines came into force in 2020 and continued to consolidate in 2021, accomplishing the proposed targets at each stage.

### LED Lighting Systems

The target is having full industrial lightning with LED technology by the end of the third stage of the *Energy Performance Program* in 2030.

By the end of the first stage and the beginning of the second stage of said program, we had installed LED lightning in approximately 80% of our industrial facilities, which means a 5% increase vis-a-vis 2020. Therefore, based on our projections, we will accomplish the target before scheduled.

### High-efficiency Engines

Engines account for 60% to 70% of electricity consumption of industrial facilities; therefore, working with engines has a high impact level on energy management performance. In 2021, we continued making progress under this premise which requires that high-efficiency engines (to the extent available in the local market) should be used to replace engines with failures or purchased for new projects.

In 2022, the scope of this premise will be extended to high-efficiency engines of up to 150 HP.





As it concerns energy absolute values, thanks to the increase in production, we continued enhancing energy efficiency and reducing energy intensity at our operations.

<b>Electric Power Consumption by Country and by Company (kW)</b>					
<b>Country and Company</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Argentina</b>	<b>550,618,528</b>	<b>553,673,705</b>	<b>545,247,811</b>	<b>521,849,325</b>	<b>544,877,221</b>
Arcor S.A.I.C.	229,694,081	231,628,879	222,636,719	212,469,261	203,725,771
Cartocor S.A.	47,870,207	47,478,056	47,078,439	111,400,304	115,071,914
Bagley Argentina S.A.	59,265,920	58,542,586	55,930,822	54,449,461	55,044,806
La Campagnola S.A.C.I.	21,017,928	22,232,422	16,975,564	(*)	(*)
Zucamor S.A.	48,032,072	48,071,064	46,124,695	(**)	(**)
Zucamor Cuyo S.A.	18,571,700	20,577,568	21,522,572	8,764,483	(**)
Papel Misionero S.A.I.F.C.	123,167,860	122,153,880	132,086,102	132,114,844	134,684,543
Ingrecor S.A.	-	-	-	-	33,544,273
Multicompañía Arcor	2,998,760	2,989,250	2,892,898	2,650,972	2,805,915
<b>Brazil</b>	<b>61,581,639</b>	<b>59,060,625</b>	<b>56,283,707</b>	<b>51,935,618</b>	<b>53,523,471</b>
Arcor do Brazil LTDA	44,799,972	42,691,039	38,957,447	33,657,780	35,858,533
Bagley do Brazil Alimentos LTD	16,781,667	16,369,586	17,326,260	18,277,838	17,664,938
<b>Chile</b>	<b>23,237,263</b>	<b>31,555,137</b>	<b>31,359,137</b>	<b>25,067,713</b>	<b>27,084,672</b>
I.A.D.E.U. S.A.	12,399,394	14,249,508	14,804,746	13,164,174	14,718,849
Galletitas JV S.A.-Chile Prov.	4,876,965	5,381,582	4,688,081	5,076,746	5,373,700
Cartocor Chile S.A.	5,960,904	11,924,047	11,866,310	6,826,793	6,992,123
<b>Mexico</b>	<b>16,618,100</b>	<b>18,079,840</b>	<b>15,531,581</b>	<b>17,905,088</b>	<b>17,582,539</b>
Mundo Dulce S.A. De C.V.	16,618,100	18,079,840	15,531,581	17,905,088	17,582,539
<b>Peru</b>	<b>2,884,134</b>	<b>3,183,510</b>	<b>3,266,183</b>	<b>2,756,792</b>	<b>3,206,594</b>
Arcor de Peru S.A.	2,884,134	3,183,510	3,266,183	2,756,792	3,205,285
Cartocor de Peru S.A.	-	-	-	-	1,309
<b>Total</b>	<b>654,939,663</b>	<b>665,552,817</b>	<b>651,688,419</b>	<b>619,514,536</b>	<b>646,274,497</b>

(\*) Included in Arcor's consumption.

(\*\*) Included in Cartocor's consumption.

## Renewable Energy Sources

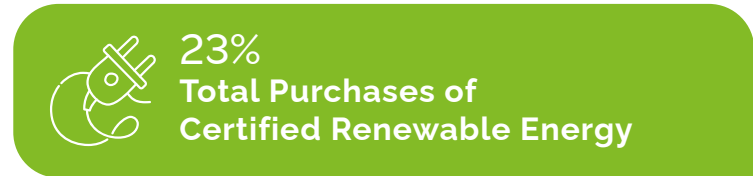
Our energy matrix keeps shifting towards renewable sources. We seek to replace fossil fuels in electric and thermoelectric power generation and to have access, through third parties, to electric power from renewable sources in Brazil and Mexico.

In Argentina, Arcor Group has three electric power stations. One of them is conventional, but operates under a high efficiency combined cycle arrangement powered with natural gas. The other two power stations use biomass as primary source of energy (sugar cane bagasse, wood chips, and black liquor). As a result of this, coupled with the use of renewable fuels for heat generation, 57% of our total energy consumption comes from renewable sources.

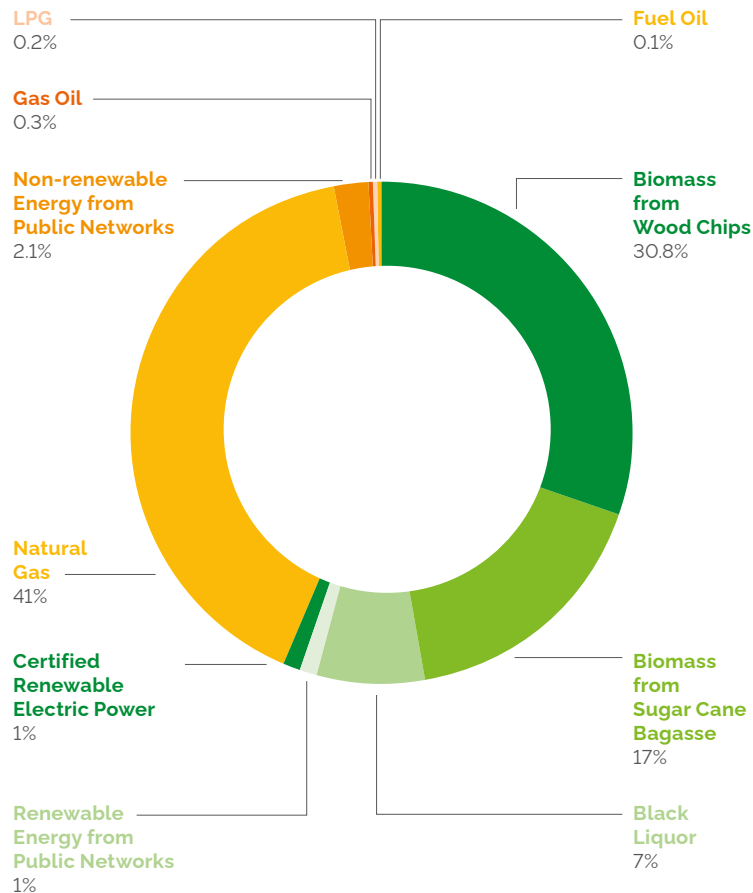
The percentage of renewable energy is built upon the energy used according to production levels. The amount of renewable energy used remained steady vis-a-vis the previous year.



In addition, the energy purchased from third parties accounts for a substantial portion of the energies used by the company. One third of the energy purchased from third parties is renewable energy certified in Brazil and Mexico, as part of our endeavors to increase the share of renewable energies to cover 80% of our requirements in 2030.



**Arcor Group's Energy Matrix – Renewability**



### Energy Generation from Photovoltaic Panels in Uruguay

In order to supply solar electric power to our Distribution Center in Van Dam, Uruguay, in partnership with the Investment Law Enforcement Commission (*Comisión de Aplicación de la ley de Inversiones* or *COMAP*, as per its initials in Spanish), under the purview of the Uruguayan Ministry of Economics and Finance, last year we strived to optimize electricity consumption by replacing all lighting devices with LED technologies. At the same time, we focused on reducing consumption, by installing 218 photovoltaic panels with a generation capacity of 98.1 kW, allowing us to sell the excess energy produced to the grid.

**During August-December 2021, we generated 59,693 kW/h, entirely meeting our energy requirements and allowing us to sell the remaining 19,595 kW per month to the Argentine grid.**

The invested amount was USD 190,000.

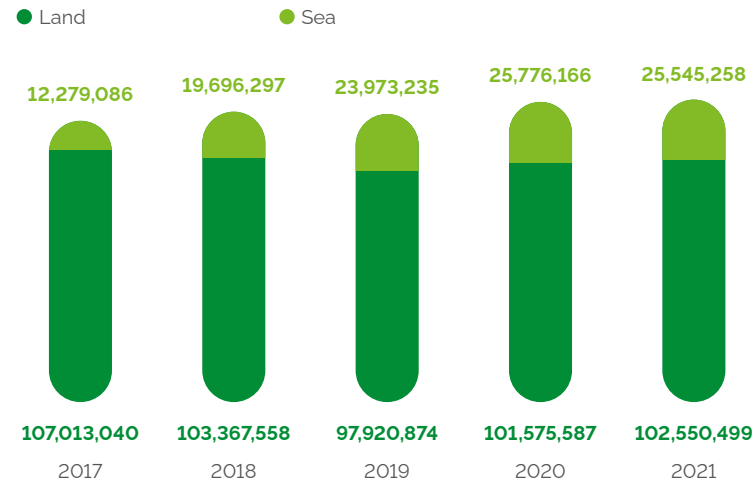


# Emissions from Transportation

The logistics for the supply and distribution of our raw materials and products is one of our major sources of GHG emissions.

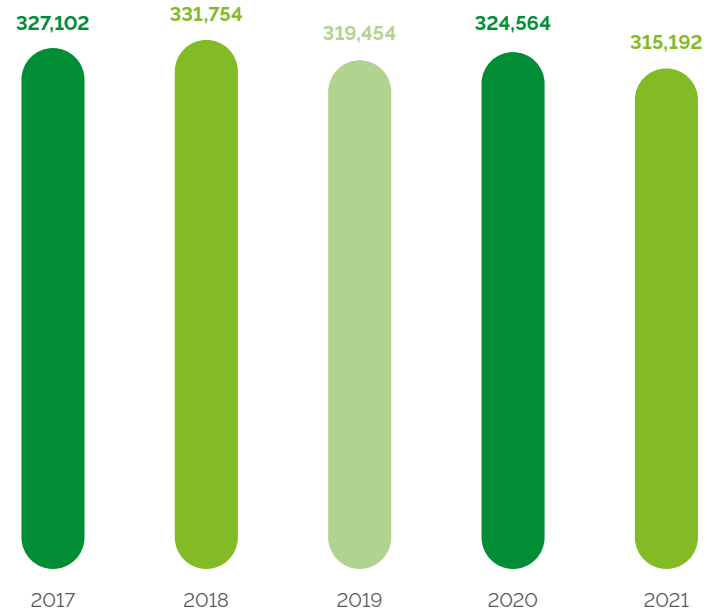
In 2021, the increase in production at our facilities resulted in a higher demand for logistics, which resulted in an increase of 744,004 traveled kilometers vis-a-vis 2020. However, despite the increase in traveled kilometers, emissions from transportation decreased by 9,372 tons of CO<sub>2</sub>eq as a result of initiatives carried out under the *Sustainable Logistics Strategy*, such as, scalability and storage capacity.

## Traveled Kilometers by Type of Transport Means



## Transport GHG Emissions

Arcor Group's Total (Tons of CO<sub>2</sub>eq)



## Transport Emissions (Tons of CO<sub>2</sub>eq)

Country	2017	2018	2019	2020	2021
Argentina	284,563	282,555	259,535	279,597	263,736
Brazil	32,093	32,157	30,374	21,623	22,296
Chile	9,108	11,587	23,600	21,246	23,356
Mexico	4,166	5,455	5,945	2,098	5,804







# Biodiversity Conservation

Following the characterization and diagnosis completed in 2020 on Arcor Group's protected natural areas with high conservation value and the Sustainability Committee's decision of developing a *Biodiversity Strategy*, in 2021 we continued working on an action line to integrate all projects underway related to biodiversity preservation and ecosystem regeneration.

Natural protected areas are essential to preserve biological and cultural diversity, whilst also providing benefits for the society and the environment, such as climate regulation, sustainable provision of resources and education on sustainable development, among others.

**Arcor Group has two natural protected areas of high conservation value:**

## La Providencia Sugar Mill

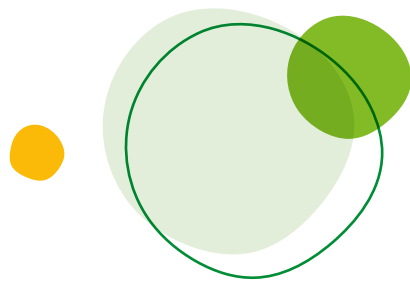
The sugar mill is located in Río Seco, Province of Tucumán. As part of our own land that comprises the premises, La Providencia has 1,094 hectares of native forest.

The sugar mill is part of the ecoregion known as Yungas or mountain forests and is home of more than 200 tree species, 120 mammals, 30 amphibians, more than 500 birds, and 8 Neotropical cats. In turn, the area limits, to the North, with La Florida Provincial Reserve, which qualifies as a strict natural reserve and, to the West, with the Aconquija National Park's forest, which has a vast number of tree species and more than 400 species of vertebrates.

As part of the *Forestry Plan* developed at La Providencia sugar mill, native species (cedar trees) are planted in the conservation area to help mitigate wind erosion on the land, protect river and stream banks, and create interconnected ecologic corridors that serve a shelter for the native fauna.

## Papel Misionero Cultural Natural Reserve

The reserve is located in Aristóbulo del Valle, Misiones, and extends over an area of 10,397 hectares. It is part of Alto Paraná Atlantic Forest, one of the world's most endangered environments due to the major fragmentation existing in its forests that hinders the protection of its species. The forest is home of approximately 50% of the local mammal and bird species, and of 30% of the local plant species.





# Circular Economy of Materials

We believe that current linear consumption models—based on withdrawal, production and disposal—are no longer sustainable.

We are committed to fostering a circular model for the supplies that we use across the entire value chain, rethinking their life cycle.

Through this commitment, we propose circular economy as the best business model to achieve economic development within the planetary boundaries.




# Waste Management



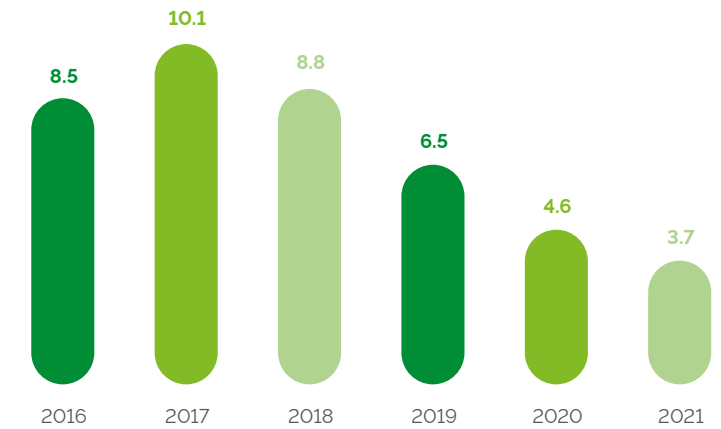
As part of our commitment to environmental preservation, in 2017 we set the target of zero landfill waste disposal at all our operating facilities by 2025. In 2021, three plants in Argentina reached the target, in addition to the accomplishments at the Brazilian plants:

- Cartocor Plant in Luján (Buenos Aires).
- Bagley Plant in Villa del Totoral (Córdoba).
- Recreo Complex (Catamarca).

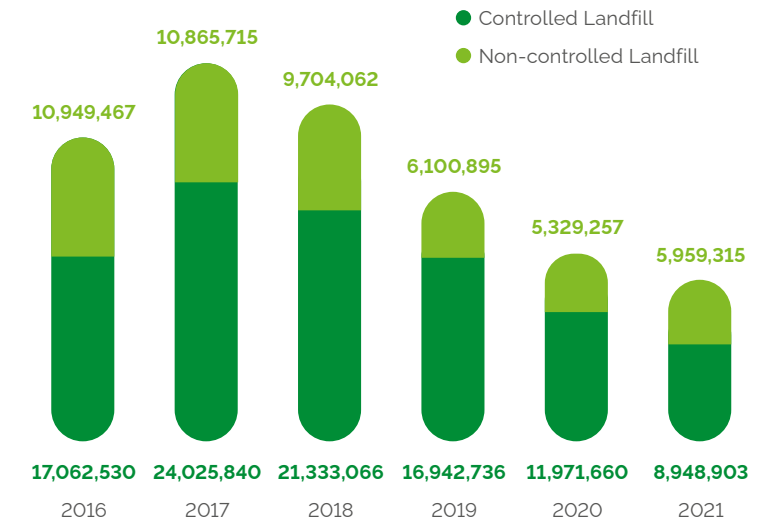
As a result of the consistent separation of waste at origin and the search for solutions that enable waste utilization, reutilization, or recycling, we had these accomplishments that generate a substantial impact on landfill waste disposal in these locations, primarily in small towns which usually have more vulnerable infrastructure.

 We disposed of 19,983 tons less than in 2017.

Landfill Waste Disposal (kg/ton)



Landfill Waste Disposal (kg)



### Zero Landfill Waste Disposal Target at Cartocor Luján

The Cartocor plant in Luján handles more than 16,000 tons of waste per year, as a result of the production of cardboard boxes and flexible packaging. Out of that total, 91% is recyclable cardboard, 2.5% is recyclable plastic, 4.5% is special waste, and only 2% is landfill waste (Urban Solid Waste).

In order to achieve the zero landfill waste disposal target, together with a strategic supplier, the plant's urban solid waste is separated at destination and valued, turning them into recycled plastics, compost (wood and organic) and alternative fuel.

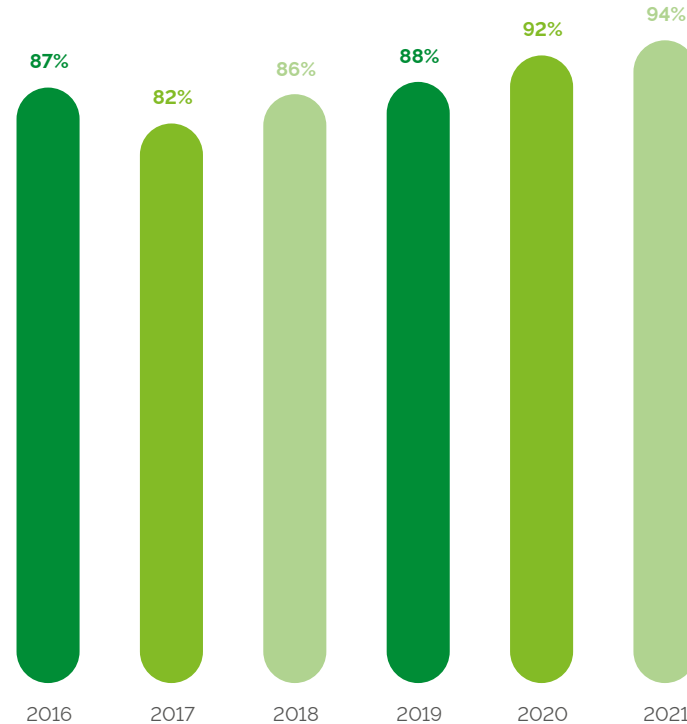
Since August 2021, the Complex in Luján has discontinued its landfill waste disposal practices, after adopting a circularity model, thus becoming the first Argentine plant in reaching this target.



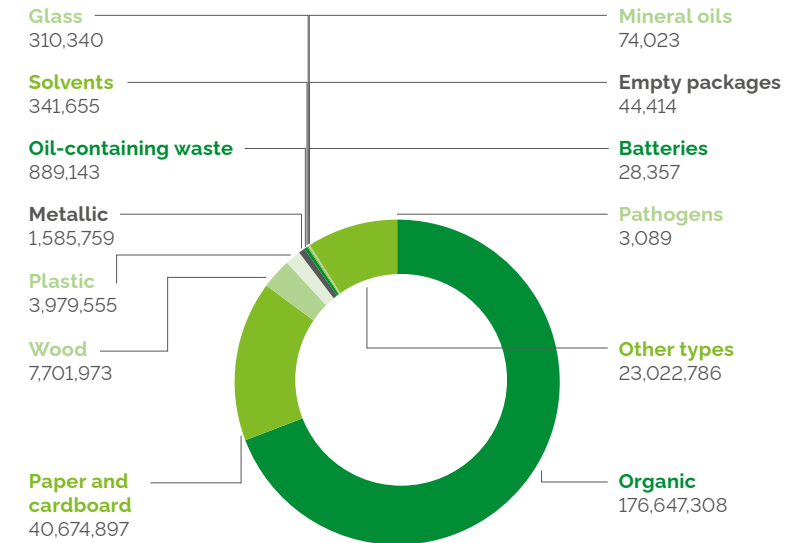
We also strived to reinforce composting as an alternative form of organic waste treatment to drive the growth of the plastic recycling industry and the development of technologies that enable the use of waste as an energy source, in order to support the declining waste landfill disposal trend to achieve the stated target.

As a result of these initiatives, in 2021, our waste recycling rate reached 94%, including Zucamor plants.

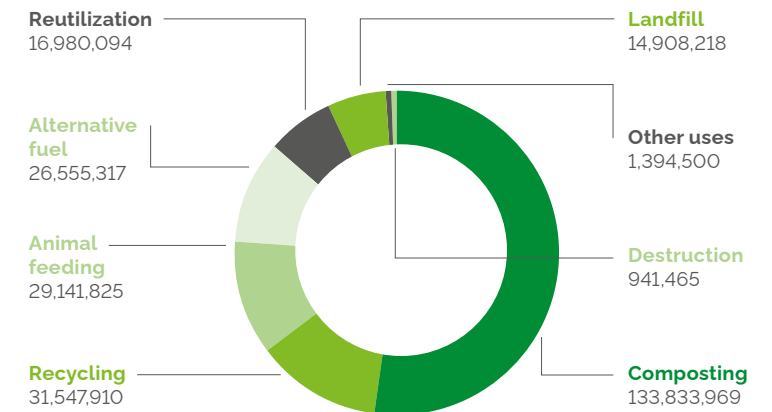
### % Recycled and/or Reused Waste



### Generated waste by type (kg)



### Generated waste by intended use (kg)



## Total Waste

We are committed to reducing waste generated from our operations to reach the stated target of achieving a 40% decrease in generated waste per ton relative to 2016.

In 2021, we achieved a 15% reduction in the amount of waste generated per ton produced compared to 2016, positioning us on track to accomplish the stated goal.

### -Generated Waste (kg/ton)



### Generated Waste (kg) by Country

Country Plant	Indicators	Generated Waste (kg)	Generated Waste (kg)	Generated Waste (kg)	Generated Waste (kg)	Generated Waste (kg)	Generated Waste (kg)
Company Plant		2016	2017	2018	2019	2020	2021
<b>Total</b>		<b>241,675,126</b>	<b>204,052,515</b>	<b>227,205,966</b>	<b>221,041,911</b>	<b>228,998,911</b>	<b>255,303,298</b>
Argentina		217,380,283	190,114,540	211,988,297	205,086,484	214,322,824	239,110,637
Brazil		9,614,265	8,526,365	9,327,950	9,456,843	9,367,089	9,752,768
Chile		12,773,463	2,064,475	2,957,559	3,292,229	2,802,632	2,920,778
Mexico		1,907,115	3,347,135	2,653,340	2,995,385	2,384,012	3,329,885
Peru		0	0	278,820	210,970	122,355	189,230

Hazardous Waste (kg)						
Country Plant	2016	2017	2018	2019	2020	2021
<b>Total</b>	<b>2,395,509</b>	<b>2,199,446</b>	<b>1,258,454</b>	<b>1,941,588</b>	<b>1,773,845</b>	<b>1,632,661</b>
<b>Argentina</b>	<b>2,343,910</b>	<b>1,795,791</b>	<b>1,220,726</b>	<b>1,901,597</b>	<b>1,724,976</b>	<b>1,601,033</b>
Arcor S.A.I.C.	152,795	126,993	106,820	95,189	83,999	115,439
Cartocor S.A.	2,023,135	1,575,019	885,900	982,602	1,508,425	1,395,106
Bagley Argentina S.A.	112,511	58,739	78,945	62,897	70,704	58,904
La Campagnola S.A.C.I.	35,587	17,611	32,780	17,099	0	
Zucamor S.A.		0	113,733	370,820		
Zucamor Cuyo S.A.		0	0	1,240	29,804	
Papel Misionero S.A.I.F.C.		0	0	369,110	26,277	30,220
Ingrecor S.A.						0
Multicompañía Arcor	19,883	17,430	2,547	2,640	5,767	1,365
<b>Brazil</b>	<b>43,289</b>	<b>30,774</b>	<b>26,312</b>	<b>26,901</b>	<b>40,126</b>	<b>22,508</b>
Arcor do Brazil LTDA	38,581	28,962	22,580	22,247	20,641	8,111
Bagley do Brazil Alimentos LTD	4,708	1,812	3,732	4,654	19,485	14,397
<b>Chile</b>	<b>6,844</b>	<b>9,672</b>	<b>5,339</b>	<b>9,380</b>	<b>6,743</b>	<b>9,120</b>
I.A.D.E.U. S.A.	3,039	6,283	2,448	3,815	2,185	4,923
Galletitas JV S.A. - Chile Prov.	3,805	3,389	2,891	3,375	4,558	4,197
Cartocor Chile S.A.	0	0	0	2,190	0	0
<b>Mexico</b>	<b>1,466</b>	<b>363,208</b>	<b>3,137</b>	<b>0</b>	<b>0</b>	<b>0</b>
Mundo Dulce S.A. de C.V.	1,466	363,208	3,137	0	0	0
<b>Peru</b>	<b>0</b>	<b>0</b>	<b>2,940</b>	<b>3,710</b>	<b>2,000</b>	<b>0</b>
Arcor de Peru S.A.	0	0	2,940	3,710	2,000	0
Cartocor de Peru S.A.						0

Hazardous Waste (kg/Ton)						
Country Plant	2016	2017	2018	2019	2020	2021
<b>Total</b>	<b>0.73</b>	<b>0.64</b>	<b>0.36</b>	<b>0.55</b>	<b>0.47</b>	<b>0.4</b>
<b>Argentina</b>	<b>0.77</b>	<b>0.55</b>	<b>0.37</b>	<b>0.58</b>	<b>0.49</b>	<b>0.42</b>
Arcor S.A.I.C.	0.08	0.07	0.05	0.05	0.04	0.05
Cartocor S.A.	6.84	5.17	2.93	3.14	2.87	2.37
Bagley Argentina S.A.	0.45	0.23	0.33	0.28	0.31	0.26
La Campagnola S.A.C.I.	0.21	0.11	0.18	0.12		
Zucamor S.A.		0	0.91	2.66		
Zucamor Cuyo S.A.		0	0	0.02	1.29	
Papel Misionero S.A.I.F.C.		0	0	3.83	0.28	0.28
Ingrecor S.A.						0
Multicompañía Arcor	0.06	0.06	0.01	0.01	0.01	0
<b>Brazil</b>	<b>0.34</b>	<b>0.25</b>	<b>0.2</b>	<b>0.21</b>	<b>0.33</b>	<b>0.17</b>
Arcor do Brazil LTDA	0.75	0.59	0.43	0.45	0.51	0.17
Bagley do Brazil Alimentos LTD	0.06	0.02	0.05	0.06	0.24	0.18
<b>Chile</b>	<b>0.1</b>	<b>0.21</b>	<b>0.16</b>	<b>0.09</b>	<b>0.06</b>	<b>0.08</b>
I.A.D.E.U. S.A.	0.18	0.38	0.15	0.21	0.15	0.26
Galletitas JV S.A. - Chile Prov.	0.3	0.23	0.17	0.23	0.34	0.27
Cartocor Chile S.A.	0	0		0.03	0	0
<b>Mexico</b>	<b>0.04</b>	<b>10.03</b>	<b>0.09</b>	<b>0</b>	<b>0</b>	<b>0</b>
Mundo Dulce S.A. de C.V.	0.04	10.03	0.09	0	0	0
<b>Peru</b>	<b>0</b>	<b>0</b>	<b>0.53</b>	<b>0.67</b>	<b>0.54</b>	<b>0</b>
Arcor de Peru S.A.	0	0	0.53	0.67	0.54	0
Cartocor de Peru S.A.						0



<b>Waste for Landfill Disposal (kg)</b>						
<b>Country Plant</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Total</b>	<b>28,011,997</b>	<b>34,891,555</b>	<b>31,037,128</b>	<b>23,043,631</b>	<b>17,300,917</b>	<b>14,908,218</b>
<b>Argentina</b>	<b>24,218,064</b>	<b>33,289,398</b>	<b>28,963,725</b>	<b>21,127,418</b>	<b>15,804,254</b>	<b>13,391,393</b>
Arcor S.A.I.C.	8,863,131	8,792,617	8,791,477	4,932,761	5,751,094	4,593,609
Cartocor S.A.	5,144,040	4,501,715	4,524,525	3,450,101	5,558,755	6,118,436
Bagley Argentina S.A.	3,471,033	3,131,663	2,597,266	1,659,907	1,111,699	918,486
La Campagnola S.A.C.I.	4,381,340	4,695,120	2,336,478	1,195,540	0	
Zucamor S.A.		5,010,960	4,793,333	4,473,254		
Zucamor Cuyo S.A.		5,023,090	4,656,060	4,049,090	2,316,515	
Papel Misionero S.A.I.F.C.		135,000	133,500	119,030	199,200	229,040
Ingrecor S.A.						742,960
Multicompañía Arcor	2,358,520	1,999,233	1,131,086	1,247,735	866,991	788,862
<b>Brazil</b>	<b>2,092,844</b>	<b>704,927</b>	<b>459,330</b>	<b>123,167</b>	<b>225,100</b>	<b>93,240</b>
Arcor do Brazil LTDA	1,784,064	495,077	321,700	111,117	220,330	85,830
Bagley do Brazil Alimentos LTD	308,780	209,850	137,630	12,050	4,770	7,410
<b>Chile</b>	<b>600,785</b>	<b>489,390</b>	<b>1,100,350</b>	<b>1,026,062</b>	<b>665,800</b>	<b>760,459</b>
I.A.D.E.U. S.A.	325,310	329,580	468,280	302,960	221,800	166,670
Galletitas JV S.A. - Chile Prov.	133,925	159,810	171,810	149,070	110,990	103,390
Cartocor Chile S.A.	141,550	0	460,260	574,032	333,010	490,399
<b>Mexico</b>	<b>1,100,304</b>	<b>407,840</b>	<b>420,073</b>	<b>684,724</b>	<b>563,668</b>	<b>591,236</b>
Mundo Dulce S.A. de C.V.	1,100,304	407,840	420,073	684,724	563,668	591,236
<b>Peru</b>	<b>0</b>	<b>0</b>	<b>93,650</b>	<b>82,260</b>	<b>42,095</b>	<b>71,890</b>
Arcor de Peru S.A.	0	0	93,650	82,260	42,095	55,390
Cartocor de Peru S.A.						16,500



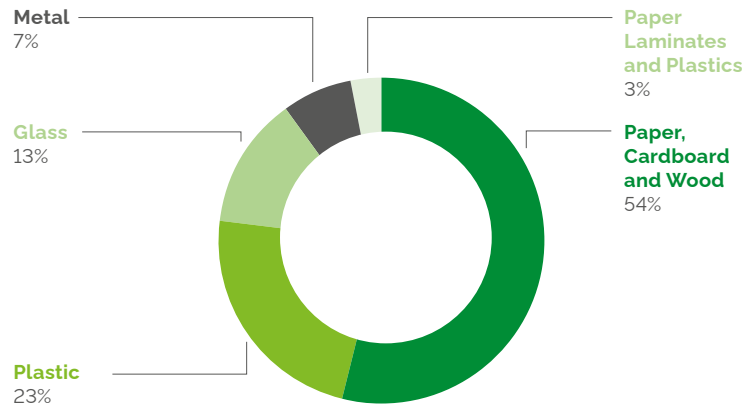
# Packaging Materials

As a consumer food product company, we make intensive use of packaging materials. Packaging plays a key role in minimizing food losses, ensuring product conservation across the entire commercial chain, whilst ensuring product quality and providing essential information to consumers.

Through our Packaging division, we are also one of the largest packaging solution companies in the Southern Cone. We manufacture corrugated cardboard and cardboard packages, paper bags, flexible packaging using several printing technologies, recycled paper, Kraft Liner Board and Sack Kraftplastics, plastics and bioplastics extrusion.

## Types of Packaging Materials

Arcor Group's Total in 2021



Packaging Materials Used in 2021 (kg)	
Paper, Cardboard and Wood	47,106,282
Plastic	20,256,973
Glass	11,798,769
Metal	6,087,125
Paper Laminates and Plastics	2,195,380

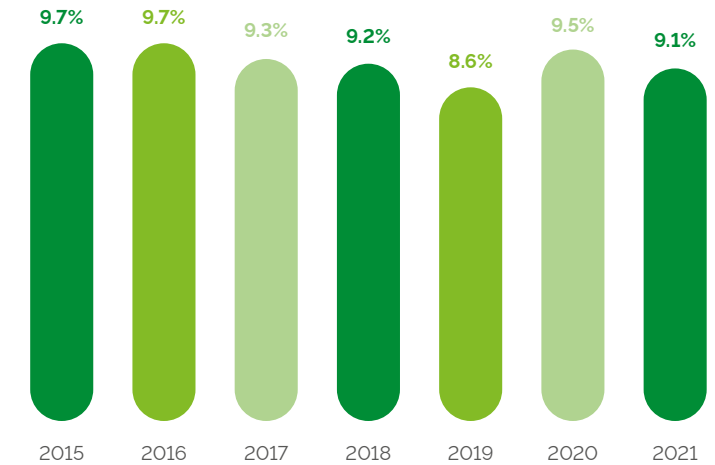
## Reduction in Use

Based on our commitment to a circular material flow, all our businesses carry on initiatives to reduce the use of packaging materials in our products. By means of our Corporate Packaging Index, which considers the product weight attributable to packaging material, we keep track of actions oriented to achieve ongoing improvements.

In 2021, we managed to reduce the index to 9.1% of the product weight attributable to packaging material.

## Packaging Material Consumption Index – Arcor Group

Ton ME/ (Ton ME + Ton MP)



## Paper and Cardboard

### Sustainable and Recycled Paper Supply

54% of our packaging materials are made up of paper, cardboard and wood, with corrugated cardboard being the most heavily used.

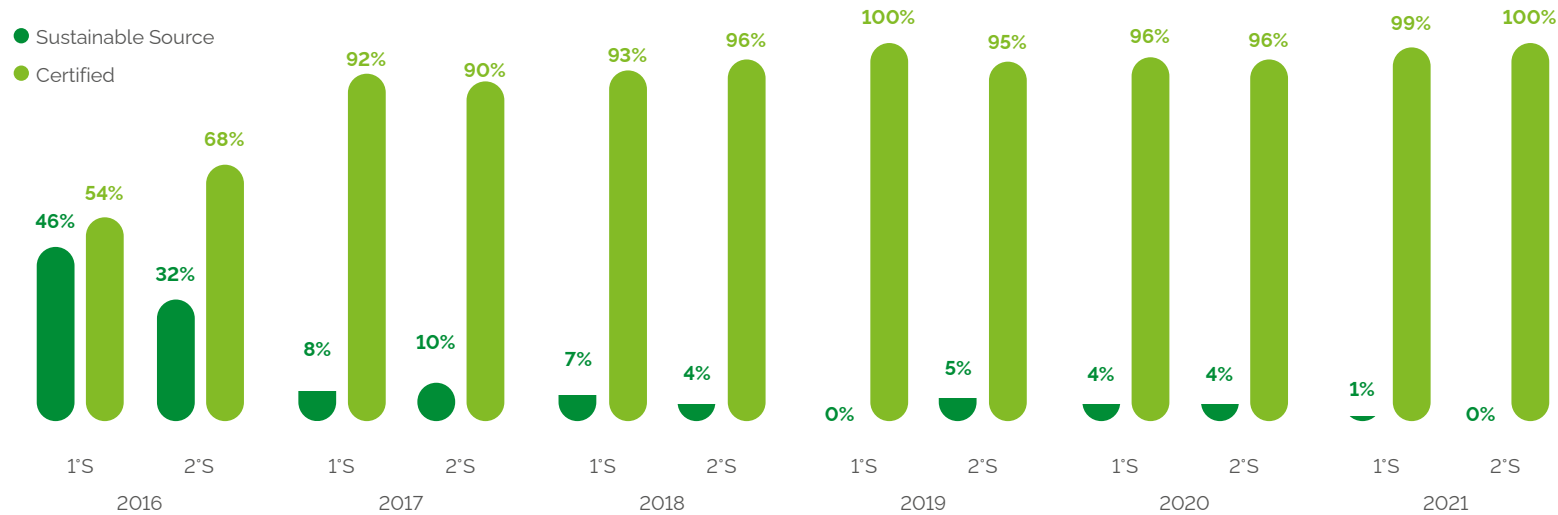
For several years now, we have strived to achieve a sustainable supply of paper. In order to formalize such a commitment, we created our *Sustainable Paper Supply Policy* which sets forth that materials made of cellulose fiber must come from a duly certified virgin source, or otherwise from material made from recycled fiber.

We do business only with suppliers having a renowned chain-of-custody certification, such as, FSC (*Forest Stewardship Council*) and the Program for Approval of Forest Certification Systems (*Programa para la Homologación de Sistemas de Certificación Forestal* or PEFC, as per its initials in Spanish), in order to keep track of the raw material traceability towards duly managed forests, controlled resources or recycled material. On the other hand, we decided to classify suppliers that source their inputs from certified paper suppliers as sustainable suppliers.

As part of this policy, by 2022, 100% of the virgin paper that we use in our operations must come from sustainable sources having a renowned certification. Based on the progress made until 2020, the target completion was brought forward to December 31, 2021.

**In 2021, all the paper used in our operations came from a sustainable source.**

### Arcor Group's Evolution over Six-month Periods



### Recycled Paper and Packaging Production

Our Packaging business produces virgin fiber paper in the Province of Misiones. We have three recycled paper mills in Argentina, based in Arroyito (Córdoba), Mendoza (Mendoza) and Ranelagh (Buenos Aires).

In 2021, we used 272,573 tons of recycled paper to manufacture corrugated cardboard boxes, accounting for 60% of the total paper used.

Out of that volume of recycled paper, our plants recycled a total of 182,438 tons of raw materials, out which 23% (41,463 tons) comes from the trims generated at our corrugated cardboard mills.

### Corrugated Cardboard Packaging for Sachets

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

At a first stage, we made progress in manufacturing a cardboard box that could replace returnable plastic and which, in turn, could fit the end of the existing line and logistics, whilst having the robustness and strength required for wet environments. On the other hand, the speed of production was a challenge that involved automating the assembly and studying the optimal geometry to fulfill all these requirements.

Creating such a package resulted in several benefits, including enhanced stocking space, reduced inverse logistics and, therefore, fuel consumption, reduced inventories, increased secondary packaging recyclability, enabled assembly under the demand from the line, eliminated need for washing and the ensuing use of sanitizing detergents.

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

Currently, our customers may choose among a broad portfolio of solutions available for the dairy industry's fresh products and their ends of line, with this one being just one example of them.

# Plastic

In 2021, we continued pursuing the *Plastic Strategy* defined by the company. In 2020, we introduced our *Plastic Packaging Policy* which sets forth the guidelines to achieve further progress in the development of increasingly sustainable packaging solutions.

Besides, we have a *Sustainable Design Guide* in place containing definitions and technical guidelines on design conditions that are conducive to circularity and optimization in the use of materials. The guide is based on the concepts and definitions of Ellen McArthur Foundation, which seeks to speed up the transition to a circular economy.

In 2021, we carried out an internal communication campaign to raise awareness among our employees on the plastic problem worldwide, and to keep building an internal culture committed to minimizing the impacts generated from our packages.

We have also organized training sessions with the company's key areas to foster compliance with strategic guidelines:

- **Training for the Research and Development Areas:** Designed to communicate the policies set by Arcor Group for the sustainable management of its products' plastic packaging. We organized two online training sessions with the attendance of 98 employees.
- **"Packaging & Sustainability" Workshops for Marketing Areas:** Conceived with the overall purpose of sharing knowledge on the plastic problem, recycling in Argentina, and circular economy. On the other hand, as a more specific purpose, we presented our sustainable management policies for the plastic packaging of our products. The online workshops were attended by 46 employees.

In 2021, we implemented a total of 65 projects leading to reduce the use of plastic packaging materials and to replace them with more sustainable ones.

## Rational Consumption



### Rational consumption

Optimizing use while preserving the product

- Reducing density, size and weight, without compromising the preservation or competitive positioning of the product.
- Upgrading technologies that enable the use of lighter and better fitted materials.
- Exploring new materials.
- Developing special presentations for some channels handling bulk display.
- New products that maintain the average plastic content of their respective product families.

### Circularity design

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

- Smaller primary packaging: migrating to biodegradable or compostable materials, including bio plastics.
- Larger primary, secondary and tertiary packaging: evolving towards recycled materials, aiming at simplifying structures to shift to simple materials, reducing metallic and other additives that hinder recyclability.
- Using recycled material.
- Effective communication with consumers.
- Interaction with the several links of the RECYCLING CHAIN.

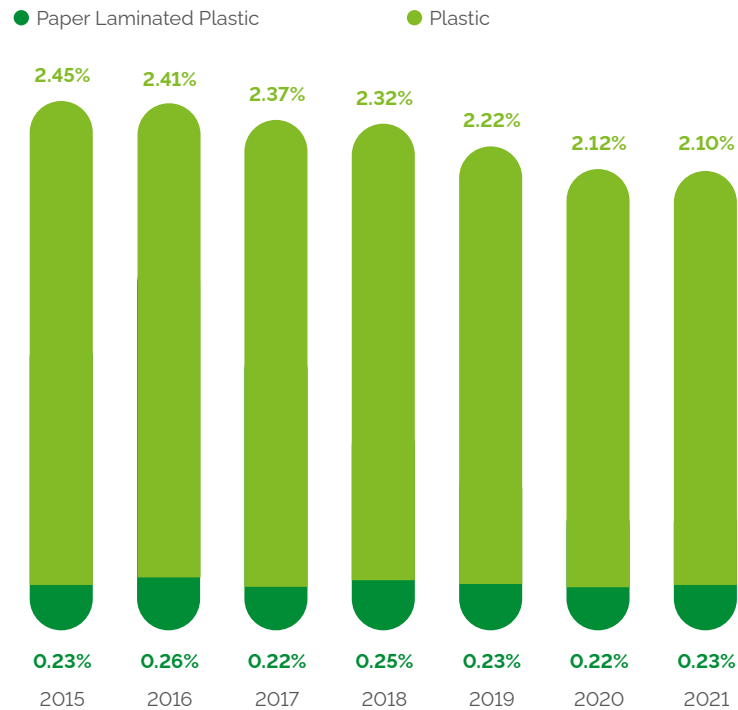


The Flexible Packaging Index (plastic)—which determines the percentage of plastic material comprising the total weight of our products—was developed to monitor our progress against the goal of optimizing the use of flexible plastic packaging.

This index has been consistently reflecting an improvement in the reduction of plastic materials. In 2021, we included paper-laminated packaging.

### Arcor Group's Plastic Consumption Indicator

Ton of plastic / (Ton ME + Ton MP)  
including Paper Laminated Plastic



### Standardization and Reduction of Band Widths for Bagley's Crackers Business

In September 2020, we started a project to change the packaging of Bagley crackers, in order to standardize the coil width of bands, seeking to reduce the consumption of flexible packaging, with the ensuing improvement in supply.

The Bagley business had nine different coil widths for the several bands used for crackers: 100 mm; 110 mm; 114 mm; 120 mm; 128 mm; 130 mm; 138 mm; 140 mm, and 146 mm. This diversity led to an increased use of material due to oversized widths.

Following a process to review the flexible materials in existing bands and coils, and a theoretical and feasibility analysis of potential solutions, we selected the first lines to begin with the migration.

In this way, we reduced the number of width types from 9 to 3: 100 mm; 110 mm and 120 mm, thereby reducing the use of plastic and enhancing the supply of the band lines.

This change has an impact on our brands Mediatarde, Serranas Sandwich, Traviata, Criollitas, Vocación, Maná and Hogareñas. As a result of this effort, we achieved an annual reduction of 23.8 tons of material, and plan to reach an annual reduction of 26.4 tons by the end of 2022.

Looking forward, we will continue standardizing band materials. Our goal is to migrate to a single film to reduce the material weight and facilitate recycling.



## Weight Reduction in 7Belo and BigBig Lollipop Bags and Wraps

During 2020, we initiated a process to review the structures of our lollipop line in Brazil in order to reduce the weight of bags and wraps.

To get started with the project, we worked jointly with our packaging material supplier for this line to identify reduction opportunities and projects.

From August to September 2021, we managed to successfully complete the initiative and reduce the bag weight from 62 g/m<sup>2</sup> to 54 g/m<sup>2</sup> and the wrap weight from 35 g/m<sup>2</sup> to 32 g/m<sup>2</sup>, accounting for an annual plastic reduction of 16,963 kg and 13,463 kg, respectively.



## Circularity Design

Under this premise, we seek to use materials having the least environmental impact, preferring options more likely to be recycled, biodegradable or compostable materials, and recycled material.

## Controversial Plastic

### New Packaging for Arcor Sweet Potato Paste

In 2021, we made progress with a project to replace the packaging of Arcor Sweet Potato Paste at our plant in Villa Mercedes.

The project involved the replacement of unprinted 20-micron OPP and 70-micron PE crystal bi-laminate film (85 g/m<sup>2</sup>) that used to be inserted in a sole single-family structure printed in 6 colors of 20-micron and 60-micron PE crystal film (76.7 g/m<sup>2</sup>) with UV absorber and oxygen barrier, eliminating the cardboard box.

The project brought about three important benefits:

- Extended product life from 6 and 8 months to 10 months (preventing the product enzymatic browning), enhancing color and flavor conditions until the end of the product life due to the incorporation of a barrier (EVOH) in the flexible packaging.



- Elimination of the cardboard box, reducing the amount of packaging materials used.
- 9.8% reduction in the flexible film weight, thus reducing the amount of plastic.

The package was developed by the Innovation & Development area of Arcor Group's Packaging division. Looking forward, we plan to make this packaging extensive to other sweet producers.

---

## Incorporation of Post-Consumption Recycled Plastic in Polyethylene Heat-Shrinkable Films

Plastic recycling currently stands as a valuable alternative to improve the carbon footprint from these materials, save energy, and avoid wasting resources.

Similarly to what we did with the recycling of paper, our Packaging division started to process post-consumption recycled polyethylene to incorporate it to our products and thus develop a circular chain, together with our customers.

In September 2021, we started a project to incorporate recycled material into our heat-shrinkable films.

At a first stage, we entered into a recycled plastic supply agreement with Arcor Group's official distributors. The collected material undergoes crushing and washing processes to be then melted and extruded again with extruding machines.

Then, we assessed the recycled material behavior in our extruding machines and established the product and process quality standards to prevent the use of this material from altering the quality characteristics and standards of our products. In this process, we evaluated several percentages of recycling in the film and their impact on its properties. Based on these analyses, we defined acceptance criteria for recycling to achieve optimal performance and the maximum percentages to be used in our product.



Finally, we assessed the performance of the materials at the final stage of the packaging process, achieving a similar behavior to that of the product without recycled material in its composition.

In October 2021, we tested the heat-shrinkable film with La Campagnola canned tomato line.

Once the project was approved, we entered into agreements with a local recycler to wash and pelletize plastic waste to turn it into plastic resin suitable for use, in compliance with applicable quality standards.

As a result of this initiative, 30% of the heat-shrinkable film in tomato cans is now from recycled paper. In addition, we managed to reduce the consumption of virgin plastic resin, without altering the original material quality or its functionality (heat shrink, sliding, and mechanical resistance).

Our challenge ahead is increasing the number of recyclers in order to increase the volume of recycled material available for use in our products, supporting the process with measurements focused on the quality of our materials. Such increased availability will have an impact on the number of potential products and applications for incorporation of recycled plastic in our products.

---

## Circular Economy in POP Material

For several years now, we have strived to be able to recover the POP material placed in the market, with logistics being the primary challenge due to our distribution to points of sale countrywide.

In 2021, we developed a joint initiative with La Anónima and Libson supermarkets to reduce the environmental impact resulting from the display and marketing of our products.

To this end, we set out to recover 1,800 powder juice dispensers held by our customer La Anónima.

The material supplier picks up out-of-use dispensers from the warehouse designated by the customer and then disassembles them to classify the parts, since most of them are made up of different materials and their recycling processes are different.

All parts are crushed into pellets. Finally, an extrusion process is carried out to process the pellets and blend them into a uniform material.

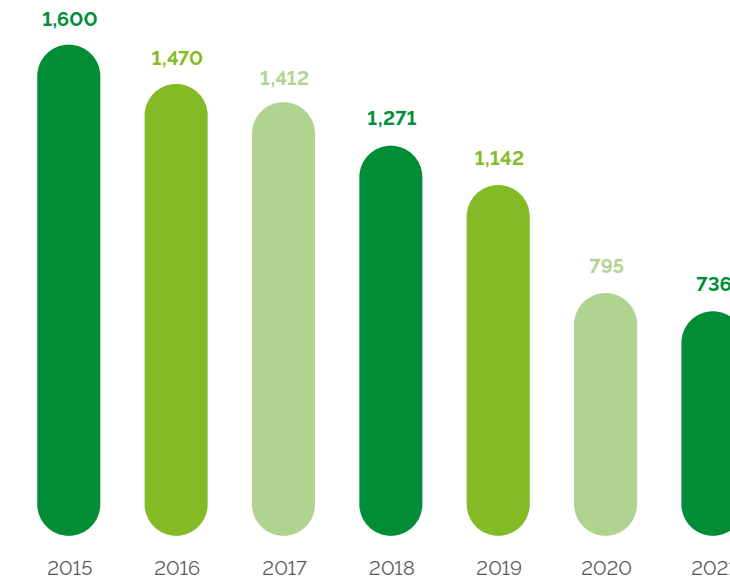
With this joint initiative with our customer and supplier, we managed to recycle a total of 1,500 kg of HIPS material, which will be used to manufacture shelf-talkers or stoppers, thus reducing the use of virgin materials.

As part of our commitment to a circular material flow, we advocate for the replacement of controversial components used in the packaging of our products to reduce their environmental impact on final disposal processes and on the burning of this waste in inappropriate treatment systems.

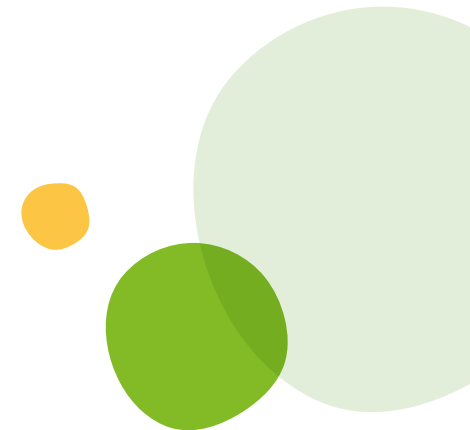
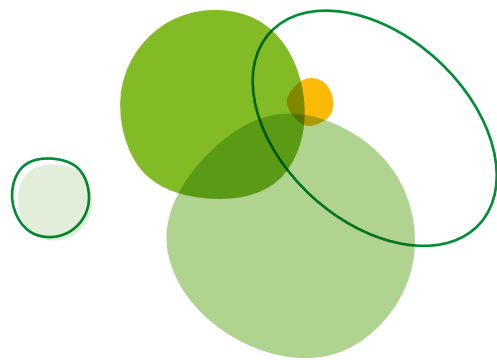
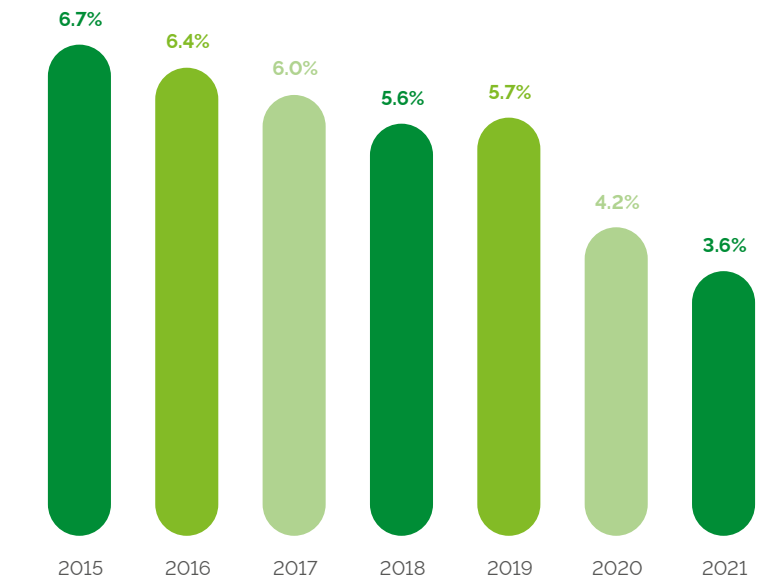
In this vein, we established a 0 PVC target for 2020. However, we had to extend the deadline for completion due to the lack of available alternatives in the market to replace the material at all our lines of products. In 2021, we continued looking for alternatives to replace PVC in our packaging.

As a relevant milestone, since last year, all our Alka, Starlights Mints, Gajos and Cremino candy lines are PVC-free. Accordingly, we managed to reduce the use of PVC by 7.4% compared to 2020, with PVC now accounting for 3.6% of the total plastic material used by the company.

**Arcor Group's PVC Consumption**  
In Tons



**Arcor Group's PVC Consumption**  
As a % of Total Plastic





# Integrity, Human Rights and Innovation

119 Code of Ethics and Conduct

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# Integrity, Human Rights and Innovation

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

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

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

# Code of Ethics and Conduct

The Board of Directors updated our Code of Ethics and Conduct in 2020, which deals with topics related to the Company's set of values, principles and standards that guide the actions of all our employees:

- **Principle 1:** *To act with transparency and respect the agreements established with the Company's several stakeholders, encouraging long-standing relationships of trust.* Rules of conduct related to conflicts of interest, company's assets, business relationship with suppliers and customers, transparent relationship with governmental agencies, consumers' rights, and political participation.
- **Principle 2:** *To apply the highest quality and service standards available, seeking to meet the needs of our customers and consumers.* Rules of conduct concerning product quality and suppliers' and customers' development.
- **Principle 3:** *To create innovative growth and development forms that add value to the Company and its shareholders.* Rules of conduct concerning ethical relationships and support to causes.
- **Principle 4:** *To promote communication based on the reliability of information and facts, underpinned by the right to information, freedom of speech and non-discrimination.* Rules of conduct related to information processing, handling of confidential information, right to information, sharing of values, accountability in external communications, and responsible use of social media.

- **Principle 5:** *To provide a safe and healthy work environment that fosters respect, diversity, tolerance, initiative, creativity and the ongoing growth of the Company's human capital.* Rules of conduct concerning equal opportunities, quality of life, collaborative dialogue, handling of private information, right to information, and workplace environment.
- **Principle 6:** *To contribute to the comprehensive development of our communities and the society in general, respecting cultures and customs.* Rules of conduct on local development.
- **Principle 7:** *To establish sustainable process management practices, based on a balance between economic, social and environmental aspects.* Rules of conduct related to economic, social and environmental impacts.
- **Principle 8:** *To respect national and international laws and conventions, integrating our value chain into this commitment and encouraging a sustainable business environment.* Rules of conduct related to the relationship with our competitors, selection of suppliers, business relationship with customers, and commitment to the United Nations' Global Compact.





# Procedure to Enforce the Code of Ethics and Conduct

Employees are expected to report to their direct supervisors any question or situation that may purport to a breach of our Code of Ethics and Conduct. If not possible, employees may contact a member of the Ethics and Conduct Committee or the Internal Audit Management Division. If an employee is not comfortable with reporting the case as explained above, or did so, but did not receive a satisfactory answer, he/she may use Arcor Group's Ethics Line, which is available to all employees.

Employees may raise questions or report breaches of the Code through the Ethics Line by e-mail, or WhatsApp or by completing a web-based form, resting assured that all information will be kept in strict confidentiality and will only be used for professional analysis or investigation purposes.

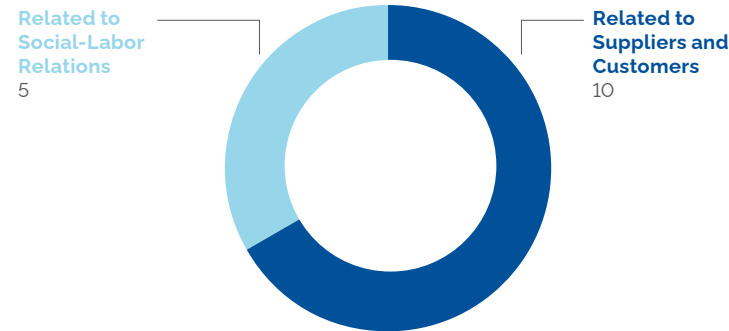
The Internal Audit Management Division receives and keeps track of the cases, and is also responsible for their investigation, analysis and preparation. Once the respective investigation is completed, the cases are submitted for consideration by the Ethics Committee. This Committee meets periodically to analyze and make decisions to resolve cases and take corrective actions. Then, the Committee gives formal notice of the resolution to the utmost authority of the area at issue to enforce the decision so made, follow-up on the action taken, and ensure its compliance. Finally, the Ethics Committee gives written notice to the person or sector involved, with copy to the Internal Audit Management Division.

The Code of Ethics and Conduct is distributed in hard and soft copies to all Arcor Group's employees. In turn, both the Code and the Ethics Line are available at the corporate website for any person to make questions about or report a potential breach thereof.

## Breaches

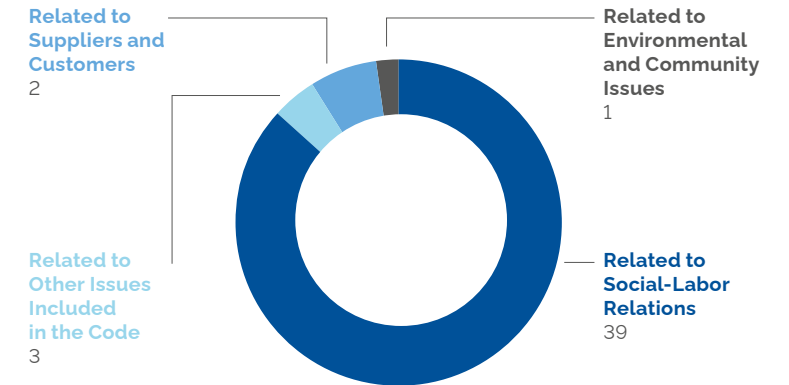
During the year, we received 15 questions and 45 reports through our Ethics Line, which were fully addressed. On the other hand, the Ethics and Conduct Committee held 11 in-person meetings during the year, followed by other online meetings to resolve cases.

### Questions Received by Type and Number



For more information see the Code of Ethics and Conduct at <https://imagen.arcor.com/institucional/codigo-de-etica-y-de-conducta-2020.pdf>

### Reports Received by Type and Number



In 2021, there were no conflict of interest declarations due to the change of system in which they are made. The development of the application to make conflict of interest declarations will be completed in 2022. We have not received reports or incidents concerning children's rights either.



# Human Rights Due Diligence

As part of our sustainability policy, we have assumed the commitment to respect Human Rights as a core condition to all our relationships. It is our responsibility to enforce such rights both at the workplace and at our broader areas of influence.

To such end, we foster a human rights due diligence process to identify, prevent and be held accountable for the actual or potential impacts we may have, contribute to, or be associated with.

As a starting point, we implemented several processes and tools, such as making sustainability diagnoses that encompass the human rights impacts of the initiatives that we foster in our value change; implementing a sustainability risk and opportunity matrix applied by each business for the definition of their annual Sustainability Operating Plans; monitoring indicators within our Sustainability Scorecard to measure the progress of our human and labor rights management efforts; developing community impact management actions across all locations in which the company has industrial presence; and advocating for several sustainability education and training instances throughout the value chain.

Once we have a diagnosis, we encourage initiatives, projects and programs to protect, respect and remediate our impact, seeking to expand the scope of this practice to the entire value chain, including:

## Code of Ethics and Conduct

### Ethics Line

The line is available to our employees, suppliers and customers for them to make confidential and anonymous reports. The line is accessible through our institutional website, or by e-mail or WhatsApp.

### Consumer Service

It handles questions and claims from different parts of the world submitted from <https://www.arcor.com/en/contact-us-products>

## Community Impacts

We identify economic, social and environmental impacts and manage the risks and opportunities inherent to the business-community relationship as part of a comprehensive process for respecting Human Rights across all the communities where we operate.

## Letter of Adherence to the Guiding Principles for Responsible Management

[SEE CHAPTER 3 →](#)

## Training to Safety Guards

We delivered training on sustainability and human rights and human rights for safety guards who ensure the protection of our assets. Despite the challenges posed by the pandemic, in 2021 we continued delivering group training sessions across all our plants in Argentina, Peru, Mexico, Brazil and Chile, and the other sites. We delivered training to 463 safety guards, reaching 91% of the total.



# Innovation Management

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

During the year, our Innovation Committee kept working on innovation management, prioritizing initiatives underway and the selection of long-term projects, and optimizing the resources allocated to innovation projects related to our business growth strategies.

The Innovation Committee is represented by all of the company's areas and carries on liaison actions among them and with external partners from the science & technology and production sectors. The creation of the Committee in 2020 set a milestone in innovation management within the Group, consolidating and integrating the innovation actions, and reassuring our commitment to the generation of new ideas. In this respect, we continued making progress to customize, transform and enhance our products, processes and services to ensure sustained business growth, preservation of natural resources, and consumers' satisfaction.

On the other hand, we carried out several initiatives and workshops related to business innovation with our internal and external network, seeking to incorporate different perspectives and knowledge to generate insights, concepts, and prototypes that may inspire the search for innovation for our brands and leverage our performance.

## Some of the activities developed during the year include:

- **Innovagro:** Designed to create new agricultural businesses, and innovation in and sustainable management of dairy farms. The process resulted in 168 new ideas classified into the following groups: Compost, Bioenergy, Milking Technology, and Mega-dairy.
- **3D:** An event sponsored by Arcor Brazil's Research & Development, intended to boost the Innovation Network, encouraging participation across all levels and areas and connecting people, for the benefit of a collaborative work model, looking for business sustainability from a creative approach.
- **IdeArcor:** A program co-created in alliance with a supplier to brainstorm ideas, based on two challenges oriented to different target consumers. 152 people from the Confectionery, Agribusiness, Food and Bagley businesses brainstormed more than 1,000 ideas, which translated into 50 concepts, 15 of which were selected by vote. Finally, after the prototyping, the concepts so presented resulted in 3 specific internal projects currently underway.
- **Sessions with Suppliers:** We held 12 sessions with suppliers from different categories, discussing topics such as market research, flavor innovation, proteins, sweeteners, nutrition, agricultural and agribusiness technology, cocoa, and vegetable fats. These sessions were oriented to innovation, co-creation and generation of joint value propositions.

In turn, driven by our entrepreneurial spirit, in 2021 we launched new products into the market to offer consumers worldwide an opportunity to enjoy delicious, healthy and quality food and confectionery products.

## Bon o Bon Dulce de Leche (Caramel Spread)

April 2021

We launched Bon o Bon Dulce de Leche (Caramel Spread) to offer new experiences to consumers within the chocolate market and boost the brand at an international level. The product launch posed two major technological challenges:

- Formulating a "special" caramel spread stuffing that could offer the typical indulgence of the Argentine flagship product, without affecting the crunch typical of Bon o Bon wafers over the time.
- Designing processes and mounting equipment both at the plant in Arroyito to manufacture the caramel spread stuffing and at the plant in Caroya for in-line handling and dosing.

At first, we planned to export the product to Chile, Uruguay, Paraguay, Bolivia, Peru, Ecuador, Central America and the Caribbean, Spain; to add further destination countries in the future, such as Mexico, United States, Canada, China and Japan.



## Guaraná Confectionary

June 2021

This product launch in Brazil encompassed an unprecedented co-branding arrangement with the brand Guaraná Antártica, thus expanding our confectionary portfolio. The novel product, available as chewing gum with and without sugar, hard candies and lollipops, benefited from our experience in the world of sweets and from the authentic flavor of the Brazilian soft drink.

As part of the celebration of its 100th anniversary, it is the first time that Guaraná Antártica has licensed the use of its brand for the sweets category, contributing its original flavor.

The major challenge associated with the project was developing the formulation of sweets, using the original flavor of Guaraná Antártica, managing to maintain its essence. This was achieved thanks to a successful interaction with Ambev's R&D area during the project's pilot and industrial scales.



## Pre-cooked White Corn Meal Presto Pronta to Prepare Arepas

July 2021

In recent years, the number of people that eat *arepas* on a daily basis has been consistently increasing in Argentina. In order to meet this growing demand, we worked on the development of white corn meals to prepare gluten-free *arepas*.

This innovation required the previous research and development of new white corn varieties. The project was led by the Agricultural R&D Management Division, which carried on field work with several corn producers.



## Kamay Ventures Invests in New Projects

In partnership with Coca Cola, we created Kamay Ventures in order to speed up innovation in our business ventures, contribute to the entrepreneurship ecosystem, foster the internal culture shift towards more innovation opportunities associated with technology, attract and retain innovative talent, and contribute to the company's digital transformation, among other goals.

From its creation in 2019, we analyzed more than 500 start-ups and made progress with specific actions, such as the investment in Arqlite, Auravant, Retrypay, Wiagro, Altscore and Zippin, as well as alliances and agreements with Auravant, Nilus, Kilimo, Moondesk, Intuitivo, and Arcor en Casa (Arcor at Home).

### Some of the investments made in 2021:

- Wiagro, IoT technology solutions, for the agricultural and agribusiness sectors to remotely access information on the status of their assets, such as, motion detection, measurement of wet parameters, temperature, and CO<sub>2</sub>, among others.
- Auravant, a digital agriculture platform that enables sustainable and innovative precision agriculture.
- Retrypay, an all-in-one solution that combines multiple payment processors to boost e-commerce sales, reducing rejected or fraudulent transactions.
- Altscore, which manages automated predictive models that use data to analyze individuals and businesses, even if they are unbanked, enabling to model credit risks and build scorings, among other things.

# Arcor's Award to Innovation

As part of our 70th anniversary, we carried out the 7th edition of Arcor's Award to Innovation, together with the Argentine Ministry of Science, Technology and Innovation and Arcor Foundation, reasserting our commitment to a culture of innovation as an engine for sustainable growth. Through this initiative, we seek to empower entrepreneurs, scientists, researchers, and social organizations for them to be able to execute their projects. We also advocate for public-private partnerships and endeavor to strengthen the relationship with the scientific and productive sectors, to generate value in the country and achieve a positive impact on society.

At this call to participate, we received more than 150 projects that were evaluated by a Reviewer Committee. Participants also received training and mentorship sponsored by Kamay Ventures investment fund, for them to gain a deeper basic knowledge on how to operate a business venture.

The winning project was a "Dairy dessert based on whey, with added calcium and low-fat content," submitted by Franco Salgado, from the Dairy Farm School of Villa María (Córdoba), who won a prize of ARS 500,000 to execute the project. The initiative seeks to develop a food product based on whey —a by-product of

cheese —with great nutritional value, particularly, in terms of its protein composition, and turn it into a dessert specially formulated for kids, rich in calcium and low in sugar and fat.

In turn, Arcor Foundation delivered a "Special Mention" award of ARS 250,000 to a social- and community-oriented project entitled "Social production of filetto sauce," submitted by Bruno Zangheri, from the organization "El Arca Productores y Consumidores" in the Province of Mendoza. The project primarily seeks to address unemployment among socially-vulnerable female heads of household, by means of the production and sale of canned products, primarily, a line of tomato-based gourmet sauces.

The other finalists of this edition of the awards were: "Production of bio-inputs with specific local characteristics and installed scientific-technological platform," submitted by Patricia Schmid from the Province of Misiones; "Biozmeter: From bioengineering to a safer and more profitable future," by Antonio Dell'Osa, from Tierra del Fuego; and "Brics Argentina," submitted by Natalia Alvarado, from the Province of Tucumán.

The award event was carried on in a hybrid format, including live streaming for the 5 finalists to get connected in real time, whilst the jury and award authorities participated in person, in compliance with the applicable health protocol.





# Our Report

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- 148 Coordination





# Our Report

Our Sustainability Report details the progress made in our sustainable management efforts for the period commenced on January 1 and ended on December 31, 2021.

The document provides transparent and systematized information, including comparative indicators and good

practices cases on our economic, social and environmental performance to all our stakeholders.

We prepared the report in accordance with the "core" option of the GRI (Global Reporting Initiative) Standards, and by reference to SASB Standards for Agricultural Products, Processed Food

and Containers Packaging. We also presented our contribution to the SDGs and the report in form of the United Nations Global Compact's Communication on Progress (COP).

We also addressed other topics considered relevant for Arcor Group and key to start working on our 2030 Sustainability Policy and Strategy.



# Materiality Process

As mentioned above, during the last two years we made progress with the development of our *2030 Sustainability Strategy*. As part of this process, we developed a materiality analysis to identify, enhance, and assess environmental, social and governance issues



## Identification

We reviewed the consolidated performance against our *2010 Sustainability Policy and Strategy*, and the challenges stated in our *Sustainability Policy and Strategy*. We also assessed the sustainability risks and opportunities matrix and the operating plans by business, analyzing thematic standards to define the material topics to include in the report content. As an input, we also considered the opportunities for improvement and the opinions resulting from the last reporting process.



## Priority-setting

At meetings held with key referents, we reviewed the progress made during the year and the consolidated result from the identification process. We also reflected on the impacts of these topics inside and outside the organization, on the requirements of the international standards applied, and the expectations arising from consultation forums with different publics.



## Review and Validation

The content is internally reviewed and validated by all areas and referents that take part in its preparation and also by the Corporate Sustainability Management Division.

# Materiality Matrix

Our materiality is arranged in three major pillars that comprise the baseline to address materiality issues. For each of them, we develop subtopics and indicators:





# Content Index

Arcor Group's 2021 Sustainability Report was prepared in accordance with the "core" option of the GRI Standards.

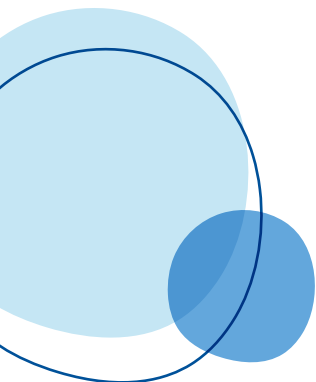
GRI Standard	Contents	Page and/or Response	Omission	SDGs
<b>General Contents</b>				
<b>Organizational Profile</b>				
	102-1 Name of the organization	Arcor Group		
	102-2 Activities, brands, products, and services	11 to 13		
	102-3 Location of headquarters	8		
	102-4 Location of operations	9		
	102-5 Ownership and legal form	The Sustainability Report has the same scope and aspect boundaries as the Financial Statements and includes all subsidiaries described in the Consolidated Financial Statements as of December 31, 2021, available at <a href="http://www.arcor.com">www.arcor.com</a> . Besides, Arcor is an unlisted <i>sociedad anónima</i> (corporation).		
	102-6 Markets served	8		
	102-7 Scale of the organization	9 and 17		
<b>GRI 102: General Disclosures 2016</b>	102-8 Information on employees and other workers	17		8.5, 10.3
	102-9 Supply chain	52 to 57 - 71		
	102-10 Significant changes to the organization and its supply chain	There were no significant changes		
	102-11 Precautionary principle or approach	20		
	102-12 External initiatives	26 to 27 - 126		
	102-13 Membership of associations	CPA, CAA, DIRCOM, CPRPPP, Red de empresas por la diversidad.		
	<b>Strategy</b>			
	102-14 Statement from senior decision-maker	3 to 5		
	102-15 Key impacts, risks, and opportunities	21 to 25		
<b>Ethics and Integrity</b>				
	102-16 Values, principles, standards, and norms of behavior	14 to 16		
	102-17 Mechanisms for advice and concerns about ethics	19 and 20		

GRI Standard	Contents	Page and/or Response	Omission	SDGs
	<b>Governance</b>			
	102-18 Governance structure	18 - Under Argentine laws, the Company's governance body is the Shareholders' Meeting and the management body is the Board of Directors. Within the context of this document, all references to the governance body mean the Board of Directors.		
	102-19 Delegating authority	19 - Our Board of Directors, at the meeting held on April 13, 2020, approved the criteria for the selection and designation of directors.		
	102-20 Executive-level responsibility for economic, environmental, and social topics	20		
	102-21 Consulting stakeholders on economic, environmental, and social topics	20		
	102-22 Composition of the highest governance body and its committees	18 and 19		
	102-23 Chair of the highest governance body	Mr. Luis Alejandro Pagani is the Chairman of the Board of Directors, and the Group's CEO.		
	102-24 Nominating and selecting the highest governance body	18 and 19		
<b>GRI 102: General Disclosures 2016</b>	102-25 Conflicts of interest	<p>If any director has an interest conflicting with those of the Company, that director should notify it to the Board of Directors and Statutory Audit Committee and refrain from participating in the discussion of such specific topic, as required by Section 272 of Law No. 19,550.</p> <p>Besides, the Company has a Code of Ethics and Conduct, a Code of Ethics and Conduct Administration Procedure, and a Conflict of Interest Procedure, which are applied and communicated to the members of the Board of Directors and to all Arcor Group's employees, which has also been subscribed by the members of the Statutory Audit Committee.</p> <p>At Arcor Group, the Personal Conflict of Interest Declaration is a formal document annually prepared by employees, in which they declare, under sworn statement, whether they have any potential conflict of interest in respect of the company. In 2021, there were no conflict of interest declarations due to the change of system in which such declarations are made.</p>		
	102-26 Role of highest governance body in setting purpose, values, and strategy	19		
	102-27 Collective knowledge of highest governance body	19		4,7
	102-28 Evaluating the highest governance body's performance	The Shareholders' Meeting is vested with authority to assess the Board of Directors' performance on an annual basis.		





**GRI 102:  
General Disclosures 2016**



GRI Standard	Contents	Page and/or Response	Omission	SDGs
	102-29 Identifying and managing economic, environmental, and social impacts	The Board of Directors approves Arcor Group's Mission, Vision and Values. As a defined general strategy, the Company will focus on its core businesses, together with the development of strategic association projects, always placing liquidity and a healthy financing structure at the core in order to ensure compliance with its obligations and commitments, as well as sound working capital management and contention of fixed costs, in order to secure the funding required to carry on operations and investment projects. In addition, ARCOR S.A.I.C.'s directors approved the Sustainability Policy, which is made up of a general commitment and specific commitments, with the most significant and priority issues for our business from the sustainability standpoint.		
	102-30 Effectiveness of risk management processes	20		
	102-31 Review of economic, environmental, and social topics	20 and 21		
	102-32 Highest governance body's role in sustainability reporting	The Board of Directors, at its meeting held on March 10, 2021, approved the 2020 Sustainability Report and will approve the 2021 Sustainability Report in 2022.		
	102-33 Communicating critical concerns	Several channels, such as: Shareholders' Meeting, institutional website, Argentine Securities Commission's website, and Corporate Management Division. Our financial statements, annual report and report on the Degree of Compliance with the Code of Corporate Governance are available at the above-mentioned web sites, among other information.		
	102-35 Remuneration policies	70 - We have a single Remuneration Policy in place applicable to all non-bargaining employees, with no exceptions.		
	102-37 Stakeholders' involvement in remuneration	2021 Annual Report and Financial Statements: Annex I - Report on the Code of Corporate Governance		
<b>Stakeholder Engagement</b>				
	102-40 List of stakeholder groups	29		
	102-41 Collective bargaining agreements	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, and 78.5% of its staff is under the applicable Collective Bargaining Agreement. In 2021, no incidents had occurred at our own and at our suppliers' main manufacturing facilities that had jeopardized these rights.		

GRI Standard	Contents	Page and/or Response	Omission	SDGs	
GRI 102: General Disclosures 2016	102-41 Collective bargaining agreements	The main collective bargaining agreements applicable to Arcor Group are agreed upon by the following unions: Food Workers Union, Sugar Workers Union, Paper and Cardboard Workers Union, Fishing Workers Union and Plastic Workers Unions. These unions freely bargain their work conditions and salaries on an annual basis, under the oversight of the Argentine Ministry of Labor, Employment and Social Security. Outsourced operations associated with business relationships inherent to Arcor Group's ordinary course of business are required to fulfill similar standards to those of our company in terms of labor laws and social responsibility, which are monitored through periodical audits, eliminating the possibility for any form of forced and/or informal work.		8.8	
	102-42 Identifying and selecting stakeholders	29			
	102-43 Approach to stakeholder engagement	29 and 30			
	102-44 Key topics and concerns raised	24			
	<b>Reporting Practice</b>				
	102-45 Entities included in the consolidated financial statements	The Sustainability Report has the same scope and aspect boundaries as the Financial Statements and includes all subsidiaries described as of December 31, 2021, available at <a href="http://www.arcor.com">www.arcor.com</a>			
	102-46 Defining report content and topic Boundaries	127			
	102-47 List of material topics	127 to 137			
	102-48 Restatements of information	There were no restatements of information			
	102-49 Changes in reporting	Without changes			
102-50 Reporting period	01/01/2021 - 31/12/2021				
102-51 Date of most recent report	Apr-21				
102-52 Reporting cycle	Annual				
102-53 Contact point for questions regarding the report	<a href="mailto:sustentabilidad@arcor.com">sustentabilidad@arcor.com</a>				
102-54 Claims of reporting in accordance with the GRI Standards	126				
102-55 GRI content index	128 TO 137				
102-56 External assurance	147				
<b>Material Topics</b>					
<b>Economic Topics</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17			
	103-2 The management approach and its components	17			
	103-3 Evaluation of the management approach	17			



GRI Standard	Contents	Page and/or Response	Omission	SDGs
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	17		9,4
	201-4 Financial assistance received from government	In 2021, Arcor Group did not receive financial assistance from governments, except for the forestry promotion of Zucamor Group, acquired by Arcor Group in July 2017.		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	7 and 14		
	103-2 The management approach and its components	7 and 14		
	103-3 Evaluation of the management approach	7 and 14		
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	All members of our Board of Directors are from Argentina.		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19 and 23		
	103-2 The management approach and its components	19 and 23		
	103-3 Evaluation of the management approach	19 and 23		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	9, 13, 79, 92, 94 and 103		9,4
	203-2 Significant indirect economic impacts	20, 71, 80, 83 and 123		1,2,2,3, 8,5
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	71 to 75		
	103-2 The management approach and its components	71 to 75		
	103-3 Evaluation of the management approach	71 to 75		
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	72		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20		
	103-2 The management approach and its components	20		
	103-3 Evaluation of the management approach	20		
	205-2 Communication and training about anti-corruption policies and procedures	20		
	205-3 Confirmed incidents of corruption and actions taken	None		
<b>Environmental Topics</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	106, 111 and 113		
	103-2 The management approach and its components	106, 111 and 113		
	103-3 Evaluation of the management approach	106, 111 and 113		
GRI 301: Materials 2016	301-1 Materials used by weight or volume.	111, 114 and 117		
	301-2 Recycled input materials used	107		



GRI Standard	Contents	Page and/or Response	Omission	SDGs
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	96 a 98 and 103		
	103-2 The management approach and its components	96 a 98 and 103		
	103-3 Evaluation of the management approach	96 a 98 and 103		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	99, 102 and 103		7.4, 12.2
	302-4 Reduction of energy consumption	98		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	89		
	103-2 The management approach and its components	89		
	103-3 Evaluation of the management approach	89		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	89, 92 and 93		
	303-2 Management of water discharge-related impacts	94		
	303-3 Water withdrawal	90		6.4
	303-5 Water consumption	90 to 92		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	53 and 105		
	103-2 The management approach and its components	53 and 105		
	103-3 Evaluation of the management approach	53 and 105		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	53 and 105		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	95, 96 and 104		
	103-2 The management approach and its components	95, 96 and 105		
	103-3 Evaluation of the management approach	95, 96 and 106		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	95		
	305-2 Indirect (Scope 2) GHG emissions	95		
	305-3 Other indirect (Scope 3) GHG emissions	95		15.2
	305-5 Reduction of GHG emissions	95		
	305-6 Emissions of ozone-depleting substances	95 and 104		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	106 and 107		
	103-2 The management approach and its components	106 and 107		
	103-3 Evaluation of the management approach	106 and 107		
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	106 and 107		6.3, 12.5
	306-3 Significant spills	94		6.3, 14.1



GRI Standard	Contents	Page and/or Response	Omission	SDGs
<b>Social Topics</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	64 and 68		
	103-2 The management approach and its components	64 and 68		
	103-3 Evaluation of the management approach	64 and 68		
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	Note 1		5.1, 8.5, 8.6, 10.3
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	70		
	401-3 Parental leave	Note 1		5.1, 8.5
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	64 and 65		
	103-2 The management approach and its components	64 and 65		
	103-3 Evaluation of the management approach	64 and 65		
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	64		8.8
	403-2 Hazard identification, risk assessment, and incident investigation	64 and 65		
	403-3 Occupational health services	64 and 65		
	403-5 Worker training on occupational health and safety	65		
	403-6 Promotion of worker health	64 to 67- According to Argentine health legislation, all bargaining employees shall receive medical care through Trade Union-managed Health Insurance Plans, which are in charge of each Trade Union, are financed out of workers' and employers' contributions, and can be freely and voluntarily selected by each worker. Trade Union-managed Health Insurance Plans cover 100% of non-occupational illnesses, as guaranteed by law through the Plan Médico Obligatorio (Mandatory Health Benefits Package). Non-bargaining employees also have health insurance, which is financed in the same manner as bargaining employees' insurance, except that healthcare is provided by Private Health Insurers unrelated to Unions, as required by the Health Insurance Law. Occupational accidents and diseases taking place at the workplace are covered by Worker's Compensation Insurers, which are hired by companies and financed out employers' contributions. Worker's Compensation Insurance covers both bargaining and non-bargaining employees.		
<b>GRI 403: Occupational Health and Safety 2018</b>	403-8 Workers covered by an occupational health and safety management system	64 to 67		
	403-9 Work-related injuries	65		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	68 and 69		
	103-2 The management approach and its components	68 and 69		
	103-3 Evaluation of the management approach	68 and 69		

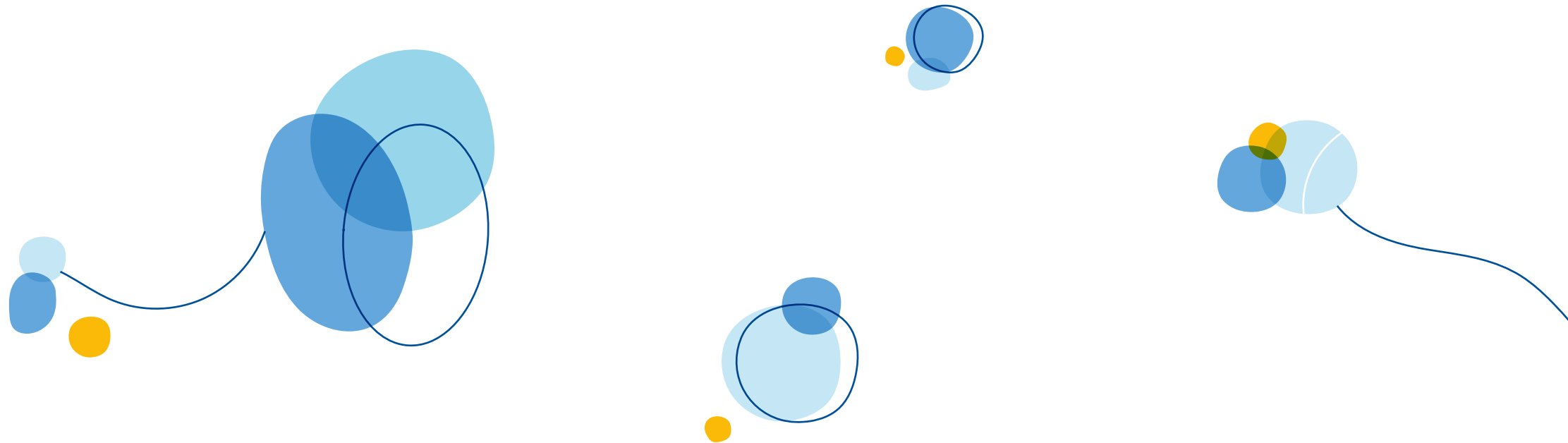
GRI Standard	Contents	Page and/or Response	Omission	SDGs
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Note 2		
	404-2 Programs for upgrading employee skills and transition assistance programs	59 to 63		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	59 to 63		
	103-2 The management approach and its components	59 to 63		
	103-3 Evaluation of the management approach	59 to 63		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	18 - Note 1		
	405-2 Ratio of basic salary and remuneration of women to men	70		5.1,5.5, 8.1
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	119 to 121		
	103-2 The management approach and its components	119 to 121		
	103-3 Evaluation of the management approach	119 to 121		
GRI 406: Non-discrimination 2018	406-1 Incidents of discrimination and corrective actions taken	120		5.1, 8.8
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	72 and 119		
	103-2 The management approach and its components	72 and 119		
	103-3 Evaluation of the management approach	72 and 119		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	73, 120 and 121		8.8
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	72 and 119		
	103-2 The management approach and its components	73 and 119		
	103-3 Evaluation of the management approach	74 and 119		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	72		8.7, 16.2
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	72 and 119		
	103-2 The management approach and its components	73 and 119		
	103-3 Evaluation of the management approach	74 and 119		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	72		8.7
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	121		
	103-2 The management approach and its components	121		
	103-3 Evaluation of the management approach	121		

GRI Standard	Contents	Page and/or Response	Omission	SDGs
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	121		
	103-1 Explanation of the material topic and its Boundary	121		
GRI 103: Management Approach 2016	103-2 The management approach and its components	121		
	103-3 Evaluation of the management approach	121		
	412-1 Operations that have been subject to human rights reviews or impact assessments	121		
GRI 412: Human Rights Assessment 2016	412-2 Employee training on human rights policies or procedures	121		
	103-1 Explanation of the material topic and its Boundary	80		
GRI 103: Management Approach 2016	103-2 The management approach and its components	80		
	103-3 Evaluation of the management approach	80		
	413-1 Operations with local community engagement, impact assessments, and development programs	45 to 58 - 82 to 87 - 122		
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	45 to 58 - 82 to 87		1,2,2,3
	103-1 Explanation of the material topic and its Boundary	71 and 72		
GRI 103: Management Approach 2016	103-2 The management approach and its components	71 and 72		
	103-3 Evaluation of the management approach	71 and 72		
	414-1 New suppliers that were screened using social criteria	72 and 75		5,2, 8,8
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	71 and 79		
	103-1 Explanation of the material topic and its Boundary	35		
GRI 103: Management Approach 2016	103-2 The management approach and its components	35		
	103-3 Evaluation of the management approach	35		
	416-1 Assessment of the health and safety impacts of product and service categories	35 to 48		
GRI 416: Customer Health and Safety	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	120		
	103-1 Explanation of the material topic and its Boundary	46		
GRI 103: Management Approach 2016	103-2 The management approach and its components	46		
	103-3 Evaluation of the management approach	46		

GRI Standard	Contents	Page and/or Response	Omission	SDGs
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	46		12.8
	417-2 Incidents of non-compliance concerning product and service information and labeling	46		
	417-3 Incidents of non-compliance concerning marketing communications	46		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	119		
	103-2 The management approach and its components	119		
	103-3 Evaluation of the management approach	119		
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	120		

**References:**

- Indicators that meet the Advanced Communication on Progress (COP) criteria of the United Nations Global Compact Principles.
- 2021 Annual Report and Financial Statements: Information included in Arcor Group's 2021 Annual Report and Financial Statements available at [www.arcor.com](http://www.arcor.com)
- All the notes included in the table can be found at the end of the table.





Arcor Group's Sustainability Report 2021 was prepared based on SASB's definition of "materiality" laid down in its 2018 guidance

<b>Processed Foods 2018</b>			
<b>Table 1. Sustainability Disclosure Topics &amp; Accounting Metrics</b>			
<b>Topic</b>	<b>Metric</b>	<b>Code</b>	<b>Page / Response</b>
<b>Energy Management</b>	Total energy consumed		99, 102 and 103
	Percentage grid electricity	FB-PF-130a.1	99, 102 and 103
	Percentage renewable		103
<b>Water Management</b>	Total water withdrawn	FB-PF-140a.1	90 to 92
	Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress		93
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	FB-PF-140a.2	94
	Description of water management risks and discussion of strategies and practices to mitigate those risks	FB-PF-140a.3	89 and 93
<b>Food Safety</b>	Global Food Safety Initiative (GFSI) audit: Non-conformance rate and associated corrective action rate for major and minor non-conformances	FB-PF-250a.1	51 and 52
	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	FB-PF-250a.2	50
	Total number of notices of food safety violation received, and percentage corrected	FB-PF-250a.3	120
<b>Health &amp; Nutrition</b>	Revenue from products labeled and/or marketed to promote health and nutrition attributes	FB-PF-260a.1	17
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	FB-PF-260a.2	35 to 48
<b>Product Labeling &amp; Marketing</b>	Percentage of advertising impressions made on children and made on children promoting products that meet dietary guidelines	FB-PF-270a.1	46
	Revenue from products labeled as containing genetically modified organisms (GMOs) and non-GMO	FB-PF-270a.2	Information not available
	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	FB-PF-270a.3	120
<b>Packaging Lifecycle Management</b>	Total weight of packaging	FB-PF-410a.1	111 to 117
	Percentage made from recycled and/or renewable materials	FB-PF-410a.1	111 to 117
	Percentage that is recyclable, reusable, and/or compostable	FB-PF-410a.1	111 to 117
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	FB-PF-410a.2	111 to 117
<b>Environmental &amp; Social Impacts of Ingredient Supply Chain</b>	Percentage of food ingredients sourced that are certified to third-party environmental and/or social standards	FB-PF-430a.1	50 and 51 - No details available on total percentages
	Suppliers' social and environmental responsibility audit: Non-conformance rate and associated corrective action rate for major and minor non-conformances	FB-PF-430a.2	51 and 52
<b>Ingredient Sourcing</b>	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	FB-PF-440a.1	4 - No details available on total percentages



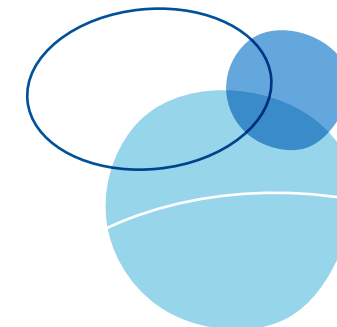
Processed Foods 2018		
Table 2. Activity Metrics		
Activity Metrics	Code	Page / Response
Number of production facilities	FB-PF-000.B	9

Agricultural Products 2018			
Table 1. Sustainability Disclosure Topics & Accounting Metrics			
Topic	Metric	Code	Page / Response
Greenhouse Gas Emissions	Gross global Scope 1 emissions	FB-AG-110a.1	95
	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	95 to 99
	Fleet fuel consumed, % renewable	FB-AG-110a.3	104
Energy Management	Operational energy consumed, % grid electricity, % renewable	FB-AG-130a.1	99, 102 and 103
Water Management	Total water withdrawn, total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	FB-AG-140a.1	90 to 93
	Description of water management risks and discussion of strategies and practices to mitigate those risks	FB-AG-140a.2	90 to 93
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	FB-AG-140a.3	94
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	51 and 52
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	FB-AG-250a.2	51 and 52
Workforce Health & Safety	Total recordable incident rate (TRIR), fatality rate, and near miss frequency rate (NMFR) for direct employees and seasonal and migrant employees	FB-AG-320a.1	65 to 67
Environmental & Social Impacts of Ingredient Supply Chain	Percentage of agricultural products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard	FB-AG-430a.1	51 and 52
	Suppliers' social and environmental responsibility audit: Non-conformance rate and associated corrective action rate for major and minor non-conformances	FB-AG-430a.2	51 and 52
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing.	FB-AG-430a.3	53 to 57
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	FB-AG- 430b.1	Information not available
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	FB-AG-440a.1	53 to 57

Agricultural Products 2018		
Table 2. Activity Metrics		
Activity Metrics	Code	Page / Response
Number of processing facilities	FB-AG-000.B	9
Total land area under active production	FB-AG-000.C	53 to 57

Containers and Packaging 2018			
Table 1. Sustainability Disclosure Topics & Accounting Metrics			
Topic	Metric	Code	Page / Response
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	RT-CP-110a.1	95
	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	95 to 99
Energy Management	Total energy consumed, % grid electricity, % renewable, total self-generated energy	RT-CP-130a.1	99, 102 and 103
Water Management	Total water withdrawn, total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	RT-CP-140a.1	90 to 93
	Description of water management risks and discussion of strategies and practices to mitigate those risks	RT-CP-140a.2	90 to 93
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	RT-CP-140a.3	94
Water Management	Amount of hazardous waste generated, percentage recycled	RT-CP-150a.1	109
Product Lifecycle Management	Percentage of raw materials from: recycled content, renewable resources, and renewable and recycled content	RT-CP-410a.1	112 to 117
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	RT-CP-410a.3	112 to 117
Supply Chain Management	Total wood fiber procured, percentage from certified sources	RT-CP-430a.1	111
	Total aluminum purchased, percentage from certified sources	RT-CP-430a.2	111

Containers and Packaging 2018		
Table 2. Activity Metrics		
Activity Metrics	Code	Page / Response
Amount of production, by substrate	RT-CP-000.A	9
Percentage of production as: paper/wood, glass, metal, and plastic	RT-CP-000.B	111 to 117
Number of employees	RT-CP-000.C	17



## Note 1: Employees

New Employees Hired				
	Men	Women	Total 2021	Total 2020
<b>Under 30 Years Old</b>	<b>2,150</b>	<b>1,227</b>	<b>3,377</b>	<b>2,169</b>
Argentina	1,289	595	1,884	1,417
Brazil	463	381	844	435
Chile	78	47	125	22
Peru	45	38	84	36
Mexico	264	153	417	248
Spain	1	3	4	1
Rest of the world	10	9	19	10
<b>Between 30 and 50 Years</b>	<b>1,459</b>	<b>917</b>	<b>2,376</b>	<b>1,284</b>
Argentina	957	337	1,294	667
Brazil	239	358	597	419
Chile	97	81	178	31
Peru	28	40	68	45
Mexico	115	84	199	108
Spain	2	1	3	0
Rest of the world	21	16	37	14
<b>Over 50 Years</b>	<b>239</b>	<b>42</b>	<b>281</b>	<b>36</b>
Argentina	191	10	201	15
Brazil	12	13	25	16
Chile	31	19	50	2
Peru	0	0	0	1
Mexico	4	0	4	1
Spain	0	0	0	0
Rest of the world	1	0	1	1

Percentage of New Employees Hired				
	Men	Women	Total 2021	Total 2020
<b>Under 30 Years Old</b>	<b>30.2%</b>	<b>44.9%</b>	<b>34.7%</b>	<b>52%</b>
Argentina	19.8%	29.8%	22.4%	70.7%
Brazil	23.2%	41.2%	29.0%	39%
Chile	2.9%	14.6%	6.2%	11.7%
Peru	0%	0%	0%	67.9%
Mexico	88.4%	85.3%	100%	16.1%
Spain	100%	200%	150%	-
Rest of the world	39.1%	25%	34.1%	17.9%
<b>Between 30 and 50 Years</b>	<b>7.8%</b>	<b>11.8%</b>	<b>8.7%</b>	<b>9.8%</b>
Argentina	7%	8.2%	7.2%	8%
Brazil	8.9%	14%	11.2%	18.8%
Chile	2.1%	7.7%	3.1%	3.9%
Peru	0.8%	0%	0.8%	22.5%
Mexico	22.7%	21.2%	22.1%	6.3%
Spain	50%	0%	16.7%	-
Rest of the world	12.6%	10.2%	11.6%	6.1%
<b>Over 50 Years</b>	<b>5.2%</b>	<b>1.2%</b>	<b>4.5%</b>	<b>0.9%</b>
Argentina	6.5%	14%	5.8%	0.5%
Brazil	2%	1.2%	1.6%	2.9%
Chile	0.4%	0%	0.4%	0.4%
Peru	0%	0%	0%	2.9%
Mexico	10.5%	0%	5.6%	0%
Spain	0%	0%	0%	-
Rest of the world	6.7%	0%	5%	5.9%

Percentage of Employees' Turnover (Only Active Hired)				
	Men	Women	Total 2021	Total 2020
<b>Under 30 Years Old</b>	<b>22.7%</b>	<b>23.9%</b>	<b>23.0%</b>	<b>16.7%</b>
Argentina	9.8%	16.6%	11.5%	4.8%
Brazil	28%	28.6%	28.1%	22.7%
Chile	16.8%	30%	19.7%	16.7%
Peru	9.1%	0%	9.1%	5.9%
Mexico	41.3%	26.7%	36.3%	32.4%
Spain	0%	0%	0%	-
Rest of the world	18.8%	16%	17.1%	25%
<b>Between 30 and 50 Years</b>	<b>6%</b>	<b>10.8%</b>	<b>7.1%</b>	<b>6.5%</b>
Argentina	3.2%	6.6%	3.8%	2.6%
Brazil	13.3%	16.6%	14.7%	14.9%
Chile	9.8%	10.3%	9.9%	10.7%
Peru	4.9%	7.7%	5.2%	4.4%
Mexico	16.3%	14.2%	15.4%	18.6%
Spain	100%	20%	42.9%	-
Rest of the world	14.3%	4.3%	10%	12.9%
<b>Over 50 Years</b>	<b>8.6%</b>	<b>11.3%</b>	<b>9.1%</b>	<b>8%</b>
Argentina	9.1%	14.5%	9.9%	5.3%
Brazil	10.5%	7.3%	9.1%	11.6%
Chile	4.9%	6.5%	5.0%	17.9%
Peru	6.9%	0%	6.3%	6.3%
Mexico	14.0%	0%	7.8%	2%
Spain	0%	0%	0%	-
Rest of the world	28.6%	0%	9.1%	6.3%



Employees that Took Maternity or Paternity Leave in Argentina				
	Men	Women	Total 2021	Total 2020
Adoption Leave	1	0	1	0
Maternity/Paternity Leaves	285	104	389	361
Extended Maternity Leave	0	14	14	19
Reduced Workday for Maternity Reasons	0	72	72	84
<b>Total</b>	<b>285</b>	<b>118</b>	<b>403</b>	<b>380</b>

% of Employees Who Returned to Work after Having Taken Maternity or Paternity Leave	100%	100%	100%	99,70%
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Employees Who Continued Holding their Positions after 12 Months				
	Men	Women	Total 2021	Total 2020
Adoption Leave	1	0	1	0
Maternity/Paternity Leaves	249	97	346	355
Reduced Workday for Maternity Reasons	0	72	72	84
<b>Total</b>	<b>250</b>	<b>169</b>	<b>418</b>	<b>439</b>

Retention Rate after Parental Leave	91.4%	91.7%	91.5%	98.60%
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Type of Employee Contract by Range Age and Category		
Category	Temporary	Active Hired
<b>Under 30 Years Old</b>		
Director	0.0%	0.0%
Manager	0.0%	0.0%
Head	0.1%	0.0%
Analyst/Supervisor	2.8%	0.2%
Assistant/Worker	10.6%	4.1%

<b>Between 30 and 50 Years</b>		
Director	0.0%	0.0%
Manager	1.3%	0.0%
Head	3.3%	0.1%
Analyst/Supervisor	9.6%	0.2%
Assistant/Worker	44.5%	2.6%

<b>Over 50 Years Old</b>		
Director		
Manager	0.6%	0.0%
Head	0.8%	0.0%
Analyst/Supervisor	2.0%	0.0%
Assistant/Worker	17.0%	0.2%

Type of Employee Contract by Region and Category		
Category	Temporary	Active Hired
Argentina	756	12,396
Brazil	464	3,638
Chile	121	1,473
Peru	159	171
Mexico	12	1,396
Spain	3	10
Rest of the world	30	296
<b>Total 2021</b>	<b>1,545</b>	<b>19,380</b>

Type of Employee Contract by Gender		
Gender	Temporary	Active Hired
Women	644	4,628
Men	901	14,752
<b>Total 2021</b>	<b>1,545</b>	<b>19,380</b>

## Note 2: Training

### Training Average by Gender

Average Training Hours by Woman: 0.11

Coverage Rate: 67.15%

Average Training Hours by Man: 0.08

Coverage Rate: 60.63%

Total Hours of Training: 171,175

Training Average by Category and Gender		
Category	Training Average Men	Training Average Women
Managers	3.27	3.55
Head	2.18	1.69
Supervisor	8.44	10.64
Analyst	2.86	2.61
Assistant/Worker	12.82	18.42

## Note 3: Certifications and Awards by Plants

### Arcor Group: Certifications and Awards Obtained as of December 2021

Company	Location	Plant	Certifications			Food Safety Standards	Forest Management Certifications	TPM Award	Other
			● OHSAS 18001 ■ ISO 45001	ISO 9001					
Arcor	Complejo Recreo, Catamarca	Manufacturing of gummy candies, dessert and juice powders, and bakery products	●	■	●	BRC/HACCP/GMP			
		Manufacturing of hard candies, chewing gum, and wafers	●	■	●	BRC/HACCP/GMP/ Voluntary Module of Preventive Controls pursuant to FSMA and FSVP of BRC		1,2	
	Complejo Arroyito, Córdoba	Manufacturing of milk candies	●	■	●	BRC/HACCP/GMP/ Voluntary Module of Preventive Controls pursuant to FSMA and FSVP of BRC			UTZ and RSPO
		Wet Milling Plant 1	●	■	●	HACCP		1	
		Wet Milling Plant 3	●	■	●	BRC/HACCP/GMP			
		Thermoelectric Power Plant	●	■	●				
		Distribution Center	●	■	●				
	Arroyito, Córdoba	Dairy Farm 1	●	■					
		Dairy Farm 2	●	■					
		Dairy Farm 6	●	■					
	Complejo Lules, Tucumán	Candies	●	■	●	BRC/HACC/GMP		1,2	
		Wet Milling	●	■	●	HACCP		1	
	Complejo San Pedro, Buenos Aires	Corn Dry Milling and Grain Storage	●	■	●	HACCP			
		Oil	●	■	●	BRC/HACC/GMP			
	Río Seco, Tucumán	Alcohol	●	■	●	BRC/HACC/GMP			
		La Providencia Sugar Mill	●		●	FSSC 22000/HACCP/GMP/Global GAP(1)			BONSUCRO/ORGANIC
	Colonia Caroya, Córdoba	Thermoelectric Power Plant	●	■	●				
		Chocolates	●	■	●	BRC/HACC/GMP		1,2	UTZ
San Luis, San Luis	Chocolates, candies and chewing gums	●	■	●	BRC/HACC/GMP		1		
Talar de Pacheco, Buenos Aires	Distribution Center	●	■	●					

**Arcor Group: Certifications and Awards Obtained as of December 2021**

Company	Location	Plant	Certifications			Food Safety Standards	Forest Management Certifications	TPM Award	Other
			● OHSAS 18001 ■ ISO 45001	ISO 9001					
Arcor	San Rafael, Mendoza	Fruit pulp			●	BRC/HACCP/BPM			
	Mar del Plata, Buenos Aires	Canned fish	●	■	●	BRC/HACCP/BPM			
	Complejo Villa Mercedes, San Luis	Jams and marmalades	●	■	●	BRC/HACCP/BPM		1	
	Complejo Villa Mercedes, San Luis	Canned grains	●	■	●	HACCP/BPM			
	Rawson, San Juan	Canned tomatoes	●	■	●	BRC/HACCP/BPM			
	Junin, Mendoza	Nueva Aurora Farm*				Global GAP			
	Villa Seca, Mendoza	El Desafío Farm*				Global GAP			
	Villa Seca, Mendoza	El Porvenir Farm*				Global GAP			
Arcor de Brasil	San Martín, Mendoza	El Paraíso Farm*				Global GAP			
	Rio das Pedras, San Pablo, Brasil	Candies and chewing gums	●	■	●	BRC/HACCP/BPM		1	
Arcor de Chile	Bragança Paulista, San Pablo, Brasil	Chocolates and candies	●	■	●	BRC/HACCP/BPM		1	
	Santiago, Chile	Bicentenario Plant	●	■	●	BRC/HACCP/BPM			
Arcor de Perú	Chancay, Perú	Candies and chewing gums				HACCP (Digesa)**			
	Córdoba, Córdoba	Cookies and crackers	●	■	●	BRC/HACCP/BPM			
Bagley Argentina	Salto, Buenos Aires	Cookies and crackers	●	■	●	BRC/HACCP/BPM		1	
	Complejo Villa del Totoral, Córdoba	Cookies and crackers	●	■	●	BRC/HACCP/BPM		1	
	Villa Mercedes, San Luis	Cookies and crackers	●	■	●	BRC/HACCP/BPM			
Bagley de Brasil	Campinas, San Pablo, Brasil	Cookies and crackers	●	■	●	BRC/HACCP/BPM		1	
	Contagem, Minas Gerais, Brasil	Cookies and crackers	●	■	●	BRC/HACCP/BPM		1	
Bagley de Chile	Santiago, Chile	Cookies and crackers	●	■	●	BRC/HACCP/BPM		1	
Cartocor	Complejo Arroyito, Córdoba	Manufacturing of recycled paper and corrugated cardboard boxes	●	■	●		FSC/ PEFC	1,2,3	
		Manufacturing of corrugated cardboard	●	■	●		FSC/ PEFC	1	
	Complejo Luján, Buenos Aires	Manufacturing of POP material			●				
		Film printing	●		●	FSSC 22000		1	
	Paraná, Entre Ríos	Manufacturing of corrugated cardboard	●	■	●		FSC/ PEFC	1,2,3	

**Arcor Group: Certifications and Awards Obtained as of December 2021**

Company	Location	Plant	Certifications			Food Safety Standards	Forest Management Certifications	TPM Award	Other
			● OHSAS 18001 ■ ISO 45001	ISO 9001					
Cartocor	Rancagua, Chile	Manufacturing of corrugated cardboard	●	■	●	FSSC 22000	PEFC		
	Complejo Villa del Totoral, Córdoba	Film printing and manufacturing of printing cylinders	●	■	●	FSSC 22000		1,2	
Cartocor (Ex Zucamor)	Ranelagh, Buenos Aires	Recycled paper and corrugated cardboard	●	■	●		FSC/ PEFC		
	Quilmes, Buenos Aires	Corrugated cardboard	●	■	●		FSC/ PEFC		
	Misiones	Virgin paper	●		●		PEFC		
	San Luis, San Luis	Paper bags	●	■	●	FSSC 22000	FSC/ PEFC		
	Mendoza, Mendoza	Recycled paper and corrugated cardboard			●		FSC		
	San Juan, San Juan	Corrugated cardboard	●	■	●		FSC/ PEFC		
Cartocor Perú		Corrugated cardboard					PEFC		
Mundo Dulce	Toluca, México	Chocolates and candies and chewing gums	●		●	BRC/HACC/GMP			

\* In 2019, since LCSM ISO 9001 Certification was removed, the 9001 Certification at the four farms was also removed.

\*\* HACCP Certification has not been granted by third parties.

• Even though the IFS certification for soft candies expires in 2021 (because the standard does not admit 100% remote audits), an audit is scheduled in March 2022.

• **The new certifications completed in 2021 are marked in red.**

• In 2021, we completed the ISO 45001 certification process, involving the migration of all sites certified under OHSAS 18001.

Management Systems

- **ISO 14001:** Environmental Management System.
- **OHSAS 18001:** Occupational Health and Safety Management System
- **ISO 9001:** Quality Management System.

Food Safety Standards

- **HACCP:** Hazard Analysis and Critical Control Points.
- **BRC:** British Retail Consortium Global Standard – Food.
- **GMP/BPM:** Good Manufacturing Practices.
- **FSSC 22000:** Food Safety System Certification.
- **IFS:** International Featured Standards.
- **Voluntary Module of Preventive Controls pursuant to FSMA and FSVP of BRC** (FSMA: U.S. Food Safety Modernization Act / FSVP U.S. Foreign Supplier Verification Program).

Forest Management Certifications

- **FSC:** Forest Stewardship Council.
- **PEFC:** Programme for the Endorsement of Forest Certification.

JIPMS TPM Awards

- **TPM:** Total Productive Maintenance
- **JIPM:** Japan Institute of Plant Maintenance.
- **1:** Excellence Award to TPM Implementation (1st Level).
- **2:** Excellence Award to Consistent TPM Commitment (2nd Level).
- **3:** TPM Special Award (3rd Level).

Other certifications

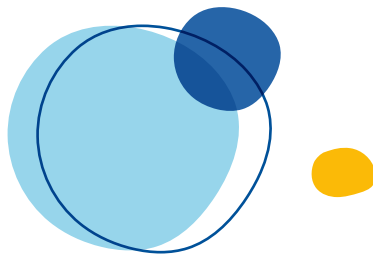
- **RSPO:** Roundtable on Sustainable Palm Oil.
- **UTZ:** Coffee, Cocoa and Tea Sustainability Program.
- **Global GAP:** Good Agricultural Practices.
- <sup>(1)</sup> The Global GAP certification is for own sugarcane crops.
- **BONSUCRO:** International Certification for Sugarcane Production Sustainable Management.
- **Organic:** Sugarcane Organic Operation Certification





## Note 4: Sugarcane

The traceability of incoming raw materials supplied to La Providencia sugar mill can be tracked down up to the production lot. We are also certified under the BONSUCRO international standards. 17% of the sugarcane used in our processes comes from fields managed by the company, occupying an area of around 6,000 hectares (3,600 hectares owned by the company and the rest, leased from their parties). The remaining 83% is sourced from sugarcane suppliers, who are required to fulfil a checklist of requirements, including providing evidence of the sugarcane origin (title deed, lease agreement, loan for use or sharecropping, among other arrangements), to be able to subscribe the annual supply agreement. They are also required to present their Sugarcane Producer Registration, which is a provincial legal registry where certain sugarcane producers are required to enroll. Compliance with these requirements is a prerequisite to be a supplier.

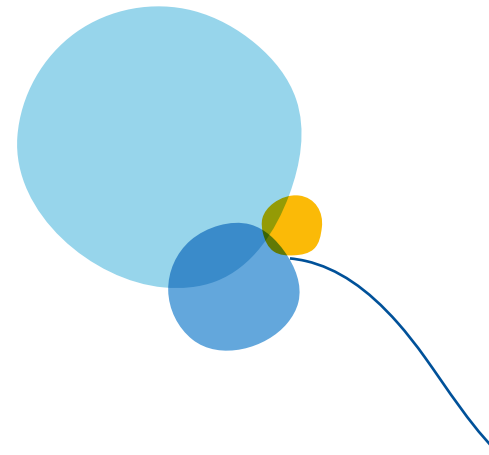
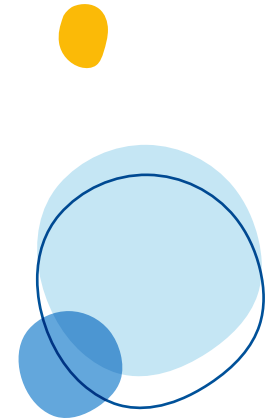


## Note 5: Corn

Concerning our commitment to acknowledging and respecting legitimate possession rights related to soil property and use, at Arcor Group, we follow the guidance of SISA (the Spanish acronym for Agricultural Simplified Information System) maintained by AFIP. The system contains information related to the production and marketing of grains and seeds in the process of being certified, and dried legumes. We always check this information before onboarding a new supplier.

## Note 6: Dairy Farms

At our dairy farms, we do not use injectable growth promoters or growth diets. Generally, the use of antibiotics in production is for therapeutic purposes and is prescribed by veterinarians. In these cases, the milk is not used in commercial workflows. Besides, we are currently implementing several practices to reduce the therapeutic use of antibiotics, such as pre-dipping, drying off udder with paper towels, post-dipping, and foot bath, among others.



# External Review Report



## Independent Auditors' Limited Assurance Report (On Sustainability Report)

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

### 1. Identification of the information subject to the engagement

We have been hired to issue a limited assurance report on Arcor Group's Sustainability Report 2021 for the period commenced on January 1, 2021 and ended on December 31, 2021, as well as the self-declaration that it has complied with the recommended standard disclosures for the preparation of Sustainability Reports under the Global Reporting Initiative (GRI Standards).

### 2. Arcor Group's responsibility for the information subject to the engagement

Arcor Group's Management is responsible for:

- The contents of the accompanying Sustainability Report, which entails assessing the scope and performance indicators to be included, as relevant to the stakeholders to which the report is addressed.
- The definition of the applicable criteria to prepare the report. In the case of the Company, it has decided to adopt the criteria set forth under the GRI Standards.
- The maintenance of appropriate records to support the process to manage relevant information for the purposes herein stated and to measure performance based on the established criteria.
- The preparation and presentation of the accompanying Sustainability Report.

### 3. Auditors' responsibility

Our responsibility is issuing an independent report based on our information analysis procedures. Accordingly, we relied on the procedures established in Technical Pronouncement (TP No. 37) issued by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), which provides guidance as to the evaluation tasks to be performed on other assurance engagements such as reports of this nature. We defined the scope of our work as a limited assurance engagement.

Such standards require that we comply with ethical requirements and that we plan for and execute the engagement in order to issue an independent limited assurance report on the Sustainability Report, within the scope detailed herein.

The scope of the external verification was defined as a Limited Review, based on the International Standard on Assurance Engagement 3000 (ISAE - 3000) issued by the International Auditing and Assurance Standard Board (IAASB), which establishes a set of procedures to render an opinion on several aspects of the financial information, together with the AA1000 Assurance Standard (AA1000AS).

In a limited assurance engagement, we are required to obtain evidence, based on selective samples, related to the sustainability information subject to our report. A limited assurance engagement also involves evaluating estimates and making inquiries to the individuals responsible for preparing the disclosures and other similar procedures. It is lesser in scope than an audit; therefore, it does not allow us to obtain assurance that all material issues that could be identified as part of an audit or reasonable assurance engagement have come to our knowledge.

In order to obtain limited assurance, our work included:

- Interviewing the Company's Management and personnel responsible for collecting the information and preparing the selected performance indicators to gain an understanding on the Company's sustainability policies, the activities implemented, and the data collection systems used, and to assess the application of the guidelines set forth under the GRI Standards.
- Carrying out tests, based on selective samples, to verify the accuracy of the disclosures to the extent related to the selected indicators.
- Analyzing, in each case, the information systems and the methodology used to compile quantitative data related to the Company's performance indicators.
- Examining, based on selective samples, the existing documents to verify Management's statements in our interview.

We consider that the evidence and judgmental elements we have obtained provide a reasonable and sufficient basis for our limited assurance opinion. Non-financial disclosures are subject to intrinsic limitations, due to the nature and methods used for calculation, sampling or value estimation purposes, which are subject to individual assumptions and criteria.

We have not carried out any task out of the agreed-upon scope. Therefore, our opinion is only limited to the selected and reviewed sustainability information.

### 4. Opinion

Based on the tasks performed within the scope described in this report, nothing has come to our attention that would lead us to believe that Arcor Group's Sustainability Report for the period commenced on January 1, 2021 and ended on December 31, 2021 has not been prepared, in all material aspects, in accordance with the guidelines of the GRI standards, or that the performance information and indicators included therein contain material inconsistencies with the records and files used as basis for its preparation.

Rosario, March 10, 2022

CPA Marcelo Navone  
Partner

<sup>1</sup> Grupo Arcor is a multinational organization. In this report, general references to Arcor Group mean all business activities carried out both in Argentina and at a global level.



# Coordination

## General Coordination:

### Corporate Sustainability Management Division

In case of any query or suggestion, please contact us through [sustentabilidad@arcor.com](mailto:sustentabilidad@arcor.com)

## 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 Institute in Brazil; Agricultural Management Division at La Providencia Sugar Mill; Human Resources Corporate Management Division; Corporate Management Division; Public Affairs and Media Relations Corporate Management Division; Internal Audit Corporate Management Division; Compensation Corporate Management Division; Corporate Management of Institutional Communication and Marketing Services; Control and Investment Management Corporate Management Division; Labor Relations Corporate Management Division; Human Resources Planning Corporate Management Division; Labor Relations Corporate Management Division; Asset Protection Corporate Management Division; Medical Service Corporate Management Division; Purchase Corporate Management Division; MAHPI Corporate Management Division; Argentina Compensation Management Division; Branch

Consolidation and Administration Management Division; MAHPI Control Management Division; Industrial Food Legislation Management Division; Argentine Logistics Management Division; Marketing Management Division - Andean Region; Community Relations Management Division; Food Safety Management Division; Company Management Division; Sustainability Management Division; Transformation Management Division; Peru Branch Management Division; Arcor Brazil National Sales Management Division; Arcor Chile National Sales Management Division; MAHPI Regional Management Division; Agribusiness Development Head Office; Human Resources Development Head Office; Nutritional Development Head Office; and SGI Head Office of Argentina Logistics Management Division.

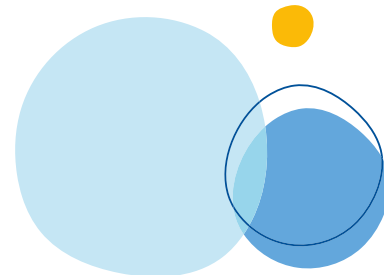
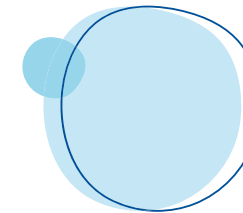
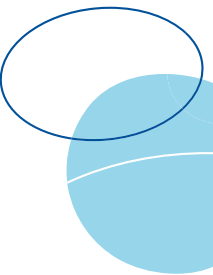
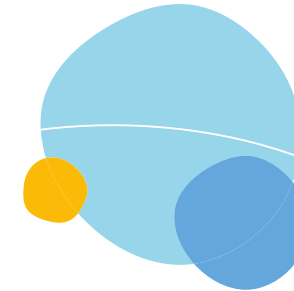
## Creative Work, Design, Contents and Production:

Corporate Management of Institutional Communication and Marketing Services

**Tholön Kunst** - [www.tholon.com](http://www.tholon.com)

## Technical Assistance:

**Crowe Argentina** - [www.crowe.com](http://www.crowe.com)





[www.arcor.com](http://www.arcor.com)