

SUSTAINABILITY
REPORT

2019





Moderna Alimentos S. A.
(102-1)

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(102-14) (102-15)

During 2019, Moderna Alimentos S.A. consistently managed to address its four priority areas of management: People, Product, Planet and Acknowledgments. This management, multiple in all aspects, should had been an adequate response and indeed it was, to a cyclical and normal development, as well as creative and brave on the threshold of the unexpected and anomalous, as were the events in October of this year.

In 2019, Moderna Alimentos generated more than seven hundred direct jobs and 2,892 indirect jobs. 98.16% of the workforce received more than 14 thousand hours of training to reinforce their knowledge and aptitudes, as well as for its personal and self-esteem growth.

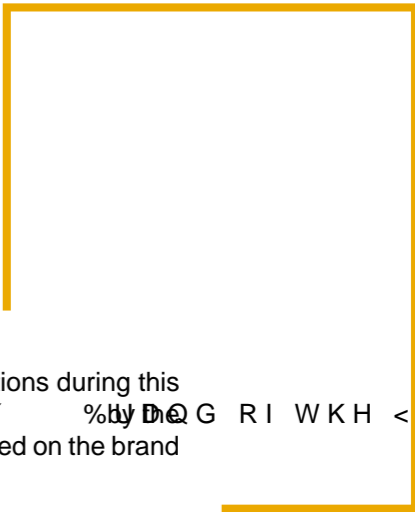
It is fulfilling to share that, 15% of employees contributed with 1,885 volunteer hours which benefited 118 children, more than a thousand elderly and three families of our employees. In Colta county, in the Community Development Center Ñukata Kuyay that the company sponsors, 121 children acquired new abilities and strengthened their character through workshops: Music, Painting, Encuentro con la Palabra and Jugando con Números.

Through our Cultiva Program, the company acquired more than 2,900 tons of national wheat. This quantity represents 37% of the national wheat harvest destined for the milling industry. Through the program, Moderna benefitted 401 farmers in Ecuador both with the purchase of their wheat and with assistance in sowing and harvesting.

During 2019, we worked seamlessly across areas to achieve \$158.5 million in sales which represents 5.01% growth compared to 2018.

This year, we invested more than \$7,3 million in innovation and development of our production plants. With that, we want to ensure the continuity of nutrition and the exceptional quality of our products. We also incorporated ingredients rich in fiber, vitamins and minerals to contribute to the nourishment and health of families, and launched eight new products in the Industrial business, three in the Packaged Bread business, and four in the Packaged Flour and Premix businesses. In 2019, we launched a total of 15 new products of outstanding quality for our customers. We are proud to claim that 89% of our portfolio has green and yellow light indicators, without any red one as ranked by the Ecuadorian food traffic light system. This means that, the total content of sugar, salt and fat is lower than 15%, 0.6% and 20%, respectively. Furthermore, 100% of our production plants have quality certifications like: GMP, HACCP, FSSC 22000 and "Sellos de Calidad INEN".

In Moderna, we have managed to keep pace with the care, appreciation and esteem for nature and our planet. Over the past year, we reduced our energy intensity by 9.7% vs 2018 through the incorporation of technological tools to optimize production. We delivered 93,000 kg. of recyclable materials to qualified local waste processors and adequately managed 6,777 kg of hazardous waste.



Our outstanding quality products were granted important distinctions during this year. Our YA Brand received WKH UHF RJQLWLRQ %by DQG RI WKH <HDUμ Kantar World Panel National Award. This award was granted based on the brand valuation, market research and direct rating from the public.

Our 3DQHWRQH 3DFDUL UHFHLYHG two gold stars for the best flavor by the Superior Taste Awards, organized by the International Taste Institute in Brussels.

Additionally, Moderna received four "Puntos Verdes", Environmental National Certification, for the implementation of Clean Production Projects, focused in energy efficiency and control; optimization of packaging materials; by-product generation and proper waste management.

I want to conclude this message by pointing out that, all the efforts we do in Moderna are reflected in our \$\$\$ 5DWLQJWKH VHFxULWLHV DQG H[FKDQJH PDUNHW LQ which Dabates the excellent capacity of capital and interest payment in the agreed terms and deadlines, as a solid, capable, responsible and sustainable company.

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&KLHI ([HFXWLYH 2IILFHU



Moderna
Alimentos S. A.



Moderna Alimentos

(102-2) (102-5)

We are an Ecuadorian¹ food company that, for 110 years, has contributed to the development of the country through a sustainable model that generates a comprehensive well-being to all its stakeholders.

Location

(102-3) (102-4)

We have activities in nine cities of the country; seven production plants and eight distribution centers from where we dispatch our products, nationwide.



Geographic Coverage

Location	Packaged Bread Plant	Mills	Pasta Plant	Extruder Plant	Distribution Center
Manta		📍			📍
Cajabamba		📍			📍
Cayambe		📍	📍		📍
Quito*	📍				📍
Calderón					📍
Amaguaña				📍	
Guayaquil					📍
Santo Domingo de los Tsáchilas					📍
Cuenca					📍

* Headquarter

¹ Our share capital has a 51% of national participation and 49% of foreign participation, with natural and legal persons. (102-5)

Relevant figures 2019

PEOPLE

707 direct employment
2.900 indirect employment.

14,106 hours of professionalization & training for employees.

More than \$144,000 of social investment in vulnerable sectors.

104 active corporate volunteers
1,885 volunteer hours.

2,292 people benefited through our CSR programs.

More than 25,000 kg of food donated to 26 foundations nationwide.

PRODUCT

AAA Rating in the securities and exchange market in Ecuador.

Panettone Pacari awarded two gold stars for the "best flavor" by the International Taste Institute.

7 out of 10 customers recommend our products; Net Promoter Score: 78,95%.

YA Brand recognized a s #1 brand in ecuadorians' households by Kantar World Panel

PLANET

9.7% reduction in energy intensity in relation to 2018.

4 Ecuadorian Environmental Certifications "Punto Verde" in our Manta and Cajabamba mills.

6,777 kg of hazardous wastes properly managed.

5,000 kg of waste collected during environmental cleanup days.

Our brands and products

(102-2)

We develop and offer high quality products that comply with national and international standards which nourish and delight our consumers.



B2C: CONSUMER BUSINESS UNITS

This business unit include those products that are purchased by the final consumer such as: packaged flours, packaged breads, noodles, pasta, premixes and oats produced under high quality standards, endorsed by the reached certifications.

B2B: INDUSTRIAL BUSINESS UNIT

We produce the best bakery flours in the market: whole-meal, pastry, biscuit and for pastas; with a selective mixture of wheat grain technically processed with machinery and equipment of the latest technology under strict quality standards.

Our flours have nutritional components such as: proteins, vitamins B1, B2, B3, folic acid, iron and fiber.



MAIN PRODUCTS	2019 HIGHLIGHTS
<ul style="list-style-type: none"> PaniPlus Flour Galli Top Flour Estrella de Octubre Flour Tomebamba Flour Manta Especial Flour Trébol Rojo Flour Súper Panadera Flour 	<p>NPS²: 79,85 %</p>

²NPS: Net Promotor Score.

YA BUSINESS UNIT: PACKAGED FLOURS, PREMIXES AND OATS



MAIN PRODUCTS	2019 HIGHLIGHTS
<p>Packaged Flours:</p> <ul style="list-style-type: none"> YA Flour with baking powder YA Flour without baking powder <p>Corn Flour</p> <ul style="list-style-type: none"> YA Yellow Corn Flour <p>Premixes</p> <ul style="list-style-type: none"> Chocolate cake, Vanilla cake, Orange cake, Red Velvet cake, Pancake, YA Vanilla whipped cream <p>Oats</p> <ul style="list-style-type: none"> Oats Flakes 	<p>Recognized as the # 1 brand in the flour category for the 5th consecutive year according to EKOS Magazine.</p> <p>Absolute leaders in the category of packaged flours (63% of Market Share)</p>

PACKAGED BREAD BUSINESS UNIT

The combination of ingredients makes our packaged bread line exquisite. The key of our flavor is the texture, softness and fusion of ingredients with unique recipes.



MAIN PRODUCTS	2019 HIGHLIGHTS
<p>Benefit Line</p> <ul style="list-style-type: none"> • Rye and Linseed Bread • Collagen Bread • Chia and Green Tea Bread <p>Gourmet Line</p> <ul style="list-style-type: none"> • Brioche Bread • Apple and Macadamia Bread • Nuts and Blackberry Bread • Red Fruits and Almonds Bread <p>Family Line</p> <ul style="list-style-type: none"> • White Sandwich Bread • Whole-meal Bread <p>Kids Line</p> <ul style="list-style-type: none"> • Chocopan Bread • Caramelized Milk Bread <p>Fiesta Line</p> <ul style="list-style-type: none"> • Hot Dog Bread • Burgers Bread <p>Artisanal Line</p> <ul style="list-style-type: none"> • Artisanal White Bread • Artisanal Brioche Bread <p>Panettone Moderna Pacari</p>	<p>Two gold stars for the best flavor in the Superior Taste Award event, organized by the International Taste Institute (ITI) in Brussels, a world leader in evaluations and certifications of products in the food industry.</p> 

PASTAS BUSINESS UNIT

The pasta products are manufactured in our own semolina mill which has the versatility to make Premium pastas with perfect consistency, absorption and color. We focus on providing delicious and nutritional options, elaborated with 100% Durum wheat semolina.



MAIN PRODUCTS	2019 HIGHLIGHTS
<p>Cayambe Line</p> <ul style="list-style-type: none"> • Tagliatelle • Angel Hair • Rotini • Farfalle #3 • Fettuccine • Small Farfalle • Children's line 	<p>Brand positioning, with its new concept: "Tailored to your life". We adapt to consumer demands, with yielding, cheap and quick-to-cook products that save time and money.</p>
<p>Whole-wheat Santorino Pasta</p> <ul style="list-style-type: none"> • Spaguetti #5 • Fusilli <p>Original Santorino Pasta</p> <ul style="list-style-type: none"> • Spaguetti #5 • Penne Rigate #73 • Fusilli 	<p>Brand positioning through social networks, with the slogan: "Less time in the kitchen, more time with your friends / family / more adventures / etc.".</p>



Economic performance

(102-7) (102-10) (102-45) (201-1) (103-3)

We contribute to social and economic development through the payment of obligations generated by the company's activities in accordance with current Ecuadorian legislations.

We promote equal opportunities and encourage the hiring of local suppliers and contractors.



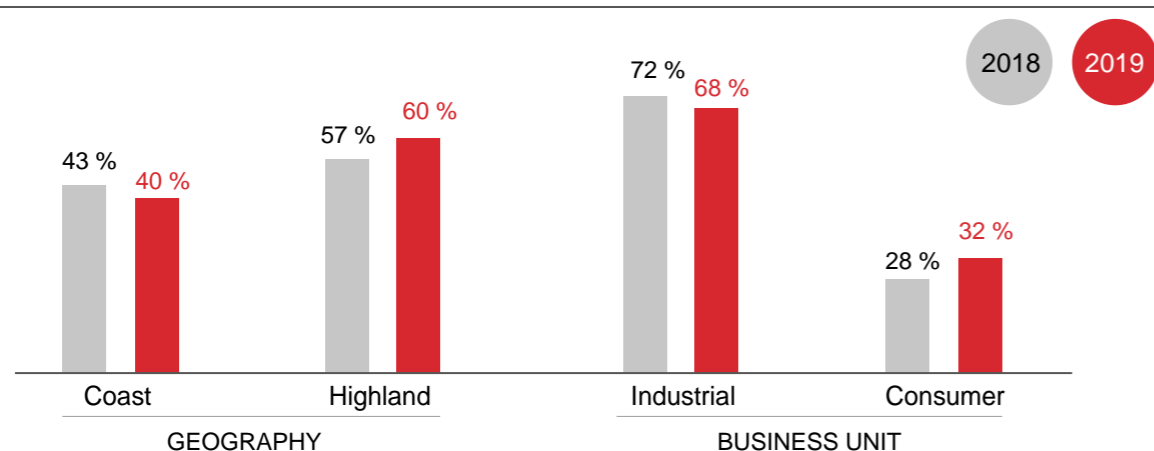
We invest in projects with significant impacts for the development of the communities in our areas of influence.

The results of these reports, declarations and annexes are publicly accessible as these have been presented to different regulatory agencies as well as to external users (e.g. financial entities).

Markets served

(102-6)

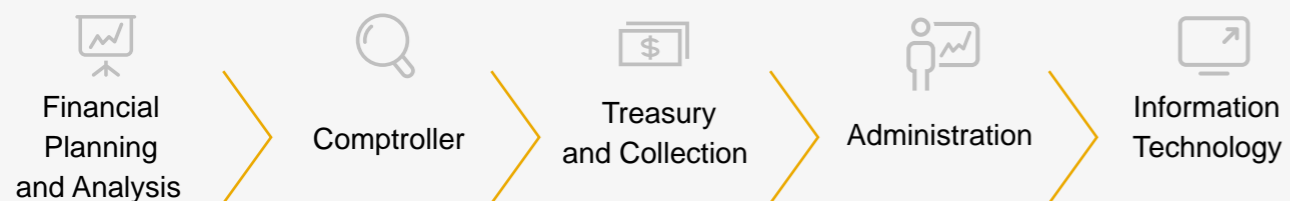
Sales Breakdown



Financial management

(103-1) (103-2)

During 2019, the area updated its management model, restructuring itself in five subareas which act as key management pillars:



Financial management

(102-7)(201-1)

Item (USD)	2017	2018	2019
Net Revenue	147'467.190	150'981.086	.
Operating Expenses	117'912.817	121'866.702	127'254.240
Employee Wages and Benefits	18'820.583	18'435.893	.
Financial Expenses	1'779.821	1'349.431	752.700
Payments to government	3'140.640	3'132.602	4'348.101
Community Investment	249.836	206.861	144.799
Retained economic value (according to the formula "direct economic value generated" minus "distributed economic value")	5'563.493	5'989.597	.

In 2019, we increased the share capital by 5.01% compared to 2018.

Support to vulnerable sectors

(102-13)

In 2019, we invested \$144,799 in the implementation of projects with a sustainable approach as detailed below:



Cultiva program:

We promote the production of national wheat, contributing to the development of agriculture and the value of farmers' work with the generation of better income for their families.



Ñukata Kuyay - Cajabamba:

We operated the Community Development Center located in Colta county, designed to strengthening the intellect and character of 120 boys and girls.



Corporate Volunteer:

We implement actions that improve housing conditions of our employees, promote the wholesome development of boys and girls, improve the quality of life of the elderly and promote environmental care.



Donations:

Contribute with the nourishment of more than 2,200 people, from 26 foundations in: Quito, Cayambe, Riobamba, Manta, Cuenca and Guayaquil through the donation of our products.



Entrepreneurships:

We contribute with the technical and economic development of vulnerable sectors in the locations where we operate with the generation of ventures that are inserted in our chain value.

Representative investments

(203-1)

2019 investments were focused on the innovation of materials, processes optimization, reduction of environmental impacts and mitigation of occupational risks.

The main investments were in: machinery, facilities, computer equipment, land and vehicles for a total of \$7'328,393.



Building positive relationships

(102-12) (102-13)

We actively and voluntarily participate in ³:

- Human Management Association of Ecuador.
- Ecuadorian Millers Association.
- Food and Beverage Manufacturers National Association.
- Ecuadorian-American Chamber of Commerce.
- Italian Chamber of Commerce in Ecuador.
- Chimborazo Chamber of Industry.
- Ecuadorian-German Chamber of Commerce and Industry
- The Official Spanish Chamber of Commerce and Industry in Quito
- Ecuadorian Social Responsibility Consortium
- Ecuadorian Federation of Exporters
- United Nations Global Compact - Global Compact Network Ecuador



In order to strengthen our sustainability strategy, we are part of the Ecuadorian Social Responsibility Consortium (CERES) which brings together companies and organizations that promote the concept and practices of social responsibility in Ecuador.



Since 2018, we have been part of the United Nations Global Compact - Global Compact Network Ecuador, the world's largest alliance in favor of sustainable development.



In 2019, we were part of the working groups of the SDG 1: "End of Poverty", and of SDG 8: "Decent Work and Economic Growth", part of the national initiative "Leaders for the SDGs" aimed to share sustainable good practices and to generate synergies through joint work between public and private organization in order to achieve the 2030 Agenda's goals

As a signatory member of the United Nations Global Compact, we generate a Progress Report which shows evidence and transparency of the commitment and progress made by Moderna Alimentos in the implementation of the Ten Principles of the Global Compact.



³In these organizations we do not hold positions in government bodies, the collaboration provided is through the payment of annual memberships. (102-13)



| Sustainability



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