



SUSTAINABILITY REPORT 2020





Moderna Alimentos S. A.
(102-1)

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Report, write to us at:

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(102-53)



We elaborate this material in digital format in accordance with our vision of being the company more sustainable and innovative of Ecuador and framed in our protection principles and environmental care.





José Luis Vivar Zambrano
Chief Executive Officer
Moderna Alimentos S.A



OFFICER LETTER CHIEF EXECUTIVE

(102-14) (102-15)

2020 will remain in history as the year full of events that redefined the world. The pandemic changed businesses and its operational environment in different ways. It was a year full of challenges and opportunities that allowed us to learn and bring out the best of us to grow.

When I think about 2020, the first word that comes to my mind is resiliency. Our coworkers portrayed an extraordinary capacity to overcome challenging circumstances.

They quickly adapted to this new environment to support our business and our communities. Their determination to fulfill and surpass previously set financial and business objectives was evident and always guided by our mission to be part of the nourishment and wellness moments of the Ecuadorian families.

Sustainability and Social Responsibility

Our environmental, social and corporate social responsibility objectives are implicit in our essence. The CSR agenda has been, is and will always be, essential in everything we do.

Our Sustainability strategy focused on People, Planet and Product; recognizes and integrates the UN Global Compact principles in the areas of human rights, labor, environment and anti-corruption.

In the times of greatest upheaval and aligned to the commitment of being a socially responsible company, we determined to take good care of our clients and support communities nearby our productions plants.

The company provided food to 99.354 families in different places of the country and worked along five social welfare institutions, promoting the development of projects that support various groups of vulnerable people.

Continuing our deep commitment to the environmental management agenda, 100% of our pasta is manufactured with non-polluting clean energy, equivalent to 27% of the total company's electricity consumption which avoided the creation of 2,092.57 tons of CO₂.

Likewise, 5.1% of energy intensity was reduced compared to 2019 by obtaining efficient equipment installing LED lightning and launching an awareness campaign about the proper use of energy resources.

In 2020, we obtained awards endorsing our sustainable management. We were granted the 2020 Company Committed to Social Responsibility LATAM by CEMEFI, the only Ecuadorian company from the food industry sector and one of the seven nationwide, to obtain this distinction; Innovative and Sustainable Practice by Corresponsables (Spain) given to our Cultiva Program for promoting national wheat production for 10 years; and Good Practice to Sustainable Development by Global Compact (Ecuador) due to our EMPRENDE program.

Our People

Our priority has always been safeguarding the security and well-being of our employees. The company implemented teleworking and flexible work shifts with the administrative staff, using digital tools, changing attendance protocols and considering international recommendations about social distancing, sanitation of areas and maximum capacity of people.

Biosecurity protocols in the production plants and distribution centers were strengthened to ensure the protection of our frontline manufacturing workers: logistics and salesforce staff.

A Rapid Covid test recurring monitoring program was implemented and biosecurity kits were provided to workers. Private transportation, medical and psychological assistance, and training about health and protection in the work-family environment was also given.

Business and Operations

During 2020, the company continued its commercial and manufacturing operations. We implemented new service models and enhanced our supply chain to respond quickly and promptly to consumers. The company strengthened its relationship with supermarket chains and key customers; and accelerated the development of mass distribution channels, guaranteeing access to and availability of our products.

The company responded to consumers and customers' expectations with six new products from our industrial and consumer businesses units. The YA brand was ranked, for the sixth consecutive year, as the #1 brand in the flour category according to EKOS study, confirming our leadership in this segment.

In 2020, we implemented the new SAP S/4 HANA integrated management system aligned to our digital transformation roadmap, to be at the forefront in information systems and decision making.

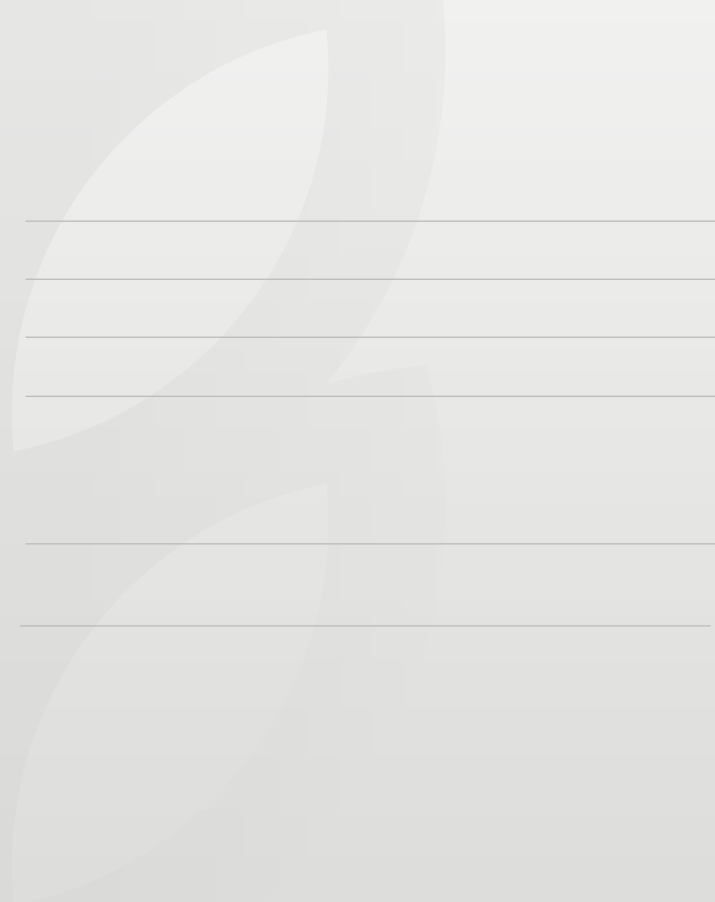
We remain committed to our consumers, clients, shareholders, regulatory entities, workers, communities and the environment. These are times of transformation and we are determined to face these with the best of our work.

I invite you to learn more about the company's management through our 2020 Sustainability Report.

01



**WE ARE
MODERNA ALIMENTOS**





MODERNA ALIMENTOS

(102-2) (102-5)

For 111 years, we have contributed to the nourishment of families, manufacturing and commercializing wheat-based products with the optimal combination of innovation, quality, technology and human talent in all the processes.

We are an Ecuadorian food company¹, with a sustainable management model that generates wellness for all its stakeholders and contributes to the country's development.

We are the biggest milling Company in the country!

LOCATION

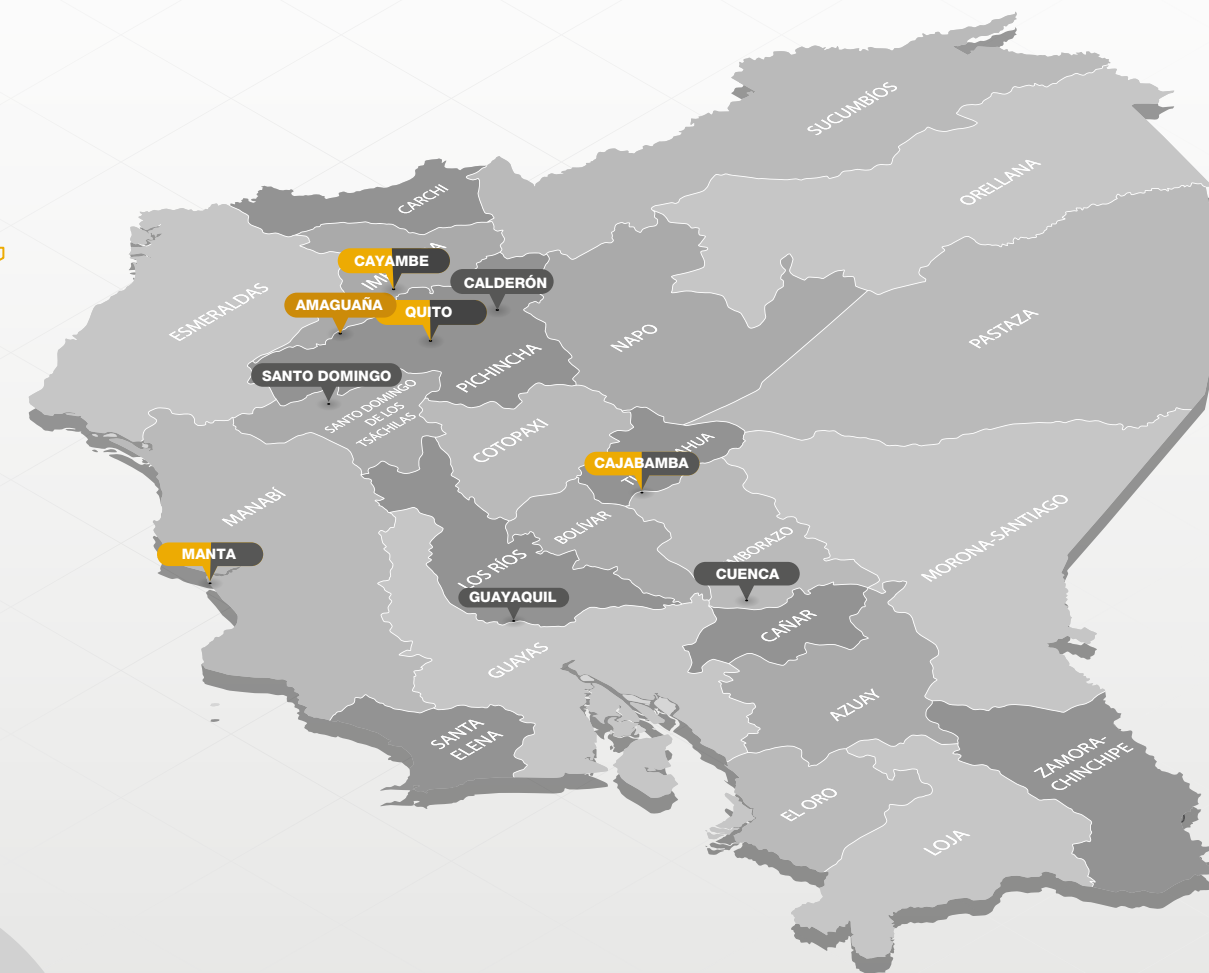
(102-3) (102-4)

We have activities in nine cities of the country. We have seven production plants and eight distribution centers to efficiently supply our products nationwide.

PRODUCTION PLANTS



DISTRIBUTION CENTERS



GEOGRAPHIC COVERAGE

Location	Packaged Bread Plant	Mill	Pasta Plant	Packaging Plant	Distribution Center
Manta		✓			✓
Cajabamba		✓			✓
Cayambe		✓	✓		✓
Quito*	✓				✓
Calderón					✓
Amaguaña				✓	
Guayaquil					✓
Santo Domingo					✓
Cuenca					✓

¹Our share capital has a 53,42% of national participation and 46,58% of foreign participation, with natural and legal persons. (102-5)

+1.000

bakeries subscribed in our platform Panaderías del Barrio

3

service channel and timely response for our customers during the pandemic.

8

digital campaigns to engage with the consumer during confinement.

100%

of our products are manufactured in certified production plants.

44

Sellos INEN guarantee the quality and safety of our products.

8 out of 10

customers recommend us.

73%

of local purchases to support the country's economy.

2.309

tons of national wheat purchased from 572 farmers.

Product

Planet

MAIN FIGURES 2020



179 mil

kg of food products given to 99,354 families in 37 cities of the country.

+300

households disinfected in communities nearby our production plants.

People

83.970

face mask and 1,004 biosecurity kits provided to employees, freight suppliers and their families.

100%

of virtual and face-to-face medical and psychological assistance for employees.

15

workshops to promote physical and mental health of employees.

+310

employees trained in computer tools to support their work.

1.600

biosecurity kits, care and handling product protocols provided to our customers.

\$50.000

to 5 social institutions benefited from projects to help them face the pandemic.

5,1%

reduction in energy intensity compared to 2019.

77%

of our forklift fleet is electric.

2.092

tCO₂ equivalent, not emitted to the environment by the use of self-generated renewable energy.

82.753

kg of recyclable material given to local waste managers.

100%

of our pasta is produced with self-generated renewable energy.

720

Environmental awareness campaign made through digital channels.

3 Punto Verde certifications for Manta production plant.

MINISTERIO DEL AMBIENTE Y AGUA



EMPRESA ECO-EFICIENTE

Eco-efficient Company certification for Cajabamba production plant.

OUR BRANDS AND PRODUCTS

In response to the needs of our customers and consumers, to the market and world trends challenges, we produce noble and wholesome products in compliance with national and international high-quality standards, to be part of the nourishment and wellness moments of people and promote healthy lifestyles.

We are committed to generating a positive impact on the nourishment and well-being of consumers, which

is why, during the health emergency caused by COVID-19, we designed products and services aimed to satisfy new markets' demand. We innovated product presentations: Flour YA 250 g and Oatmeal YA 100 g, designed for small families and those who suffered an income reduction. In addition, we implemented a new home delivery model such as Canal Hogar to guarantee the accessibility and availability of our brands.



B2B

INDUSTRIAL UNIT

We produce the best bakery flours: whole-meal, pastry, biscuit, and for making pasta; with a selective mixture of wheat grains processed with cutting edge technology and led by highly qualified personnel.

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

We create the best flours to meet customers' new demands and to offer them a high-quality product.

B2C

CONSUMER BUSINESS UNIT

We offer nutritional, versatile, easy and quick to prepare products. Our consumer business unit includes packaged bread, pasta, oats, premixes and packaged flour with high nutritional value.



PASTAS BUSINESS UNIT

MAIN PRODUCTS

Cayambe Line

Tagliatelle
Pipe Rigate
Rotini
Angel Hair
Elbows

Small Conchiglie
Farfalle #3
Small Farfalle
Spaguetti

Pasta Santorino Original

Spaguetti #5
Fusilli

Pasta Santorino Whole-wheat

Spaguetti #5
Penne Rigate #73
Fusilli

SUSTAINABLE PRACTICES

Environmentally friendly:

100% of our pasta is produced with self-generated renewable energy (clean energy).

Campaign "Cualquier dia van bien" (Any day goes well):

We shared different recipes of how to do healthy, fast, accessible, and delicious meals with our followers.

DIGITAL COVERAGE

Facebook page Fideos Cayambe:
30.543 followers and 9.000 monthly interactions on average.

Facebook page Santorino:
14.922 followers.



PACKAGED BREAD BUSINESS UNIT

MAIN PRODUCTS

Moderna Line

White and whole-meal bread
White and whole-meal
Sandwich Bread

Artisanal Line

Artisanal White Bread
Artisanal Brioche Bread

Gourmet Line

Honey and Bran, Oatmeal and
Bran Bread
Five-grain and seven-grain bread.
Apple and Macadamia Bread
Nuts and Blackberry Bread
Red Fruits and Almonds Bread

Benefit Line

Rye and Flaxseed
Bread

Kids Line

Chocopan Bread

Apanadura Doradita

Fiesta Line

Hot Dog bread, Burger's
bread

Rosquitas

Natural and whole-meal.

SUSTAINABLE PRACTICES

We support a balanced nutrition:

600 gram Whole-meal Bread contains 12% of fiber and 12% of protein of the daily values required for a healthy diet, in a single bread slice.

We extended the shelf life of our packaged breads:

Without adding preservatives, maintaining its flavor, quality, texture and nutritional value.

Campaign “Detalles que sorprenden” (Details that surprise) :

We gave more than 12,000 panettones in Quito, Guayaquil, Cuenca, Riobamba, Manta, Cayambe and Santo Domingo, for Christmas to 8,000 families.

Redesign of the Gourmet panettone packaging:

To improve product handling and avoid packing deformations.

DIGITAL COVERAGE

Facebook page Panes Moderna:
150.083 followers.



PASTAS BUSINESS UNIT

MAIN PRODUCTS

Cayambe Line

Tagliatelle
Pipe Rigate
Rotini
Angel Hair
Elbows

Small Conchiglie
Farfalle #3
Small Farfalle
Spaguetti

Pasta Santorino Original

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INDUSTRIAL UNIT

MAIN PRODUCTS

PaniPlus Flour
Galli Top Flour
Estrella de Octubre Flour
Tomebamba Flour

Manta Especial Flour
Trébol Rojo Flour
Súper Panadera Flour

SUSTAINABLE PRACTICES

Panaderías del Barrio:

As a response to the quarantine, we developed a free digital platform to facilitate the location and online sales for more than 1,000 bakeries nationwide, supporting the bakery owners to reactivate their business and deliver products to consumers.

Horneando por un sueño:

Reward program aimed to support and boost customers' businesses.

Orgullosamente Panificador:

To promote small businesses, we shared content about finance, profitability, marketing, among others through the fan page.

New presentations:

Estrella de Octubre Flour 5 kg
Gallitop Flour 10 kg

DIGITAL COVERAGE

Direct interaction with customers through our sales force.

3.181 followers in our Facebook page *Orgullosamente Panificador*.

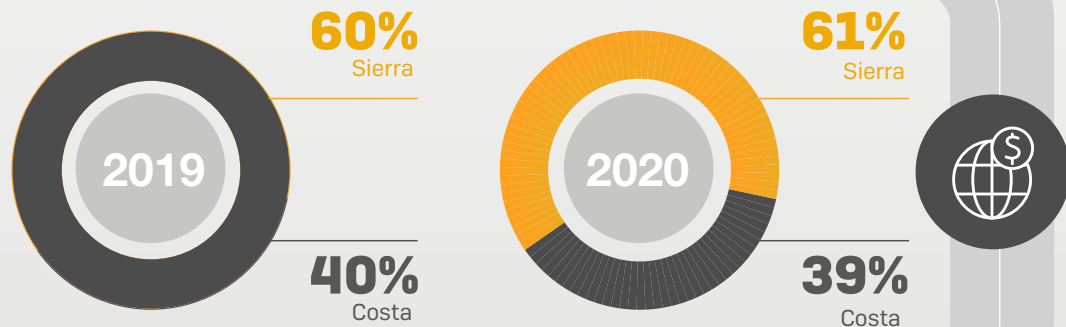


MERCADOS
A LOS QUE SERVIMOS
(102-2) (102-5)

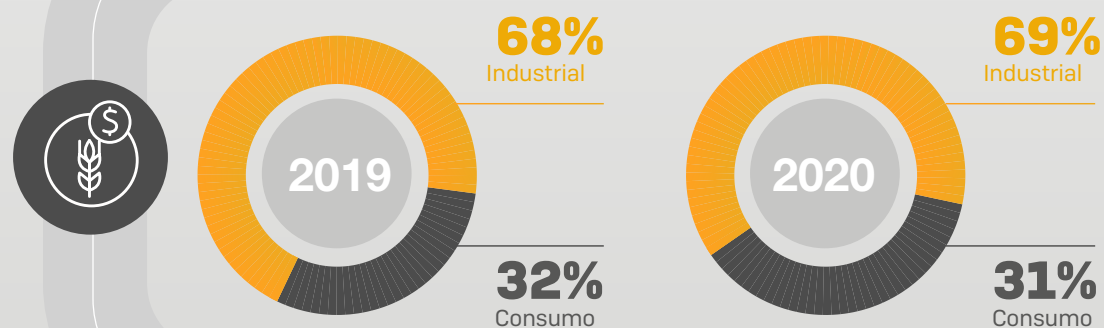
DESGLOSE DE VENTAS



GEOGRÁFICO



LÍNEA DE NEGOCIO



DESEMPEÑO
ECONÓMICO

(102-7) (102-10) (102-45) (201-1) (207-1) (207-2) (207-3) (207-4)

Garantizamos la sostenibilidad del negocio y nuestra permanencia en las localidades donde operamos, mediante la ejecución de un modelo económico exitoso y un confiable manejo financiero, con estándares técnicos (IFRS/US-GAAP) y cumpliendo el marco regulatorio aplicable.

Empleamos metodologías como Rolling Estimate y Forecast para asegurar la correcta toma de decisiones estratégicas y operativas del negocio.

Aportamos al desarrollo económico y social del país, a través de:

- + Generación de empleo directo e indirecto para empleados, proveedores, transportistas, contratistas y profesionales en servicios.
- + Cumplimiento de las obligaciones generadas por la operación de la empresa, de acuerdo a la legislación ecuatoriana vigente.
- + Implementación de proyectos sostenibles para el desarrollo de sectores vulnerables en las localidades donde operamos.

DESEMPEÑO ECONÓMICO MODERNA ALIMENTOS (USD)

Detalle	2018	2019	2020
Ingresos	150'961.086	158'524.268	165'750.297
Gastos operativos	121.866.702	127.254.210	130'736.402
Sueldos y prestaciones de los empleados	18'435.893	19'789.269	19'184.724
Pagos a los proveedores de capital	1'349.431	752.700	1'047.730
Pagos a gobiernos	3'132.602	4'348.361	4'292.851
Inversión social en comunidades	206.861	144.799	136.205
Valor económico retenido	5'989.597	6'305.609	10'365.534

Las cifras corresponden a los estados financieros de la compañía, revisados internamente y verificados por una firma de auditores externos e independientes. Los resultados de los informes, declaraciones y anexos son de acceso público y presentados a los organismos de control como la Superintendencia de Compañías, Valores y Seguros; y a usuarios externos, como las entidades bancarias con quienes trabajamos.

Moderna Alimentos no recibe financiamiento por parte del Gobierno Nacional.

En 2020 incrementamos el capital social en un 4,55%, con relación a 2019.



INVERSIONES REPRESENTATIVAS

(203-1)

Enfocamos las inversiones en optimizar la operatividad de los procesos, reducir los impactos ambientales, mitigar los riesgos laborales y garantizar la calidad de los productos; lo que nos permitió gestionar oportunamente los requerimientos de clientes y consumidores.

Destinamos **USD 2'011.213** principalmente en: maquinaria productiva, equipos de cómputo y de oficina, adecuación de instalaciones y adquisición de instrumentos de laboratorio.



Emprendimientos:

Generamos acciones ancladas a nuestra cadena de valor, que permiten a sus participantes acceder a fuentes de trabajo estables.



Donaciones:

Contribuimos a la reducción del hambre de personas en situación vulnerable, a través de la dotación de nuestros productos.

INVERSIÓN SOCIAL

En 2020 invertimos voluntariamente más de **USD 108.800** para la ejecución de programas que aporten al progreso y mejora de la calidad de vida de las comunidades donde operamos. Nuestra propuesta de valor se basa en cinco programas permanentes:

Programa Cultiva



Fomentamos la producción de trigo nacional, aportando al desarrollo del agro, y la generación de mejores ingresos para los agricultores.

Ñukata Kuyay - Cajabamba:



Promovemos la formación integral de los niños del cantón Colta en el Centro Ñukata Kuyay, fortaleciendo su carácter y conocimientos.

Voluntariado corporativo:



Implementamos acciones para mejorar la calidad de vida de las personas y fomentar el cuidado ambiental, con la participación de nuestros empleados.

Aware of the adverse effects caused by the COVID-19 in vulnerable sectors, we granted USD 50,000 to 5 foundations nationwide for the development of the following projects:

- + **Cecilia Rivadeneira Foundation (Quito)** ▼

Furnished a temporary shelter for children with catastrophic diseases to provide them a safe place to stay and allow them to continue their treatment without worrying about the lack of resources.
- + **Fe y Alegría Foundation (Quito)** ▼

Granted 25 scholarships to children in rural areas, from low-income families that do not have the necessary resources to invest in education.
- + **Hogar Padre Saturdino López (Penipe)** ▼

Donated hospital beds for the palliative care area, providing the elderly a good care.
- + **Casa de la Caridad (Penipe)** ▼

Provided materials that facilitated the construction of an isolation area for Covid-19 patients and part of the security fence of the institution.
- + **El Rostro de Jesús Foundation (Manta)** ▼

Obtained machinery and supplies for the implementation of a shoe and orthopedic insoles factory, products that will be sold at low cost for low-income people.

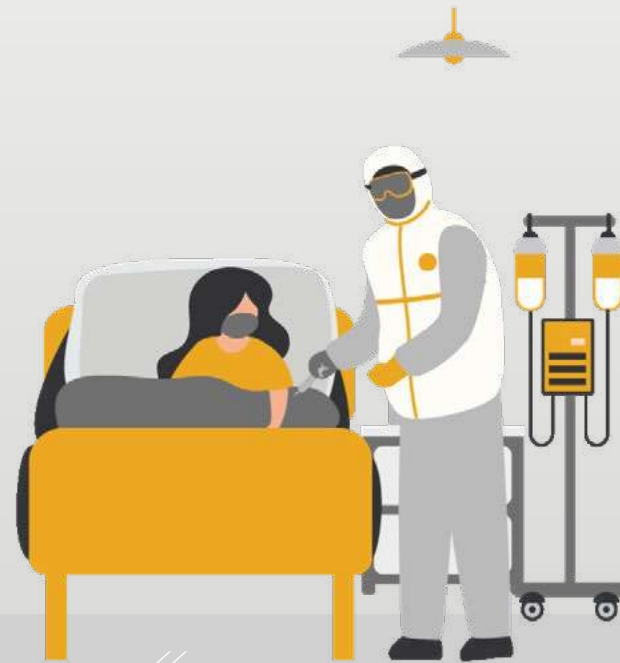


ALLIANCES FOR DEVELOPMENT

(102-12) (102-13)

Aware of the importance of alliances to address the industry challenges, we actively and voluntarily participate in different institutions and chambers with which we have objectives in common.

Additionally, we made periodic donations to serve the communities most in need, benefiting more than 99,000 families by providing 178 tons of nutritional products made from wheat, for an estimated amount of USD 235,317.



- + Human Management Association of Ecuador (ADGHE)
- + Ecuadorian Millers Association (ASEMOL)
- + Food and Beverage Manufacturers National Association (ANFAB)
- + Ecuadorian-American Chamber of Commerce (AMCHAM)
- + Italian Chamber of Commerce in Ecuador
- + Ecuadorian-German Chamber of Commerce and Industry (AHK)
- + The Official Spanish Chamber of Commerce and Industry of Quito
- + Ecuadorian Social Responsibility & Sustainability Corporation (CERES)
- + Ecuadorian Federation of Exporters (FEDEXPOR)
- + United Nations Global Compact – Ecuador Network

In addition, to strengthen our commitment and promote sustainability in the country, we joined various global and local initiatives:

- + **Ecuadorian Social Responsibility & Sustainability Corporation (CERES)** ▼

Network composed by public and private companies, business foundations and civil society organizations, committed to social, environmental and economic sustainability.
- + **United Nations Global Compact – Ecuador Network** ▼

The world's largest alliance for sustainable development.

In 2018, we joined the Global Compact Network to strengthen our commitment to society, support the projects implemented in the organization and undertake new challenges and opportunities that allow us to achieve holistic development.

In 2020, CERES and UN Global Compact – Ecuador Network monthly published our sustainable practices through their communication channels.

OUR CONTRIBUTION TO THE FULFILLMENT OF THE SUSTAINABLE DEVELOPMENT GOALS

As a signatory member of the United Nations Global Compact, we reaffirm our support for its Ten Principles in the areas of human rights, labor standards, environment, and the fight against corruption. Likewise, we ratify the commitment to contribute to the fulfillment of the 17 Sustainable Development Goals (SDG) of the 2030 Agenda. We analyze how the corporate strategy is aligned and contributes to the fulfillment of the SDGs goals.

Our value chain influence and contribute to 11 SDGs.

OBJETIVOS DE DESARROLLO SOSTENIBLE

Contenido para cada ODS de la tabla

SDG

1 FIN DE LA POBREZA

Initiative

We generate more than 700 direct jobs and around 2,000 indirect jobs, among suppliers, contractors and service professionals.

SDG

2 HAMBRE CERO

Initiative

We contribute to the nourishment of 99,354 families impacted by the pandemic nationwide, by providing 178,837.93 kilograms of food products to 191 institutions

SDG

5 IGUALDAD DE GÉNERO

Initiative

We ensure equality in the work environment; In addition, we promote the empowerment and training of women in our areas of influence.

SDG

7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE

Initiative

We promote the self-generation and use of renewable energy in our processes, as part of the 2025 Agreement for Sustainable Energy.

SDG

8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO

Initiative

We support the creation of ventures in the communities where we operate. We implemented 5 projects in Cajabamba, Cayambe, Manta and Quito.

SDG

12 PRODUCCIÓN Y CONSUMO RESPONSABLES

Initiative

We improve the quality of life of the national wheat farmers and contribute to the agricultural-productive development of the country with our Cultiva Program.

SDG

10 REDUCCIÓN DE LAS DESIGUALDADES

Initiative

We contribute to the education and development of 120 children of Cajabamba, helping them to break out of social exclusion schemes and generate a life project in the Nukata Kuyay Center.

SDG

4 EDUCACIÓN DE CALIDAD

Initiative

We support the education and training of our employees. With the Secondary Education Program, we promote the continuity of their education.

SDG

3 SALUD Y BIENESTAR

Initiative

We promote a preventive health culture. The HSE area identifies and manages substandard conditions for safe work environments

Since 2019, we have been part of the Global Compact program: Leaders for the SDGs. Through working-groups for SDG 1 - SDG 7 and SDG 12, we seek to generate meaningful alliances and exchange good practices around sustainable development.



Initiative

We develop activities for the protection and care of the environment; We have 8 Punto Verde certifications and 1 as an Eco-efficient Company, for the implementation of clean production projects.

SDG

13 ACCIÓN POR EL CLIMA

SDG

14 VIDA SUBMARINA



WE ARE
SUSTAINABLE

2020
**SUSTAINABILITY
REPORT PROFILE**

(102-32) (102-48) (102-49) (102-50) (102-51) (102-52)
(102-54) (102-56)

We present our seventh Sustainability Report which contains relevant information on the social, environmental, and economic aspects of the 2020 fiscal period (January 1 to December 31).

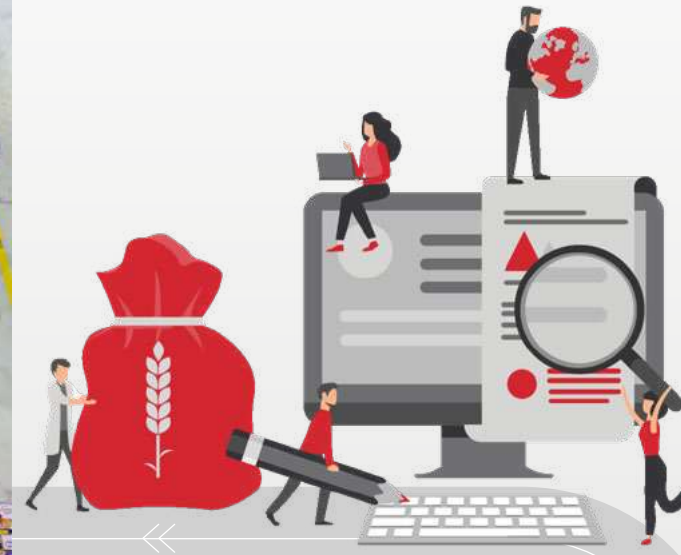
'This report has been prepared in accordance with the GRI Standards: Comprehensive option' and the GRI "Food Processing Sector Supplement"¹

To gather the published information, different areas of the company participated and, in each case, measurement techniques were used. The Report's management corresponds to the Corporate Social Responsibility (CSR) Director and is validated by the Chief Executive Officer.

This document was not submitted to an external verification. However, a

thorough and objective review of the content was made, and the principles requested by the GRI were applied.

It is worth mentioning that no restatements of information were detected compared to the 2019 report; Though, the material topics presented were updated through a participatory exercise with our main stakeholders and the organization's senior management.



REPORTING PRINCIPLES
**OF THE
SUSTAINABILITY
REPORT**

(101) (102-46) (102-47)

The content of this report was developed based on the principles requested by the GRI standards which are detailed below:

- ⊕ Stakeholder inclusiveness, a relevant element in the organization management.

- ⊕ Sustainability context in which the company operates, a triple management approach called "3P" (People, Product and Planet).

- ⊕ Materiality, the set of significant topics on which Moderna Alimentos reports its performance in the economic, environmental and social aspects; and which substantially influences in the evaluations and decisions of all its stakeholders.

- ⊕ Completeness with which this report is made.

Likewise, quality in the precision of the information, balance and clarity in the topics covered, comparability with previous years, reliability and punctuality in the contents of the report, were applied as specific parameters within the methodology.

¹ The final part of this report includes the GRI content index, with all the standards used and the content included is listed.

(102-55)

MATERIALITY ASSESSMENT

(102-29) (102-46) (102-47)

Every three years a materiality assessment is performed to identify and prioritize material topic of greatest relevance and influence for the company and its stakeholders. Once the topics are established, these are addressed and transversally implemented in all areas of the company; turning into the guiding axes of the sustainability strategy which is managed by all departments and communicated to the C-suite level.

At the beginning of 2020, the identification, prioritization, validation and revision of the material topics was made with an external consulting service company; by combining internal aspects such as corporate mission, vision and values, with the inclusiveness, relevance and responsiveness principles of the AccountAbility “Five Part Test” methodology.

The materiality assessment required the development of the following actions:

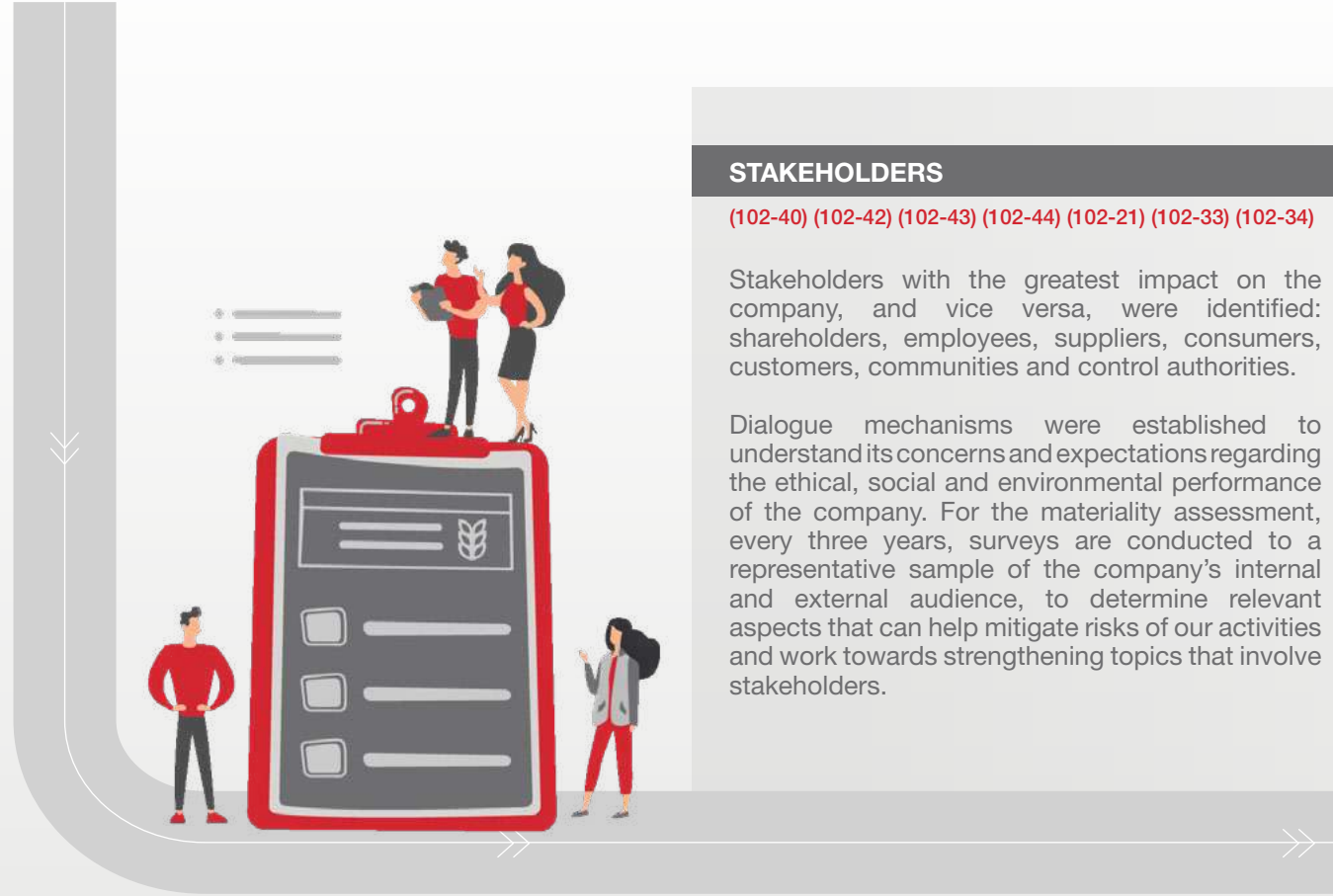
- + Selection of company’s relevant audiences and its sphere of influence, through the definition of a universe and a representative sample to participate in this exercise.

- + Participation of the C-suite Level to comprehend their interest regarding the business and the company while identifying important issues for their areas.

- + Generation of dialogues and surveys with internal (employees) and external stakeholders (suppliers, clients, consumers, community and authorities) to identify and prioritize their concerns and expectations of the company.

- + Tabulation of the internal and external stakeholder’s surveys.

- + Elaboration of the combined Materiality matrix, based on the company’s relevant aspects and its influence on stakeholders’ evaluations and decisions.



STAKEHOLDERS

(102-40) (102-42) (102-43) (102-44) (102-21) (102-33) (102-34)

Stakeholders with the greatest impact on the company, and vice versa, were identified: shareholders, employees, suppliers, consumers, customers, communities and control authorities.

Dialogue mechanisms were established to understand its concerns and expectations regarding the ethical, social and environmental performance of the company. For the materiality assessment, every three years, surveys are conducted to a representative sample of the company’s internal and external audience, to determine relevant aspects that can help mitigate risks of our activities and work towards strengthening topics that involve stakeholders.

More than 3,500 people participated in the materiality assessment through the implementation of 13 workshops, 13 interviews, 138 calls and 3,246 surveys.

Stakeholders can continuously share their concerns or key issues to the highest governance body for a proper management and response through our communication channels: digital or printed publications, contracts, letters, meetings, phone calls, emails, social networks, website and SOS-MODERNA call center line. Stakeholders with the greatest impact on the company, and vice versa, were identified: shareholders, employees, suppliers, consumers, customers, communities and control authorities.

These actions are described in the “**Materiality Management**” section.

The C-suite level actively participated in updating the Materiality assessment, to identify relevant aspects for stakeholders.



MATERIAL TOPICS

(102-47)

In March 2020, the materiality assessment concluded when the first COVID-19 wave started in the country and, as a result, there were changes in: consumption trends, work modalities, supply chain distribution and logistics, technology and biosecurity measures.

Based on working-groups, reports, articles and behavioral studies during the pandemic, 6 new aspects were added to the initial list of material topics; and again, the results were prioritized, validated and reviewed to obtain a materiality assessment that portrayed and addressed influential and relevant themes based on the post-pandemic new reality.

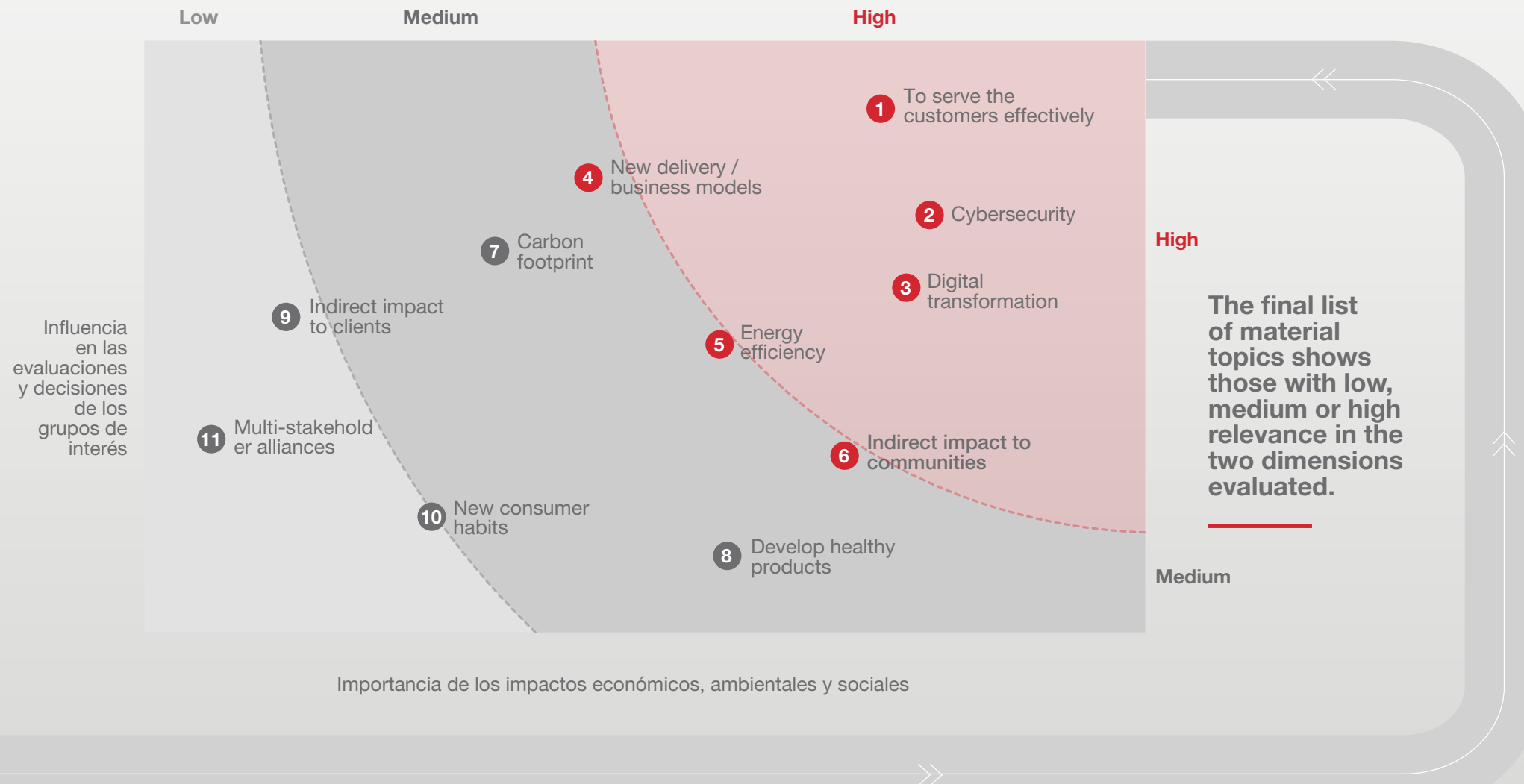
+ Materiality Matrix²

The results of the materiality assessment are presented below in a matrix that combines the two dimensions of the study: Internal, includes relevant aspects for Moderna Alimentos (abscissa axis) and External, which identifies the influence of these aspects on stakeholder's decisions (ordinate axis).

²In the material topics, no limitation has been identified.

2020 MATERIALITY MATRIX POST – COVID-19

No.	Material Topics	Relevance
1	To serve the customers effectively	High
2	Cybersecurity	High
3	Digital transformation	High
4	New delivery / business models	Medium
5	Energy efficiency	Medium
6	Indirect impact to communities	Medium
7	Carbon footprint	Medium
8	Develop healthy products	Medium
9	Indirect impact to clients	Low
10	New consumer habits	Low
11	Multi-stakeholder alliances	Low



High

The final list of material topics shows those with low, medium or high relevance in the two dimensions evaluated.

Medium



OUR SUSTAINABILITY STRATEGY

To determine our sustainability strategy, we consider three sources of reference:

Source 1: Corporate Philosophy

- + **Mission**
"To be part of the nourishment and wellness moments of the families."
- + **Vision**
"To be the most innovative and sustainable food company in Ecuador".
- + **Corporate Values**
Excellence, Empowerment, Integrity, Pasion.

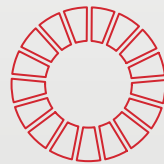
Source 2: Materiality

The materiality assessment identifies our stakeholders' concerns and expectations related to the economic, social and environmental performance of the company.

As a result of the 2020 assessment, we focused on 11 relevant topics to design our sustainability strategy.

Source 3: Sustainable Development Goals (SDG)

The 17 SDGs were incorporated into our business approach with the commitment to strengthen current and potential impacts that the company contributes to the 169 sustainable development goals through its value chain.



In our sustainable management model, the company works on 3 pillars:



People:

Improve quality of life of employees, suppliers and people in vulnerable situations in the communities where we operate.



Product:

Manage customers' expectations with quality and high nutritional products; as well as with an efficient service and distribution.



Planet:

Implement clean production initiatives aimed to efficiently use natural resources, mitigating our impact on the environment.



MATERIALITY MANAGEMENT

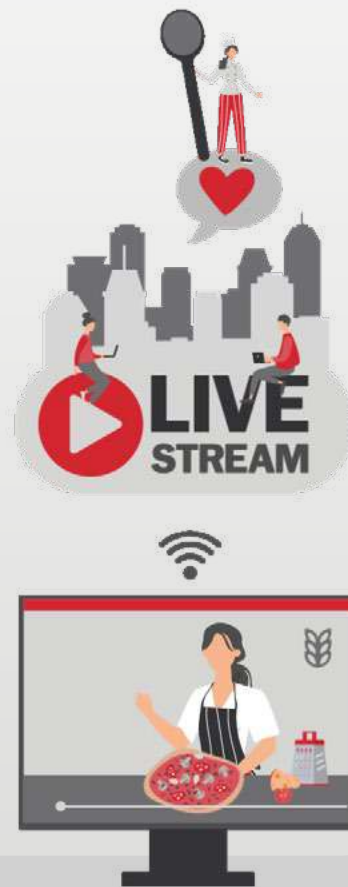
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The commitment of the C-Suite is necessary to integrate plans and programs that manage material topics and its interaction with stakeholders. The Directors (C-Suite Level) of each area are delegated by the CEO to manage the economic, social, labor and environmental concerns that relate to their division through the incorporation of innovative initiatives. Each member participates, in a regular basis, to seminars, forums, conferences and workshops to strengthen their knowledge and ensure an efficient sustainability management.



For each material topic, the description, objective group, related area and actions developed during 2020 are described below:

Material Topic	TO SERVE THE CUSTOMERS EFFECTIVELY
Description	Improve customer service effectively and efficiently, based on new expectations and needs, drawing from the analysis of data and information.
Related area	<ul style="list-style-type: none"> Commercial
Stakeholders	<ul style="list-style-type: none"> Customers Consumers Community
Material Topic Management	
B2C – Packaged Bread Business Unit:	
<ul style="list-style-type: none"> Redesigned Panettones packaging to improve product handling and avoid packaging deformation. 	
B2C – YA Business Unit:	
<ul style="list-style-type: none"> Supported consumers during quarantine through the following actions: <ul style="list-style-type: none"> Created a recipe booklet to download and share through WhatsApp. Live broadcasted how to make recipes of empanadas, pizza, homemade bread, crispy apples, and cakes for Mothers' day. Published practical and nutritional recipes on YAHazloNutritivo, YouTube Channel Created campaigns for: Birthdays, Fiestas Julianas, summer camps, graduations, homemade bread, pancakes, Christmas and others; with products, teepee tents, waffle makers and toasters as prizes. ios. Launched on-packs to improve consumers' shopping experience. 	
B2B – Industrial Business Unit	
<ul style="list-style-type: none"> Produced specialized flours based on the needs and requirements of the customers to elaborate unique and quality products. Provided personalized service to customers, between April and May, through 120 calls per week, to identify and manage their requirements with technical visits, donations and credit extensions. Supported the campaign “El pan es parte de tu vida” organized by ASEMOL to communicate the benefits of bread, share recipes and encourage its consumption. 	



Material Topic	CYBERSECURITY
Description	Create or implement technologies to safeguard and protect information (Big data, artificial intelligence, and e-procurement).
Related area	<ul style="list-style-type: none"> Finances, Administration & IT. Human Resources
Stakeholders	<ul style="list-style-type: none"> Shareholders Employees Customers
Material Topic Management	
Human Resources & IT:	
<ul style="list-style-type: none"> 110 employees from different areas strengthened their technological skills on subjects related to handling sensitive information through virtual workshops. Awareness campaigns to improve the good use of technology were conducted, and 2 webinars related to social engineering, network threats, cyber espionage and user protection, were given. Boosted cybersecurity levels, implementing technologies such as artificial intelligence (AI), machine learning and online monitoring. 	



3

Material Topic DIGITAL TRANSFORMATION

Description Implement automated and digitalized processes to increase efficiency and effectiveness.

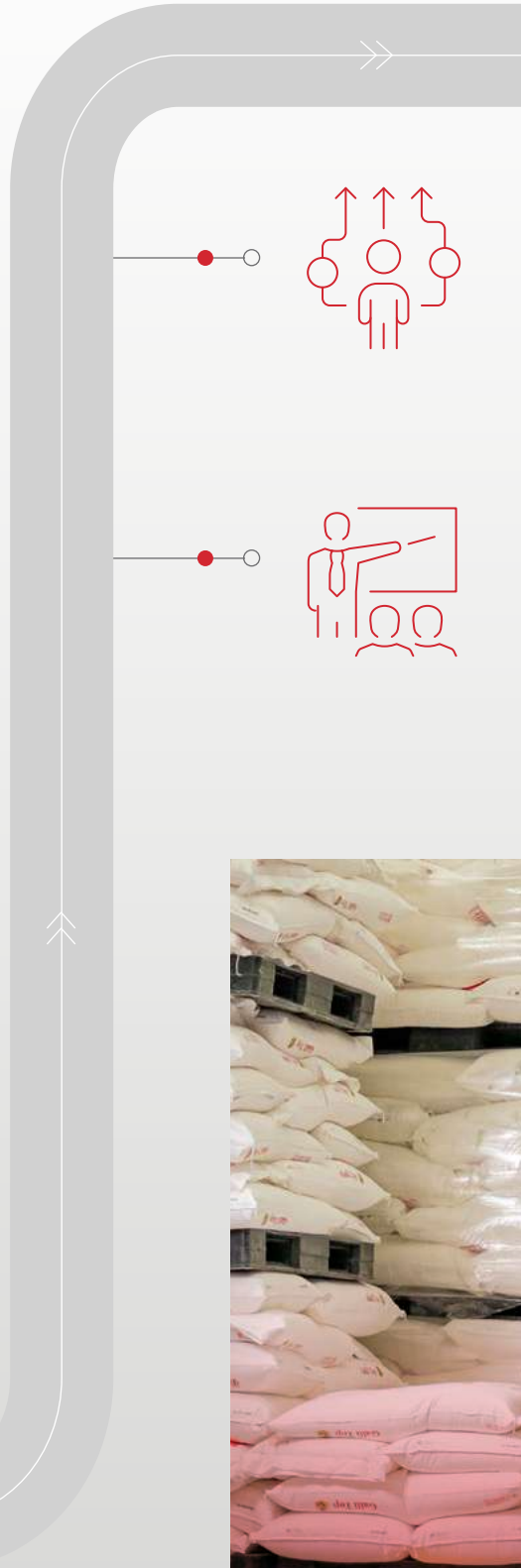
- Related area**
- Finances, Administration & IT.
 - Human Resources
 - Supply Chain & Operations
 - Commercial
 - Sustainability

- Stakeholders**
- Employees
 - Shareholders
 - Customers
 - Community

Material Topic Management

Human Resources & IT: ▼

- + More than 100 members of the salesforce participated in workshops about managing customer service tools, such as WhatsApp Business.
- + 200 employees received training about the computer tools available, such as: Microsoft Office 365, Power Business Intelligence (PBI).
- + Improved teleworking adaptability and efficiency through processes automation and platforms. Renewed the E-Learning Siembra program by creating a mobile module and applying UX (user experience) concepts.



Supply Chain, Operations & IT: ▼

- + Implemented digital tools such as RPA (Robotic Process Automation) to reduce time to input, process, export and visualize data/information from different areas.
- + Developed automation initiatives for the order entry and returns processes in big supermarkets and stores to reduce management time, operational burden, and costs.
- + Automated the data entry of the wheat consumption and flour production processes in the mills, to avoid errors in the transcription of data and to have information available in less time for planning.

Sostenibilidad & TI: ▼

- + Promoted knowledge transfer between the private sector and academia. The “Skill Up” Competitive Grant Program was developed together with the Escuela Superior Politécnica de Chimborazo. It allowed creating a self-administered platform that measures the impact, traceability, implementation, and resource optimization of the CSR programs. Thirty-six multidisciplinary teams participated, made of 144 undergraduate and graduate students; the winning team received USD. 3,000 in cash, money used as seed capital for a start-up microenterprise dedicated to the development of technical solutions.



4

Material Topic NEW DELIVERY / BUSINESS MODELS

Description	Implement new delivery channels and expand distribution to grocery stores or small businesses.
Related area	<ul style="list-style-type: none"> Commercial Supply Chain & Operations
Stakeholders	<ul style="list-style-type: none"> Consumers Customers

Material Topic Management

Supply Chain & Commercial: ▼

- + Commercialized products through various delivery digital platforms to meet consumers' demand during quarantine.
- + Developed the "Home channel" (Canal Hogar), a delivery service that offered products from 11 brands into our sales portfolio due to strategic alliances. In 2020, around 1,940 households in Quito and Guayaquil received our products without leaving home.
- + Placed a mobile store, a food truck-style vehicle, outside gated communities, neighborhoods, and shopping centers in Quito to reduce waiting time and crowds in supermarkets.
- + Visited neighborhoods in Quito with our urban bread Food-Truck style car, where families could buy products directly, without the need of an app.
- + Commercialized our products in neighborhood grocery stores in Santo Domingo, Ambato, Quito, Manta and Guayaquil through the store-to-store distribution channel.
- + More than 1,000 new sales areas were covered nationwide through two distribution channels: Independent Self-Service Stores (ASIS) and Store-to-Store (TAT).
- + Increased our pasta product distribution, reaching more than 16,000 stores nationwide.



5

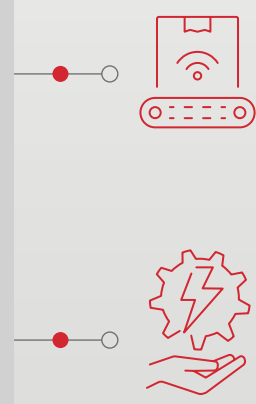
Material Topic ENERGY EFFICIENCY

Description	Implement energy efficiency projects in our processes..
Related area	<ul style="list-style-type: none"> Supply Chain & Operations Sustainability
Stakeholders	<ul style="list-style-type: none"> Shareholders Employees Customers Consumers Community

Material Topic Management

Sustainability & Operations: ▼

- + Implemented 3 Clean Production projects to reduce the amount of energy required to provide products and services:
 - 31,98% reduction in energy consumption due to the renovation of the entire lighting system of the production plant, replaced by LED tubes - Cajabamba.
 - 20,61% reduction in energy consumption due the optimization of time in the wheat discharge process from 1 hour to 20/40 minutes - Cajabamba.
 - 74.19% reduction in energy consumption due to the implementation of an electric speed shifter in the wheat reception area - Manta.



6

Material Topic **INDIRECT IMPACT TO COMMUNITIES**

Description	Improve living conditions of communities nearby our production plants.
Related area	<ul style="list-style-type: none"> Sustainability Commercial
Stakeholders	<ul style="list-style-type: none"> Community Suppliers

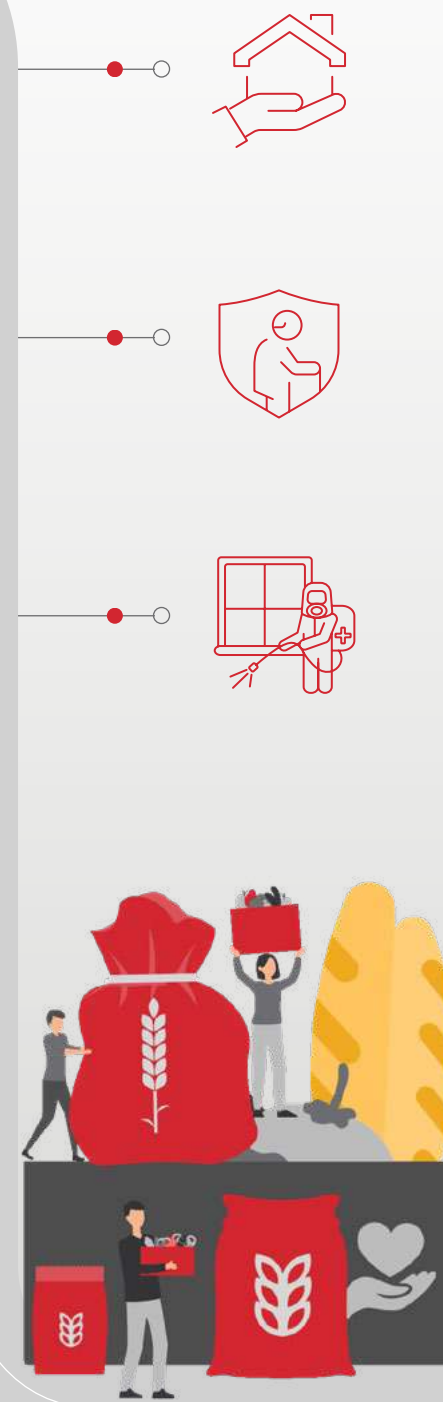
Material Topic Management

B2C – Packaged Bread Business Unit:

+ More than 12,000 panettones were given in Quito, Guayaquil, Cuenca, Riobamba, Manta, Cayambe and Santo Domingo to 8,000 families for Christmas through the campaign “Detalles que sorprenden” (Details that surprise).

B2C - YA Business Unit:

+ 105 elderly from La Cocha neighborhood in Alangasí were benefited from the donation of YA oatmeal and Estrella de Octubre flour.



Sustainability:

- + Contributed with the implementation of 5 social projects through the following organizations:
 - **Cecilia Rivadeneria Foundation (Quito):** furnished bedrooms, cafeteria and fixed the security gate of a temporary shelter for children with catastrophic diseases.
 - **Fe y Alegría Foundation (Sangolquí):** granted 5 scholarships to children from the rural area.
 - **Hogar Padre Saturdino López (Penipe):** equipped the Hogar’s palliative care area by donating 5 clinical-hospital beds for the elderly.
 - **Casa de la Caridad (Penipe):** contributed to building an isolation area for people with COVID-19 to prevent the spread of the virus.
 - **El Rostro de Jesús Foundation (Manta):** supported the implementation of an orthopedic shoes and insoles Factory by providing materials and machinery; shoes and insoles are going to be sold at an accessible and affordable price.
- + More than 300 houses nearby the Cayambe and Cajabamba production plants were disinfected.
- + 6,315 facemasks were donated to the National Police, Hogar de la Caridad, customers, Youth Offender Center, employees and others.
- + Approximately 3,000 biosecurity kits were provided to small farmers in the communities of Cajabamba, Cayambe and Manta.
- + 25 mothers and 4 fathers of the children that are enrolled in the Ñukata Kuyay Center were informed about preventive measures and spread of COVID-19.
- + 281 freight suppliers and stevedores were recognized for their work during the pandemic through the campaign “Heroes at the Steer Wheel” by providing them t-shirts, bags, flannels and an appreciation video broadcasted on social media.
- + 178,837.93 kg of food products were donated and benefited 99,354 families through 191 governmental and non-governmental entities, foundations, customers and communities in 37 cities in the country.

7 Material Topic CARBON FOOTPRINT

Description	Measure the corporate carbon footprint to reduce and mitigate greenhouse gas emissions.
Related area	<ul style="list-style-type: none"> Sustainability Supply Chain & Operations
Stakeholders	<ul style="list-style-type: none"> Community Employees

Material Topic Management

Sustainability: ▼

+ Carbon Footprint baseline assessment (2019) was conducted with a specialized external company to identify Moderna Alimentos' activities that have the greatest potential to reduce Greenhouse Gas (GHG) emissions and to propose concrete strategies.

Supply Chain & Operations: ▼

+ Renewed 77% of the combustion fleet by leasing electric forklifts, reducing work risks and more than 23 tons of CO2 annually, equivalent to planting 12 hectares of native forest and reducing energy consumption by up to 81%. The forklifts were distributed in: Manta, Quito, Cayambe, Cajabamba, Calderon, Santo Domingo and Guayaquil.



8 Material Topic DEVELOP HEALTHY PRODUCTS

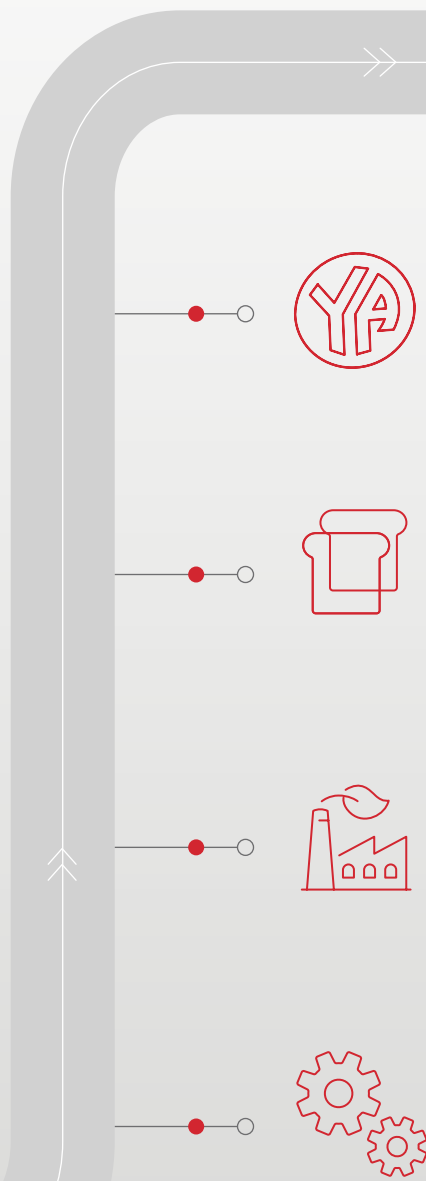
Description	Produce products low in saturated fats, trans fats, sodium, and sugar; that include fiber, vitamins, and minerals to contribute to customers' and consumers' health.
Related area	<ul style="list-style-type: none"> Commercial
Stakeholders	<ul style="list-style-type: none"> Customers Consumers

Material Topic Management

B2C - YA Business Unit: ▼

+ Introduced YA multi-seeds flour to the market: wheat flour combined with other cereals (superfoods): quinoa + oats + rye + flaxseed.

+ Produced the new Oat Pancake (100% oats): the beta-glucan characteristics contribute to reducing blood cholesterol levels, as well as to control glucose and insulin response.





9

Material Topic **INDIRECT IMPACT TO CUSTOMERS**

Description	Support Customers to improve their business strategies.
Related area	<ul style="list-style-type: none"> Commercial Supply Chain & Operations
Stakeholders	<ul style="list-style-type: none"> Customers

Material Topic Management

Supply Chain & B2C – Consumer Business Units

+ Distributors were taught subjects related to; good storage, distribution and transportation practices; financial management and marketing strategies; and how to improve management and profitability of their business.

B2B - Industrial Business Unit

- + Contributed to reactivate the economy of the bakery industry nationwide during the pandemic with “Panaderías del barrio” platform (www.panaderiasdelbarrio.com) where new methods for sales and home delivery were integrated.
- + Biosecurity and industrial cleaning products were integrated into the reward catalog of “Horneando por un Sueño” program during the health emergency.
- + Shared content regarding finance, order and hygiene, customer service, marketing, among others, to boost small bakeries management through our fan page **Orgullosamente Panificador.**
- + Provided technical advice to bakery customers and more than 13,000 kits of facemasks and gloves; 14,000 aprons; and 1,600 kits of biosecurity standards/protocol signs, to support safety in their processes and facilitate the incorporation to the new normality

10

Material Topic **NEW CONSUMER HABITS**

Description	Promote marketing and communication campaigns focused on health, nutrition, environment and social responsibility for customers.
Related area	<ul style="list-style-type: none"> Commercial Supply Chain & Operations
Grupos de interés	<ul style="list-style-type: none"> Customers Consumers

Material Topic Management

B2C – Packaged Bread Business Unit:

- + Promotes balanced nutrition: the 600-gram whole-meal bread has 12% fiber and 12% protein of the daily values required for a healthy diet, in a single slice.
- + Increased shelf life of our bread through product re-engineering, without added preservatives, maintaining its flavor and texture.

B2C - YA Business Unit:

- + 6 live broadcasts on how to do healthy recipes with our multi-seed YA flour were made.
- + Produced 250 g YA flour and 100 g YA oatmeal for small families and those with limited purchasing power.
- + Incorporated environmental awareness messages in our packaging with images of native animals to promote recycling and care of the planet.

B2B – Industrial Business Unit:

- + Produced smaller presentations of flour for bakery - Estrella de Octubre 5 kg and Gallito 10 kg - for customers who reduced their production due to low market demand during the first months of the pandemic. As well as for consumers who preferred to make homemade bread.

Supply Chain:

- + 90% of our cardboard packaging has the FSC (Forest Stewardship Council) certification, contributing to the conservation of forests and their social, cultural and environmental values.



1

Material Topic MULTI-STAKEHOLDER ALLIANCES

Description	Create alliances to strengthen distribution and commercialization of our products; and the creation of social or environmental projects.
Related area	<ul style="list-style-type: none"> Supply Chain & Operations Commercial
Stakeholders	<ul style="list-style-type: none"> Customers Consumers Community

MATERIAL TOPIC MANAGEMENT

Supply Chain & Operations: ▼

- ⊕ Commercial and strategic alliances with customers, agencies and mobile applications were created to increase distribution and sales channels.

B2C - YA Business Unit: ▼

- ⊕ Contributed to the economic reactivation of 120 small businesses in the province of Guayas (dinners, bakeries and street vendors) in alliance with the Karla Morales Foundation by providing 5,000 kg of YA flour.
- ⊕ Sponsored the first children's contest about ethics and values, "Creer Honesto", organized by the Quito Chamber of Commerce to promote honesty, integrity, responsibility, respect and solidarity in children and adolescents through artistic works.

CORPORATE GOVERNANCE

(102-26)

We have a clear, structured and transparent Corporate Governance, with authority and motivation to make ethical and responsible decisions in response to the economic, social and environmental concerns and expectations of the company's internal and external stakeholders.

The main responsibility is to ensure the sustainability of the company; identifying and managing the risks associated with its operation; as well as planning, controlling and improving processes to achieve the expected goals.

CAD STRUCTURE

(102-18) (102-23) (102-24) (102-25) (202-2) (405-2)

The Management Alignment Committee (CAD as for its acronym in Spanish) is an internal governance body, responsible for defining the company's philosophy and strategy, instruments that are presented to the Shareholders Assembly (Board), the company's regulatory body, for approval.

The CAD is made up of seven people; six Directors and the Executive President, who oversees efficiency, productivity and general performance of the company; benefiting all stakeholders in a balanced way.

CAD Structure³



In terms of composition: by gender, two of its members are women and five are men; by origin, 71 % of the directors are nationals and 29 % are foreigners; age ranges from 36 to 66 years old.

CAD's selection and appointment are based on technical and leadership competencies; related academic background with at least ten years of experience and criteria such as gender equality, diversity and independence. Directors are not part of the Shareholders group.

³ The Chief Director Officer is the only shareholder, and member of the production plants and CAD committees. .

To achieve the Strategic Plan's goals and the efficient management of economic, social and environmental issues, we have the following working committees:

Executive committee

- + Weekly Management Alignment Committee.
- + Monthly Board of Directors (BOD) (shareholders) Committee led by the BOD's chairwoman.



Non- Executive committee:

- + Monthly Production Plants Operations Committee.
- + Monthly Area Plant Operation Committee.
- + Quarterly Forum for objectives advancement.
- + Joint Committee and Sub-Committee on Occupational Industrial Safety and Health.



As a respond to the health emergency, the following committees were activated:

+ Crisis Management Committee (CMC):

Made up of the Directors of each area; to lead and define financial, commercial and operational strategies, when threats or emergencies occur that affect the integrity of the employees, business and the community.



+ Emergency Operations Committee (EOC):

Team designated by the CMC in each location -including production plants, distribution centers and administrative offices-. EOC members are previously trained and can make decisions based on the emergency protocols and internal resources available to each worksite.

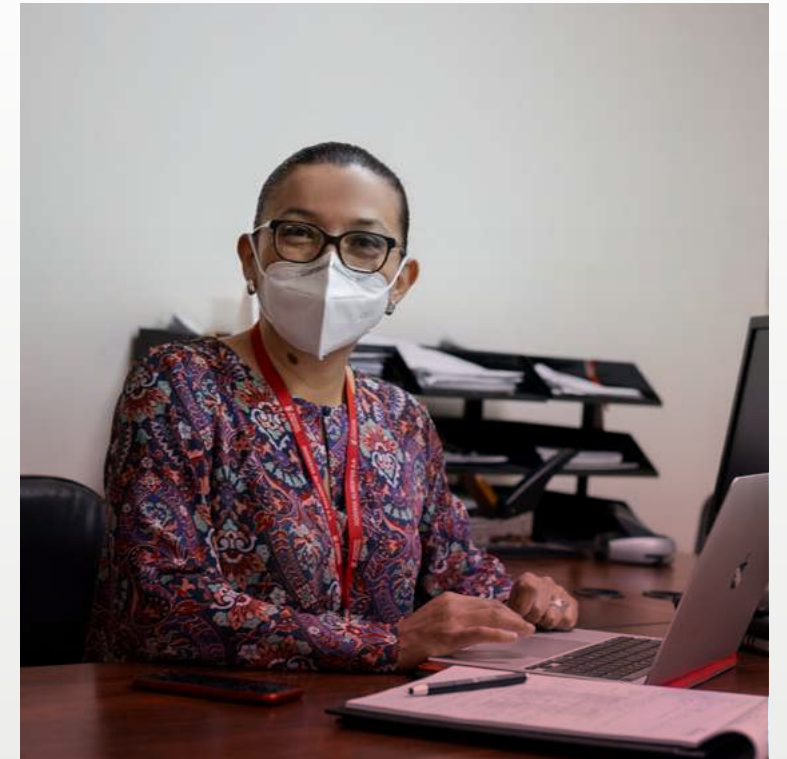


REMUNERATION POLICIES

(102-35) (102-36) (102-37) (202-1) (45-2)

The allocation of the highest Corporate Governance body's remuneration is based on market studies and salary bands according to different sector comparative analysis; provided by qualified consulting firms which allow the company to offer a competitive salary package.

Employees' remuneration complies with all requirements established by Ecuadorian law and the internal salary policy. The salary ratio between men and women is 1:1, it does not distinguish between gender, age, or minority groups as it is based on equal opportunities and non-discrimination. Wages are approved by the CAD according to the employee performance.



CONFLICT OF INTEREST MANAGEMENT

(102-25)

The Code of Ethics and Conduct for Employees establishes that no employee should have direct or indirect, family, financial or other interests with any entity or natural person doing business with Moderna Alimentos or any of its related parties, without prior written approval from Human Resources, or according to its importance, from the Executive Presidency.

Annually, all Employees, without exceptions, fill out the **declaration form to prevent a possible conflict of interest**. If any employee omits relevant information or fails to complete this document, it will be a sufficient cause for disciplinary measures to be applied as appropriate.





EVALUATING THE HIGHEST GOVERNANCE BODY'S PERFORMANCE

(102-28) (102-31)

The CAD is evaluated annually based on compliance with the strategic and area objectives established in the Balanced Score Card and Business Plan.

On a quarterly basis, the middle and top management team presents results and impacts achieved in the operational, environmental, social, and economic activities and processes, with respective risks and opportunities analysis.

SELF-ASSESSMENT MECHANISM

As a self-evaluation mechanism, we apply to contests to validate our good sustainable practices.

Our commitment to maintaining a sustainable operation with integrity and empowerment has earned us the following awards:

People

- + Company Committed to Social Responsibility LATAM 2020 by Centro Mexicano para la Filantropía (CEMEFI) – México.
- + Good Practice for Sustainable Development by Global Compact – Ecuador Network to our EMPRENDE program.
- + Innovative and Sustainable Practice – Big Company category by Corresponsables, to our Cultiva Program - Spain.

Product

- + YA brand as #1 in the packaged flour category for the sixth consecutive year, according to EKOS.

Planet

- + Ecuadorian Environmental Certification "Punto Verde - Eco-Efficient Company" for the implementation of five clean production projects at the Cajabamba Production Plant.

ETHICS AND INTEGRITY

(102-16)

Our corporate values: empowerment, excellence, integrity, and passion promote the ethical principles of transparency, commitment, and responsibility. The Code of Ethics and Conduct establishes the general guidelines for employees' performance and business and professional relationships.

The Code of Ethics and Conduct is provided to each new employee during the induction process. The document requires written approval, committing personnel to comply with it, and reporting any evidence of wrongdoing or irregularities in the company's activities. In addition, we give face-to-face and virtual workshops to 100% of employees in each of our locations to keep them informed and updated.



Empowerment

We take action to achieve an objective without excuses.



Excellence

We perform with discipline, focus and quality to exceed the expected standard in everything we do.



Integrity

Be an example for other to follow by being coherent with what you say and what you do



Passion

The enthusiasm and commitment with which we work are evident.

ANTI-CORRUPTION POLICIES.

(205-2)

The information managed and shared among internal stakeholders is adequate. Campaigns, meetings and virtual workshops for all employees are performed to strengthen corporate philosophy and achieve a comprehensive knowledge of the rules and regulations in force.

National and international ethical management policies are implemented, such as:

Fight against corruption

(102-17) (205-1)

Periodic and special audits are executed in 100% of our worksites to mitigate the risk of unethical practices and verify compliance with policies, laws, and regulations; safeguard assets; validate administrative-financial information and determine the effectiveness of operations. Provide legal advice to employees and/or suppliers to prevent ethical actions or omissions.

We are aligned with international standards such as the Foreign Corrupt Practices Act to prevent, investigate and punish acts of corruption and bribery of individuals, companies, and officials.

In 2020, no cases of corruption were identified in the company.



Financial assistance

(201-4) (412-3)

We do not receive any monetary aid from the government, such as tax credits, investment grants, subsidies, royalty exemptions, financial incentives or any other similar.

During this period, there were no significant investment contracts or agreements with the National Government to obtain tax benefits that include Human Rights clauses or that have been subject to analysis in this matter.

Furthermore, no government, whether national, state, or county level, form part of the company's shareholding structure.



Political Independence

(415-1)

We do not make financial or in-kind contributions, directly or indirectly, to any political organization or state entity, as established in our internal policies.

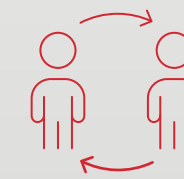


Non-discrimination & anti-harassment

(406-1)

Equal opportunities are promoted for employees. An optimal work environment, free of discrimination or harassment, promotes good performance for employees and the organization. There are channels for counseling and reporting for internal stakeholder to submit complaints or claims in a safe and confidential manner.

During 2020, there were no cases or formal complaints of discrimination or harassment. If any incident is identified that may affect employees, we proceed in full compliance with our values and principles to take appropriate corrective actions.



Freedom of association, child labor eradication and forced or compulsory labor.

(407-1) (408-1) (409-1)

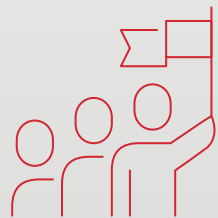
We comply with current labor legislation and with the ten principles of the United Nations Global Compact. We ensure that employees exercise their rights to freedom of association and collective bargaining, as legally permitted, in the locations where we operate.

In contracts signed with suppliers and contractors, parties commit to respect Ecuadorian laws and international agreements, ensuring that there is no form of child exploitation, forced or compulsory labor, or any other non-compliance with labor rights.

No cases or related complaints were identified this year; however, if any fault or unfair treatment is evidenced, Moderna Alimentos will fill a sue through the applicable mechanisms in compliance with all established clauses and the corresponding supplier management actions.



Human Rights
(412-1)



We believe that human rights represent a firm commitment to respect and protect people's freedom, well-being and dignity. Moderna Alimentos strictly comply with the regulations, norms, constitutional principles, national resolutions of territorial planning and rights of local people, recognized in the Universal Declaration of Human Rights and in the main international agreements, related to individuals or groups in the production plants and distribution centers nationwide and with all stakeholders.

During 2020, 100% of the production plants were visited by control agencies such as the Ministry of Labor, ARCSA, MAAE, and the Fire Department; to validate, supervise and demonstrate compliance with labor and human rights.

Employee training related to Human Rights
(412-2)

96% of our personnel (692 Employees) completed 187 hours of training in Human Rights policies and procedures.

This year we covered topics related to:

- + Financial advice in times of crisis.
- + Work-life balance.
- + Code of Ethics and Conduct for Employees.
- + Sexually transmitted diseases: prevention and care.
- + Corporate philosophy: mission, vision and corporate values.
- + Emergency and contingency plans.
- + Family planning - Sexual and reproductive health.
- + Alcohol, tobacco and drugs prevention.
- + COVID-19 protocols and preventive measures.
- + Occupational Health and Safety Regulations.
- + Healthy family relationships.
- + Psychosocial risks - Workplace harassment.
- + Corporate health.
- + Emotion management workshops.
- + Teleworking - Management of interpersonal relationships.



MECHANISMS FOR ADVICE AND REPORTS

(102-17)

We are open to receive suggestions and/or complaints from our stakeholders to guarantee ethical, responsible, and transparent management at a national level, whether they are economic, social, or environmental in nature.

Internally and externally, we maintain reliable and secure reporting mechanisms for unethical or illicit behavior or issues related to the company's integrity. The most used are:

- + Emails, private or anonymous, addressed to Human Resources department or to the company's executives.
- + Electronic messages through our website: www.moderna.com.ec or www.modernasostenible.com.ec.
- + Calls to the company's call center SOS MODERNA 1800 200 300.

Once the cases are reported, they are channeled to Human Resources for the respective investigation, management and documentation, keeping the confidentiality of the information at all times.

03



PEOPLE



PEOPLE

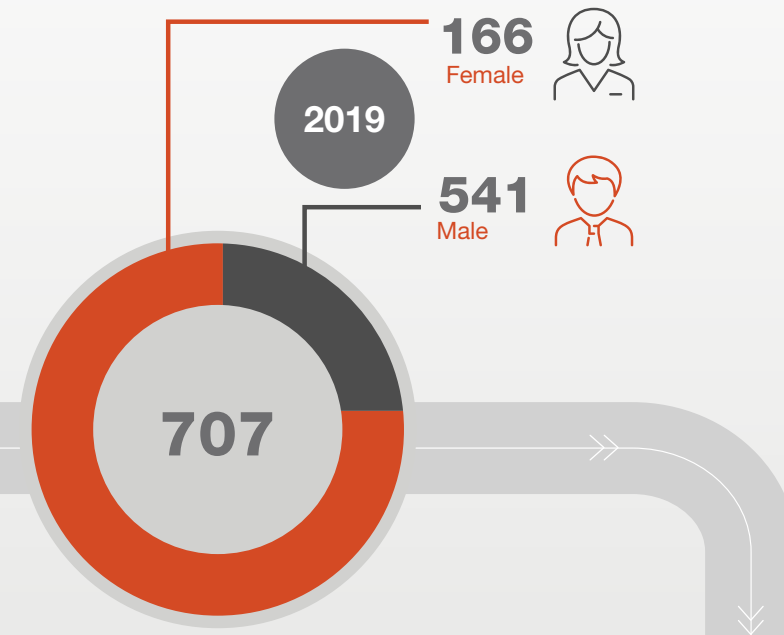
OUR PEOPLE

We promote the well-being of our people; therefore, guarantee equal opportunities, promote diversity, develop growth plans, encourage proactive communication and stimulate balance between personal, family and work life in our employees, a pillar for the sustainable performance of the company.

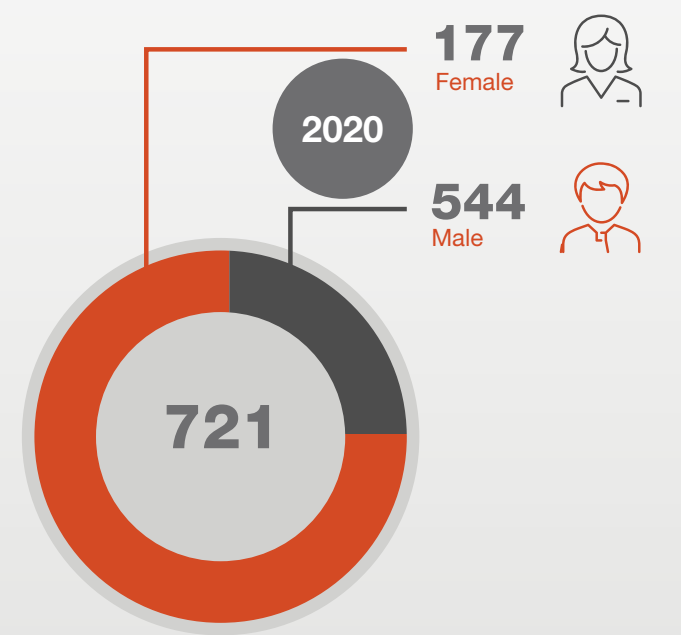


67%
From 30 to 50 years old

MODERNA ALIMENTOS WORKFORCE ¹
(102-8) (405-1)
The company's labor composition is as follows:



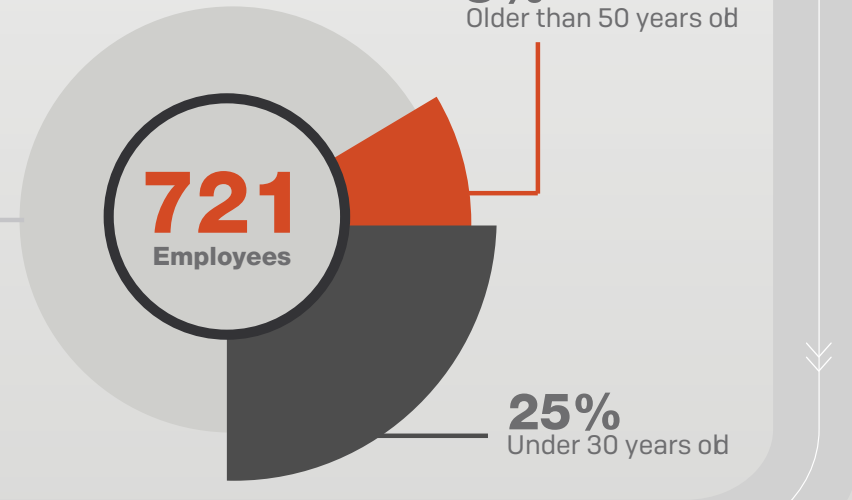
Workforce by gender



25% of the employees are female and 75% are male.

This is due to areas such as production and logistics, where most job applicants are men. However, the company promotes gender equality as an important part of diversity among work teams.

¹The Human Resources department does not establish any minority indicator since the selection, hiring, remuneration and promotion processes are based on a Competency-based Management that prioritizes the assessment of the ability and suitability of skills, knowledge and measurable skills of workers.



Workforce by type of contract and gender

WORKFORCE BY TYPE OF CONTRACT AND GENDER

Category	Female	Male	Total
Temporary	4	1	5
Permanent	171	539	710
Youth Programs	-	4	4
Part-time	2	-	2
TOTAL	177	544	721



Workforce by region, location, gender and age group

WORKFORCE BY REGION, LOCATION, GENDER AND AGE GROUP

Region	Location	Female	Male	Total	Under 30 years old	From 30 to 50 years old	Older than 50 years old	Total
Highland	Amaguaña	-	1	1	-	1	-	1
	Cajabamba	19	54	73	19	43	11	73
	Calderón	7	23	30	1	23	6	30
	Cayambe	9	82	91	36	51	4	91
	Cuenca	2	9	11	1	9	1	11
	Ibarra	-	3	3	-	3	-	3
	Quito	84	220	304	77	207	20	304
Coast	Guayaquil	37	54	91	30	57	4	91
	Manta	14	91	105	17	78	10	105
	Santo Domingo	4	6	10	1	9	-	10
Amazon	Lago Agrio	1	1	2	1	1	-	2
TOTAL		177	544	721	183	482	56	721

Workforce by position, gender and age group

WORKFORCE BY POSITION, GENDER AND AGE GROUP

Title	Female	Male	Total	Under 30 years old	From 30 to 50 years old	Older than 50 years old
Analyst	18	14	32	31 %	63 %	6 %
Assistant	28	84	112	26 %	67 %	7 %
Coordinator	15	25	40	20 %	73 %	8 %
Director	2	5	7	-	86 %	14 %
Specialist	5	2	7	29 %	71 %	-
Top Management	7	20	27	-	81 %	19 %
Middle Management	24	42	66	11 %	80 %	9 %
Operative	40	263	303	32 %	64 %	4 %
Supervisor	11	26	37	5 %	86 %	8 %
Technician	7	21	28	32 %	61 %	7 %
Salesperson	20	42	62	34 %	44 %	23 %
TOTAL	177	544	721			

Hiring and employee turnover
(401-1)

The turnover rate, accumulated as of December 2020, was 21,99 %, being 2 percentage points lower than 2019, because of planning and the implementation of measures that favor the retention of talented workers.

EMPLOYEE TURNOVER INDEX		
Moderna Alimentos	2019	2020
Employee turnover rate	24,39 %	21,99 %



In the last quarter of the year, this indicator was affected due to the temporary hiring of staff for the Christmas season at the packaged bread production plant (Quito).



The table below details the hiring by gender and age group:

EMPLOYEE HIRES		
New Hires	Female	Male
Under 30 years old	12	81
From 30 to 50 years old	16	32
Total	28	113

20% of the total number of people hired in 2020 were women.

Contracts for complementary services

Moderna Alimentos work along with companies that provide complementary services such as catering, cleaning and security based on the Constituent Mandate No.8.

Employee by type of complementary services



According to current legislation, complimentary services companies are responsible for assuming all social and legal benefits for their staff. However, to guarantee compliance with the established requirements, we periodically oversee compliance with the obligations of these companies through our supplier qualification system.

STRENGTHS IN COVID-19 HEALTH EMERGENCY MANAGEMENT

(102-15)

Faced with uncertainty caused by COVID-19, we responded in a timely and effective manner to guarantee the well-being of our people and the continuity of our business.

We carried out the following actions:

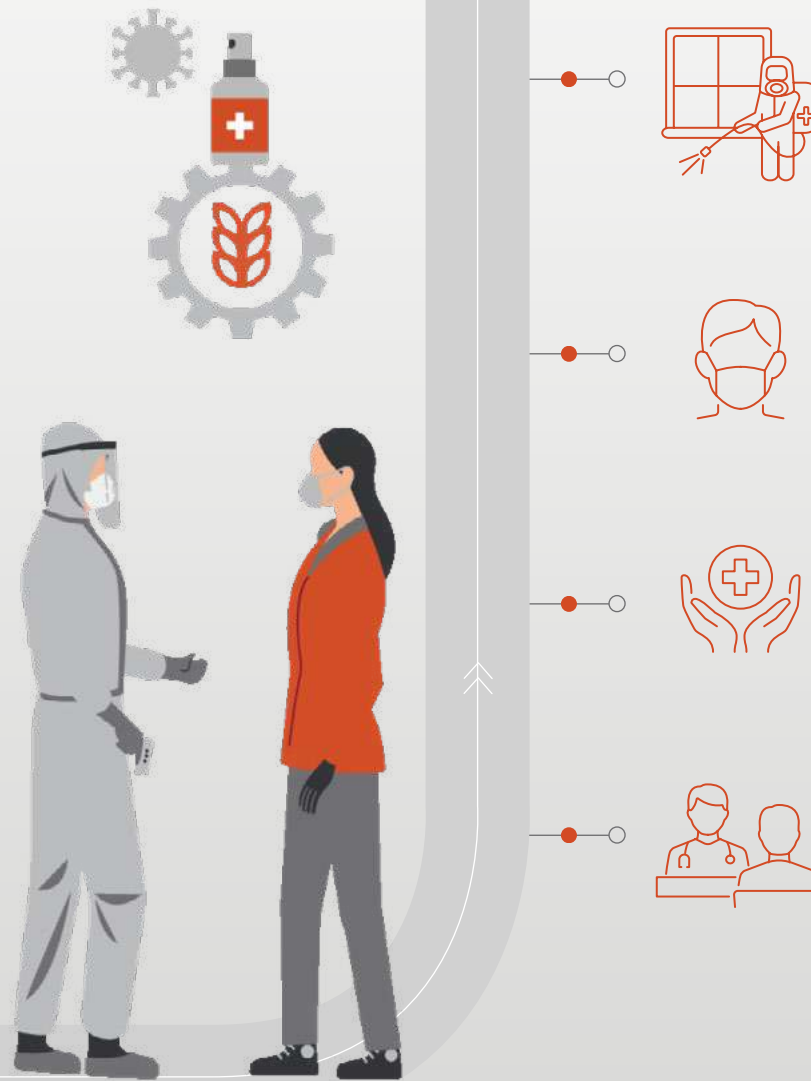
- + Personalized risk analysis and assessment for each employee, based on their job position, focused on COVID-19 prevention.

- + Assigned vulnerable personnel, administrative positions and support areas to teleworking, to prevent the spread of the virus and limit capacity in our offices, production plants and distribution centers.

- + Provided personal care and hygiene (alcohol, facemasks, liquid soap and antibacterial gel) products to all employees and their families.

- + Implemented biosecurity protocols to prevent COVID-19, contingency protocols due for suspicion of a positive case, compliance with social distancing rule and limit capacity in work areas.

- + Placed informative posters with biosecurity measures and social distancing rules in different areas. Provided personal care and hygiene (alcohol, facemasks, liquid soap and antibacterial gel) products to all employees and their families.



- + Indicated limited capacity of common areas, lockers and dining rooms.

- + Awareness and biosecurity measures talks in all locations for COVID-19 prevention.

- + Enabled transportation for staff who do not have a private vehicle or use public transport.

- + Issued documentation that allowed employees to mobilize (certificates, others).

- + Daily thermo-disinfection of facilities, employees' cars, and environment.

- + Developed a health survey before employees' entry to work as a preventive measure. Issued documentation that allowed employees to mobilize (certificates, others).

- + Employee's entry control (temperature and symptoms control); supply KN95 facemasks, hand washing and disinfection of footwear.

- + Permanent verification of preventive and hygiene measures of the catering, security and cleaning service providers.

- + Direct medical assistance by the occupational physician to assess symptoms and avoid exposure to possible contagion when visiting health centers.

- + Periodic check-ups and random tests to discard positive cases of COVID-19.

- + Psychological assistance, coaching sessions and webinars for crisis management and emotional control for employees.

- + Advance payment of profits, insured commissions and provision of emergent credits for employees.

- + Provided incentives and recognized employees who worked on the frontline to guarantee the production and commercialization of our products.

LABOR STANDARDS

CONTRIGO

The pandemic posed great challenges and opportunities for the business's operation, aligned with the company's objectives and mission of taking care of employees' well-being and their families, the CONTRIGO program was born in April 2020.

This program began with an employee survey nationwide to measure employees' satisfaction quickly and efficiently regarding relevant factors of teleworking and COVID-19 new reality.

Based on these results, the following activities were carried out:



PERSONAL
APPROACH

Webinar and storytelling about financial advice in times of crisis.



Deployment of government protection comprehensive services.



Work-life balance webinar.



Management of interpersonal relationships.



Mental health webinar with expertise.



Free Pilates class.



World Lactation Day: webinar about myths of nursing.



Corporate health.



Workshops for managing emotions.



Intervention and management of critical cases (911).



Healthy relationships (domestic violence).



Child welfare.



Cooking Moments Contrigo: parent-child activity.



95.97% of our employees were trained on subjects related to biosecurity, quality, industrial safety, sales, among others through our corporate platform, SIEMBRA.

TRAINING

(404-1)

We promote the enhancement of employees' skills and capabilities with training and educational programs that provide them with practical tools to strengthen and improve their performance in the personal and work environment.

Taking into consideration work shifts, we implemented the following training modalities:

- + **Internal:** physical and virtual modalities, on subjects regarding quality, industrial safety, occupational health, and social work.
- + **External:** courses, workshops and training programs aimed at strengthening skills and acquiring new knowledge.

2020 TRAINING INDICATORS

Category	Internal			External		
	Male	Female	Total	Male	Female	Total
Annual training hours	5.478	708	6.186	4.108	1.238	5.346
Total number of participants	521	171	692	170	46	216
Average hours / employee	10,51	4,14	8,93	24,16	26,91	24.75



Provide technological kits (laptops, cellphones, computer mouse, keyboards, ergonomic chairs).



Digital Pack: Training in digital tools.



Remote breakfasts with Directors and employees to **communicate the corporate philosophy** (mission, vision, and values).



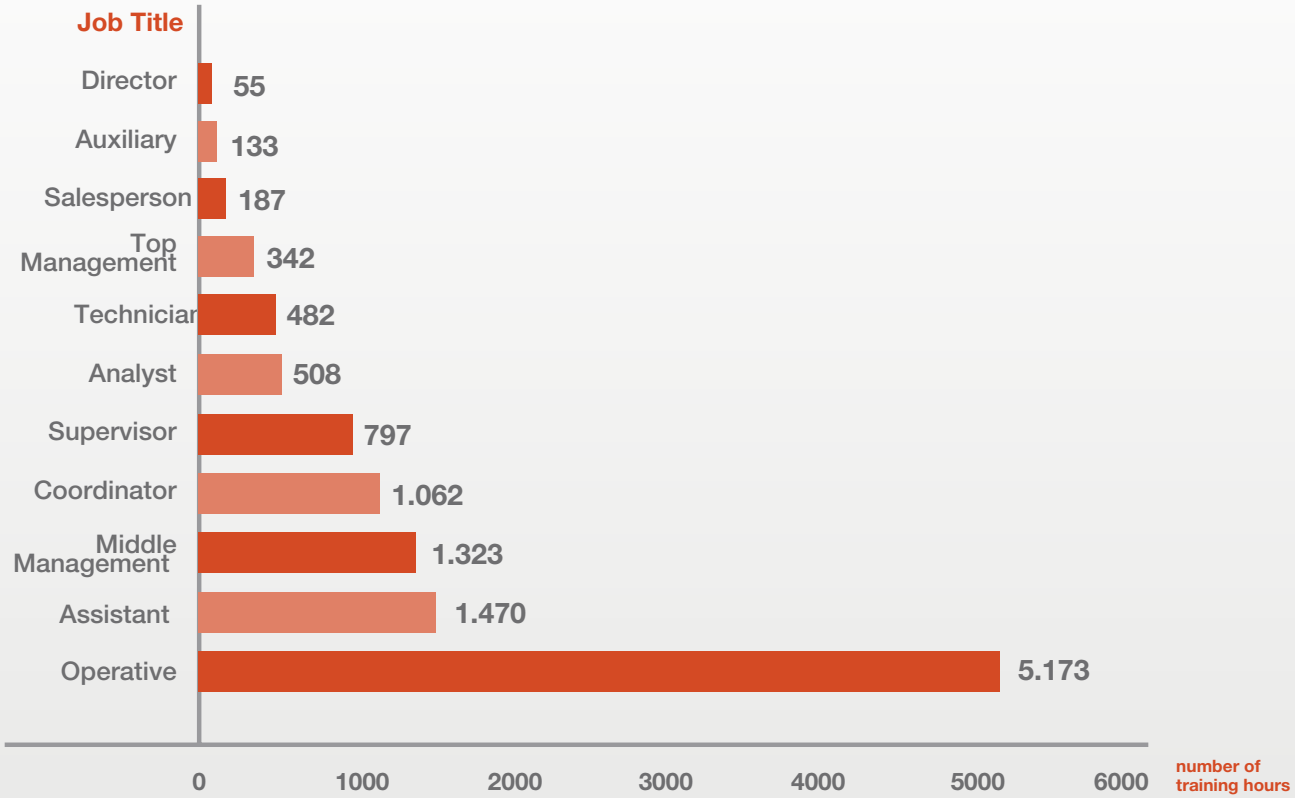
SIEMBRA

Reactivation of the virtual learning platform, **Siembra**, with access to online training for all.

During quarantine lockdown, this platform facilitated communication with our employees to strengthen their knowledge and skills.



NUMBER OF TRAINING HOURS PER POSITION



Note: For the calculation, the total number of employees was considered. (177 females y 544 males).



During 2020, we achieved the following results:

SECONDARY EDUCATION PROGRAM²

N° participants	Sex	Training hours	% per sex	City
1	Female	240	20 %	Quito
4	Male	1.152	80 %	Quito/Cajabamba/Cayambe
N° participants		GRADUATED 2020		
3	Male	720	100 %	Quito/Cayambe

²Initially, the Secondary Education Program considered only high school studies; however, out of business necessity, two exceptions were accepted in authorizing a line manager and a supervisor to complete their technical studies at a higher education institute

SECONDARY EDUCATION PROGRAM

(404-2)

We support employees' training and education to prepare them for challenges that may arise in their lives inside and outside the company.

We promote continuing secondary studies and personal and professional growth through the Secondary Education Program.

Moderna Alimentos finances all enrollment and tuition costs. The beneficiary agrees to comply with schedules, tasks, responsibilities, and other requirements to complete its academic education. The employee must reimburse costs incurred if non-compliance or voluntary dismissal from the company happens.

Many aspects are evaluated to access these benefits, such as performance and contribution to their area, level of commitment, eagerness to learn, tenure in the company, and type of contract.

EMPLOYMENT BENEFITS

(201-3) (401-2)

We seek to improve employees' quality of life through social and corporate benefits.

All employees nationwide, regardless of their type of contract, share the same treatment and benefits:



EMPLOYMENT BENEFITS

Benefits	Description
Labor benefits	Thirteenth and fourteenth salary. Reserve funds. Retirement plan ³ . Vacations.
Health and security	Free annual occupational medical services. Discount cards and credit in pharmacies. 25% sick pay. Hospital credits. Life insurance. Private health insurance ⁴ . Maternity full coverage.
Supplemental benefits	Catering services. Emergent loans for employees. Welcome kit with all Moderna Alimentos' products. 30% discount card for the purchase of our products. In-house product sale with discount. Uniforms. Mobile phone plans. Christmas bonus for employees and their children. Bring your child to work day. Biennial integration events. Sport tournaments.
Occasional acknowledgments	Treats and special recognitions to celebrate relevant dates such as Father's Day, Mother's Day, birthdays, work anniversary, among others.

³The Human Resources department provides advice about the retirement process, to employee who are about or have more than 25 years in the company.

⁴The company assumes up to 60% of the insurance Premium cost of the employees and their families.

PARENTAL LEAVE

(401-3)

We foster a culture of diversity and equity, encouraging female and male employees to be actively involved in healthy development and care of their children.

As stipulated by the law; 100% of employees enjoyed their parental leave and returned to work after it.

INDICATORS

Indicator ⁵	Female	Male	Total
Number of employees who were entitled to parental leave	11	30	41
Number of employees who exercised their right for parental leave	11	30	41
Number of employees that returned to work in the reporting period after parental leave ended	11	30	41
Number of employees that returned to work after parental leave ended that are still employed 12 months after	11	30	41

Return to work rate: 100 %

Employee retention rate: 100 %

Moderna Alimentos support our employees' personal and professional development during this stage of their lives: breastfeeding. For two years, we have provided lactation rooms, fully equipped, and adapted to their needs in Cajabamba, Guayaquil, Quito and Manta

⁵Return to work rate: number of employees who returned from parental leave versus number of employees who had to return from parental leave.

Work retention rate: number of employees retained twelve months after parental leave versus number of employees returning from parental leave

CONTINUOUS
**IMPROVEMENT
ASSESSMENT**

(404-3)

Quarterly, the company measures and evaluates employees' performance through the Permia platform according to corporate philosophy, strategic and departmental objectives.

Through this platform, we promote objective and quality feedback between leaders and their teams, allowing continuous improvement of employees' soft skills and achievement of goals and technical (functional) objectives; and allows identifying training needs to strengthen their knowledge and opportunities for internal promotions to higher-level positions and responsibilities.

2020 PERFORMANCE EVALUATION

Job Position	Female	Male	Total	Percentage
Analyst	30	32	62	24 %
Middle Management	14	37	51	20 %
Coordinator	21	13	34	13 %
Supervisor	10	23	33	13 %
Assistant	18	10	28	11 %
Top Management	7	16	23	9 %
Warehouse personnel	3	20	23	9 %
TOTAL	103	151	254	100 %



INDUSTRIAL SAFETY
**AND OCCUPATIONAL
HEALTH PROGRAM**

(403-1) (403-4)

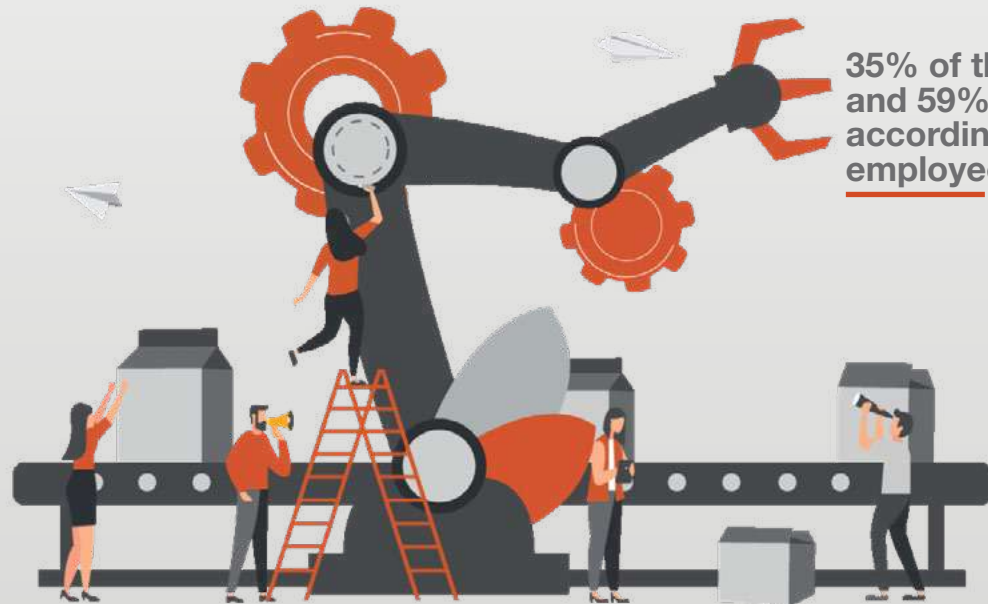
We are committed to providing a safe work environment for our employees. We constantly manage and oversight the effectiveness of our occupational health and safety systems and practices. Likewise, we invest in improving infrastructure and security controls in our processes.

We comply with current occupational health and safety regulations based on Art. 326, numeral 5 of the Ecuadorian Constitution, in Andean Community Laws, international agreements of the International Labor Organization, Work Code, Safety and Health Regulations for Workers and Improvement of the Work Environment, executive decrees, and ministerial agreements.

We have a Central Committee and Joint Subcommittees on Occupational Health and Safety (OHS), OHS Delegates depend on the number of people in each production plant, distribution centers, and administrative offices. The representatives are elected annually in a general assembly and, subsequently, registered in the Ministry of Labor.

The committees and subcommittees represent 100% of the company's employees and are essential for health and safety management. Inspections are periodical to identify unsafe actions or conditions and opportunities to reduce occupational risks.

35% of the employees (41% female and 59% male) were assessed according to the company's employees' roster.



OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT INDICATORS⁶

(403-2) (403-3)

We keep records of accidents to calculate health and safety indicators, to measure management system performance and to establish corrective and preventive actions for its improvement.

In 2020, 18 accidents were registered in our facilities nationwide (17 males and 1 female) and reported complying with Labor Risks Regulation CD 513, issued by the IESS and registered in the Sistema Único de Trabajo (SUT).

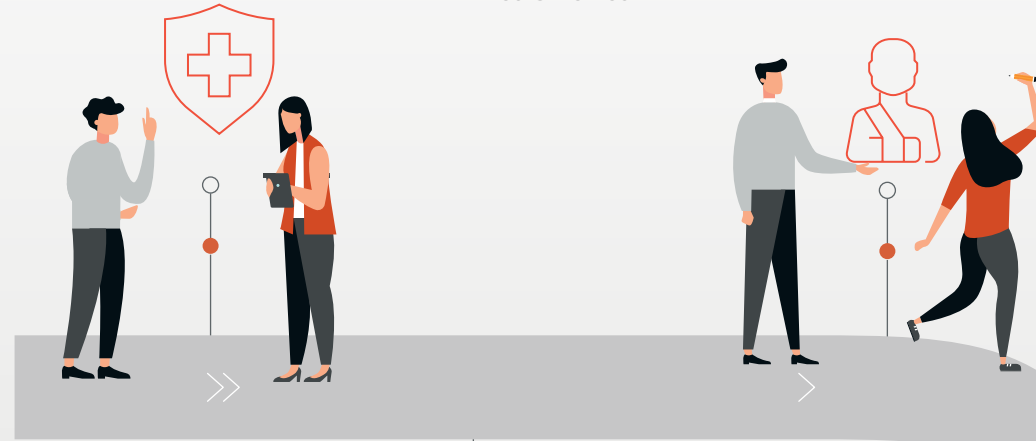
ACCIDENT RATES

Location	Number of accidents			Days Lost
	Male	Female	Total	
Amaguaña	-	-	-	-
Cayambe	5	-	5	66
Cuenca	-	-	-	-
Guayaquil	2	-	2	18
Manta	3	-	3	6.060
Quito	6	1	7	70
Cajabamba	1	-	1	5
Santo Domingo	-	-	-	-
TOTAL	17	1	18	6.219



Frequency index (IF)
The number of accidents that occurred for every 200,000 man-hours of risk exposure.

$$IF = \frac{\text{\# of injuries}}{\text{\# hours worked}} \times 200.000 = 1,29$$



Severity index (IG)
Number of days lost due to workplace accidents that occurred in the company in 2019, for every 200,000 worked man-hours.

$$IG = \frac{\text{\# days lost}}{\text{\# hours worked}} \times 200.000 = 535,95$$

Moderna Alimentos has occupational health and safety processes properly implemented, controlled, and socialized among all employees to promote safe working conditions and preventive measures to minimize risks. However, and unfortunately, by the end of October, the death of an employee belonging to Manta city was registered due to an “alleged downfall” inside the number 5 wheat storage silo.

The event was immediately reported -in legal and due form-, to the administrative and occupational risk control authorities, to carry out investigations and to issue the report by the Occupational Risks Assessment Committee. At all times, the company has provided all the guarantees and assistance for the process development and will assimilate the additional corrective actions that this might merit.



Risk rate (TR)
Average number of days lost that occurred for each work-related accident that occurred in 2019.

$$TR = \frac{\text{\# days lost}}{\text{\# of injuries}} = \frac{IG}{IF} = \frac{243}{20} = 12,15$$



⁶All health and safety issues are dealt directly with employees as there are no Unions at Moderna Alimentos.

Strengthening our safety culture.

To strengthen the incident and accident prevention culture, we promote and empower leadership related to safety among our workforce and provide training to all employees and contractors.

We identify, evaluate, and mitigate risks associated with tasks our employees perform inside and outside work facilities. We guarantee that employees are not exposed to high-impact conditions that may affect their physical or psychological well-being.



Additionally, we develop activities to promote safety in the workplace:

Training

- + Training in occupational risk prevention
- + Security brigade training
- + 5 minute prevention talks
- + Safety inductions to employees and contractors

Health

- + Periodic occupational health examinations
- + Active breaks
- + Vaccination and blood donation campaigns
- + Implementation of biosecurity protocols



In order to promote well-being of employees nationwide, we have recreational areas that create a positive work environment and contributes to employee's mental health.

Prevention

- + Supply protection equipment and work clothes for employees
- + Monitoring and inspections of work areas
- + Generation and monitoring of work permits
- + Emergency and Contingency Plan drills.



42

OUR COMMUNITY

(203-2) (413-1)

Aware of the adverse impacts of COVID-19 in vulnerable sectors, we identify and prioritize 4 lines of action during the health emergency, allowing us to generate a positive effect on beneficiaries.

SOCIAL SUPPORT:

We support the implementation of five social projects nationwide with the allocation of USD 50,000, non-reimbursable, to face the challenges imposed by the health emergency along with the following organizations:



- + Cecilia Rivadeneria Foundation (Quito)**

Project: Adapted facilities for a temporary shelter for children with catastrophic diseases.

Furnished 5 bedrooms, 2 bathrooms, and 1 shared cafeteria; fixed and replaced the facilities' security gate and contributed with the hiring of a social worker. Aiming to provide shelter for 24 children with catastrophic diseases and for their guardians from different provinces; and helping to continue treatments and prevent them from stopping it due to lack of resources.
- + Fe y Alegría Foundation (Quito)**

Project: Together for Rural Education – Scholarships

Granted 25 scholarships to children from rural areas and low-income families that do not have resources to invest in education. Each scholarship covered tuition, enrollment, materials, and operating expenses, contributing to reduce illiteracy and school dropout rates in the 2020 -2021 school year.
- + Hogar Padre Saturdino López (Penipe)**

Project: Palliative Care Area Fittings

Contributed to the well-being of 64 elderly in Penipe by donating 5 hospital beds (electric/manual two-function bed, Anti-decubitus mattress, and stainless steel IV pole) for the palliative care area.
- + Casa de la Caridad (Penipe)**

Project: Facilities' Update & Furnishing

Purchased and provided construction materials to complete the security fence of the institution, which previously had grids. These materials were also used for building an isolation area for COVID-19 cases.
- + El Rostro de Jesús Foundation (Manta)**

Project: Orthopedic Shoes Factory

Contributed to the creation and operation of shoes and orthopedic insoles factory that will sell at an accessible and affordable price; purchasing a cylinder, carving, polishing and riveting machinery, work tables, shelves, 104 lasts, 14 designs and 667 pieces of leather, the project started and will help with the treatment of congenital problems of patients, avoiding future deformities.



2 CONTRIBUTION TO FOOD SECURITY:

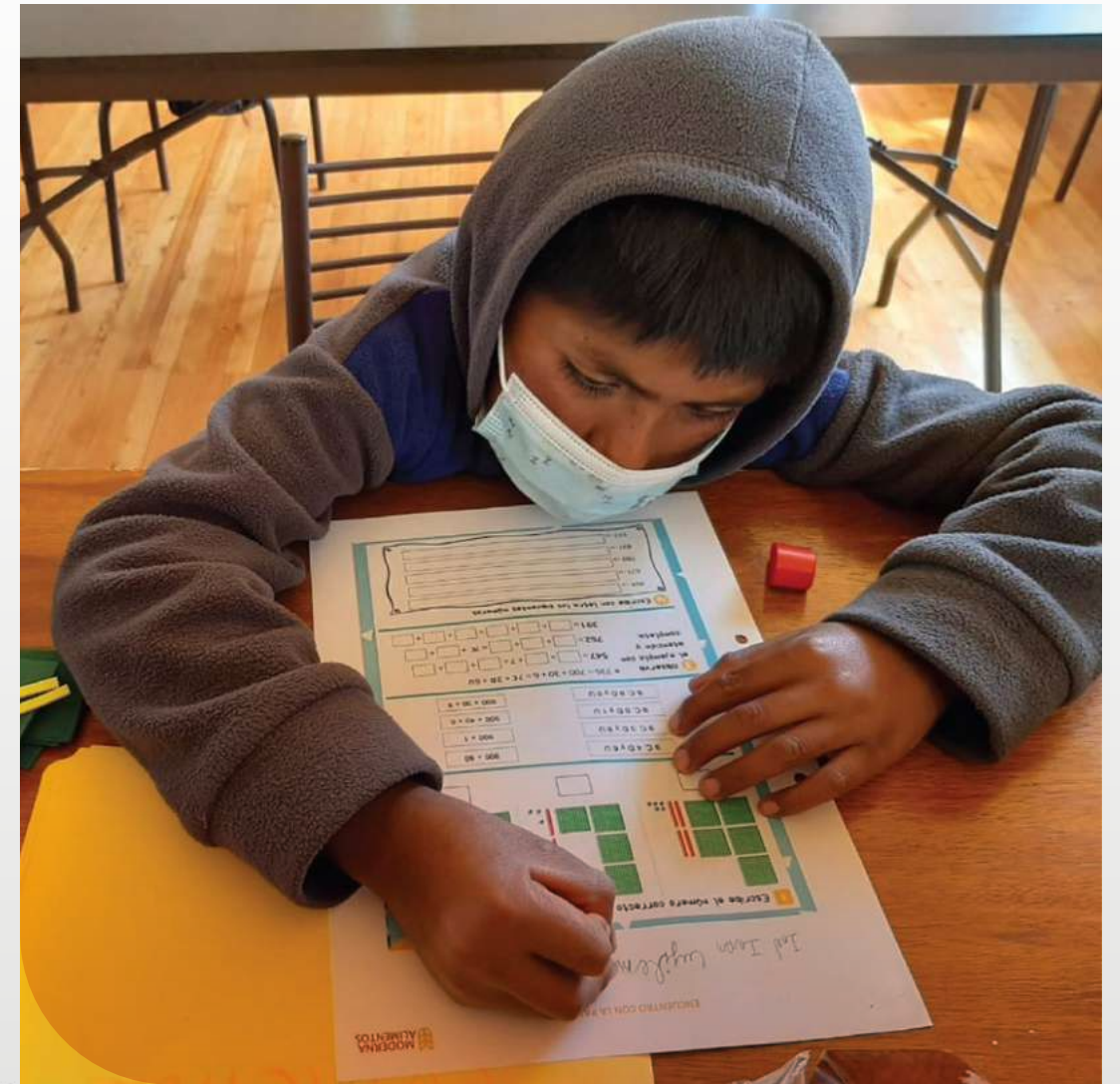
COVID-19 exacerbated food security. In 2020, we supplied 178,837.93 kg of safe, nutritional, and healthy food products to more than 99,300 families in vulnerable situations, contributing to the fulfillment of SDG 2: Zero Hunger.

We supported 191 public and private organizations in 37 cities nationwide, among which the following stand out:

- ⊕ Quito Food Bank
- ⊕ Diakonía Food Bank
- ⊕ Cáritas Ecuador
- ⊕ Ecuadorian Red Cross
- ⊕ Fe y Alegría Foundation
- ⊕ Karla Morales Foundation
- ⊕ Ser Feliz Foundation
- ⊕ GAD Cayambe Municipality
- ⊕ GAD Colta Municipality
- ⊕ GAD Gualaceo Municipality
- ⊕ GAD Guayaquil Municipality
- ⊕ GAD Manta Municipality
- ⊕ GAD Santo Domingo de los Tsáchilas Municipality
- ⊕ Government initiative "Dar una mano, sin dar la mano".

3 ECONOMIC REACTIVATION:

Due to COVID-19, hundreds of small businesses were economically affected, and along with Karla Morales Foundation, we contributed with the economic reactivation of 120 businesses, providing 5,000 kg of YA Flour, benefiting 244 families from Guayaquil, Durán, Balao, Playas, Puná Island, among others, helping optimize their production costs, improve profitability and continue their operation.



4 "ÑUKATA KUYAY" COMMUNITY DEVELOPMENT CENTER - CAJABAMBA:

Moderna Alimentos through Ñukata Kuyay Community Development Center strengthens children's intellect and character to transform their future.

Through dynamic and interactive learning that involves playful, artistic, and technical activities such as music, painting, language, and math, we contribute to improving their self-esteem, promote values, and contribute to the development of children's skills and talents.

Music

- + 22 children developed musical skills by singing, playing guitar, piano, and violin: understanding their differences and abilities.
- + 100 % of beneficiaries improved their creativity, resilience, and self-esteem.



Drawing & Painting

- + 17 children strengthened their creativity and learned new drawing and painting techniques by designing and sculpturing.
- + 100 % of participants improved their self-esteem, empathy and character by recognizing their talent and of its peers for art.



Encuentro con la palabra

- + 12 children improved their communication and language skills through oral and written expression workshops.
- + 100% of beneficiaries improved adaptative skills by performing theater plays.



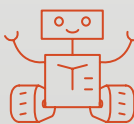
Jugando con los números

- + 18 children strengthened their logical-mathematical thinking to improve their cognitive skills and school performance.
- + 100% of the children reinforced their creativity and character while doing crafts and body language activities.



Robotic & English

- + 40 children from the Tomás Oleas Middle School received 8 hours of basic training in robotics and English.
- + 100% of participants expressed joy, commitment, and teamwork during the day.



25 mothers and 4 fathers of the Nukata Kuyay Center were provided information related to assertive communication to help to build respectful relationships that promote personal and collective growth.


These workshops were developed with the support of Plan Internacional and addressed the following topics:

- + **Workshop 1:** I learn by playing, empathy and communication.
- + **Workshop 2:** Building gender equality from early childhood.
- + **Workshop 3:** Being a mother and father in everyday life, a shared challenge.
- + **Workshop 4:** Father's place in parenting and household chores.
- + **Workshop 5:** Self-esteem and life project.
- + **Workshop 6:** Sexuality, I learn and talk with my sons and daughters about Sexual and Reproductive Rights.



Since March 16, 2020, the center activities were suspended due to COVID-19 to protect children's health and well-being, reduce the risk of crowds and possible contagions.

However, to contribute to their care and of their families, we developed virtual talks with the occupational physician of Cajabamba, to clear concerns and give information about preventive measures to avoid the contagion and spread of COVID-19.

Relationship with the communities
 (411-1) (413-2) (G4-FP3) 

As a result of our transparent, responsible and objective performance, we did not record any incident related to the violation of indigenous people's rights in our locations.

During this period, there were no industrial disputes or strikes made by our employees or the communities nearby our operations. In addition, no social complaints of any kind were filed.



PRODUCT

The result of a diligent production process, along with the experience and knowledge of a multidisciplinary team, guarantees the quality and high nutritional value of our products.

We promote healthy lifestyles and a balanced diet by incorporating products to the market with low and moderate levels of sugar, saturated fat and salt, and with a high content of fiber, protein, cereals, vitamins and antioxidants.

We comply with all standards and regulations for the elaboration, labelling and commercialization of food products established by the surveillance and control bodies.

INNOVATION

(103-3)

Innovation is one of the company's strategic pillars which allows us to increase productivity, seize business opportunities and address changing challenges; by developing 3 lines of action:

- + Product innovation
- + Process innovation
- + Technological innovation



PRODUCT INNOVATION

The Research and Development department is in charge of listening, understanding and satisfying the nutritional and organoleptic² requirements of consumers.

To incorporate new ingredients and/or reformulate our products, we analyze market trends, consumer preferences and habits, the necessary equipment and supplies, and legal and technical requirements.

In 2020 we launched the following products to the market:



B2B - Industrial Business Unit

- + Estrella de Octubre 5 kg Flour
- + Gallitop 10 kg Flour



B2C - YA Business Unit: Packaged Flours, Premixes and Oats

- + Multi-Seed Flour YA 454 g
- + Oats pancake 300 g



B2C - Packaged Bread Business Unit

- + Recipe reformulation to maintain flavor, quality, texture and nutrition, while extending the shelf life of the product (without adding preservatives).
- + Panettone packaging redesign (to avoid packaging deformations and enhance product handling).

² Organoleptic: corresponds to all descriptions of the physical characteristics of matter, for example: taste, texture, smell, color and temperature.

PROCESS INNOVATION

Due to COVID-19, we implemented new delivery models that guarantee the accessibility and availability of our products which allowed us to respond rapidly to customers' request:

Home channel (Canal Hogar)

We developed our home delivery service and incorporated products from 11 brands into our portfolio due to strategic alliances. In 2020, around 1,940 households in Quito and Guayaquil received our products without leaving home.

Mobile store

We visited gated communities, neighborhoods and shopping centers in Quito with a food-truck style vehicle, reducing waiting time and crowds in supermarkets.

TAT distribution channel

Commercialized our products in neighborhood stores in 5 cities of the country, through mono-distributors.



During quarantine, we commercialized our products through digital delivery platforms, guaranteeing its supply to consumers.



TECHNOLOGICAL INNOVATION

During 2020, Information Technology department digitized and implemented some strategies to increase operations efficiency:



Digital platform update

Applying user experience concepts to enhance adaptability and efficiency of teleworking (e.g. E-learning Siembra training platform).



Automation of processes and information

Optimizing time in entering, preparing, obtaining and reporting data of different departments; and planning supply (e.g. RPA - Robotic Process Automation, automatic software for customer creation and orders).



SAP S/4 HANA integration

Allows managing business information in real-time, with greater agility and understanding of data for decision-making and market response.

CERTIFICATION

(G4-FP5)

Moderna Alimentos is committed to elaborate quality products.

National and international certifications guarantee that 100% of products are processed under quality and safety food standards, audited and validated by competent regulatory agencies according to ISO 19011 standards.

The table below provides information regarding the certifications obtained in each Production Plant as of December 2020:

QUALITY CERTIFICATIONS				
PRODUCTION PLANT	GMP	HACCP	FSSC 2200	SMETA
Amaguaña	✓	✓	-	✓
Cajabamba	✓	✓	✓	-
Cayambe Molino	✓	✓	✓	✓
Cayambe Pastificio	✓	-	✓	✓
Quito	✓	✓	-	-
Manta	✓	✓	✓	✓
Certification percentage	100%	83%	66%	66%



100% of products are manufactured in certified production plants.

By the end of the year, we conformed a team of 12 internal auditors to evaluate with integrity and impartiality the degree of compliance of management system requirements and the operation of the established procedures. In addition, they will be responsible for implementing and improving policies, standards, and other requirements to achieve process effectiveness.

Also, we maintained 44 Sellos de Calidad INEN confirming the effectiveness of controls, technical competence and management system.

Sellos de Calidad INEN

Certification granted by the Ecuadorian Standardization Service to a product that meets quality and safety requirements and is made under a quality management system.

Good Manufacturing Practices (GMP)

Food handling that is adjusted to each stage of the process to guarantee quality and safety.

Hazard analysis and critical control Points (HACCP)

Systematic process that ensures food safety. Risks and critical control points are analyzed to prevent chemical, physical and biological hazards.

Sedex Members Ethical Trade Audit (SMETA)

External audit that evidence the principles of ethical and socially responsible production of the supply chain.

Food Safety System Certification (FSSC 22000)

Standard that specifies the requirements to be met in the food supply chain, ensuring that the product reaches the consumer in perfect condition.



NUTRITION AND
RESPONSABLE COMMUNICATION

(206-1) (416-1) (417-1) (417-2) (419-1) (G4-FP6)
(G4-FP7) (G4-FP8)

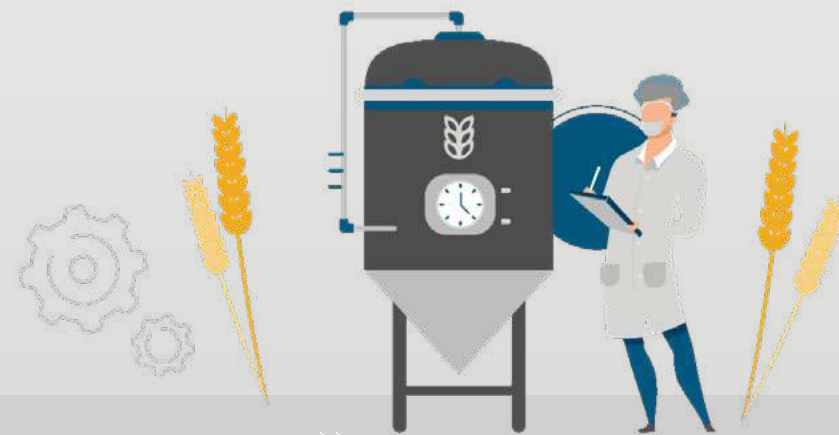
We seek to provide clear, transparent and accessible information to our consumers regarding the nutritional properties of our products, enhancing conscious purchasing decisions.

This objective is guided by standards and technical regulations such as: NTE INEN 1334 “Labelling of Food Products for Human Consumption”; RTE INEN 022 “Labeling of Processed and Packaged Food Products”, and “Labeling of Processed Foods for Human Consumption Regulation” enforced by ARCSA.

Additionally, as established by Ecuadorian regulations, we included **Traffic Light System**³ to indicate the levels of sugar, fat and salt (sodium) based on portions of 100 grams of processed foods.



89% of our portfolio consists of green and yellow light labeled products, showing that the content of sugar, total fat and salt is less than 15%, 20% and 0.06%, respectively.



13% of our processed products are low in sugar; 20,50% have low saturated fat formulas and 20.54% are low in sodium, in accordance with the NTE INEN 1334 standard “Labeling of Food Products for Human Consumption – “Requirements for Nutritional and Healthy Declarations”.

18.24% of our portfolio has a high content of vitamins and minerals, and 0.12% has high level of fiber.

Since these are food for free consumption, the products’ packaging do not require information regarding handling, instructions for intake or consumption. For packaging final disposal, the coding of the used material is included, according to the RTE INEN 100 “Plastic Materials and Articles intended to be in contact with Food”.

In the reported period, no sanctions were identified for non-compliance with the labeling regulatory framework nor fines, lawsuits for unfair competition, monopolistic practices, or for violating free competition or others.

³ It should be noted that labeling regulations does not apply to flour, pasta or oats

CONSUMER SERVICES

(416-2) (417-3) G4-FP4) (418-1)

A good diet is key to people's well-being, we constantly launch campaigns and events to communicate information related to nutrition, balanced dieting and healthy lifestyle to our consumers.

In 2020, we developed various digital and blended activities such as live videos about easy, fast, nutritional and accessible recipes; customers visits and technical training; and enable home delivery platforms.

During this period, there were no claims for leaking stakeholders' information: customers, employee, community, shareholders, that could affect their privacy and normal performance.



To prevent legal claims for non-compliance with regulations or codes relating to health and safety of products and services, we are frequently getting informed about regulations issued by surveillance and control authorities: Organic Law of Communication, Organic Law of Market Power Regulation and Control, Good Commercial Practices Guide for the Supermarket sector and/or similar and its suppliers; guaranteeing strict compliance and avoiding sanctions related to advertising or campaigns.



CONSUMER SATISFACTION

(102-43)

As an input to identify and know customer perspectives and requirements, we apply measurement and monitoring tools, such as:



+ Net Promotor Score (NPS):

This indicator starts from a key question to customers: "Using a scale from 1 to 10, how much would you recommend our products?"

After consulting 2.381 customers, (84,73%) 8 out of 10 customers recommend our products.



+ PQRs System – SOS Moderna:

Allows us to manage all Requests, Complaints, Claims and Suggestions received from our customers and consumers efficiently.

In 2020, we received 892 cases; of which, we manage the 99,44% during the same period of time. The average response time was 5 working days.



+ Personalized Advice:

With the use of digital tools, the salesforce team keeps an effective communication with its customers to understand customers' doubts and needs, providing support and guidance about the characteristics and benefits of our brands.

Supply Chain

We provide support to internal and external customers' requirements and demands.

The Supply Chain department builds transparent and ethical relationships with suppliers based on:

- + Ethical Trading Initiative

- + Procurement Procedure

- + Code of Conduct and Ethics for Suppliers/Contractors

- + Supplier Qualification, Evaluation and Dismissal Procedure.

52

We evaluate our suppliers of raw materials, packaging and related products, using criteria of quality, environment, labor practices, human rights and social responsibility. During 2020, we evaluated 82% of our suppliers, 451 companies. The goal for 2021 is to meet the 100% rating of this group.

In 2020, through the Drive-in system, 70% of product orders were monitored nationwide to accurately measure delivery time and track relevant updates from our customers when receiving the product. Compared to

2019 (90%), this indicator decreased mainly due to changes in freight suppliers, delivery of additional requirements, and the incorporation of new customers in our value chain as a direct consequence of the pandemic.

281 freight suppliers and stevedores were trained about COVID-19 preventive measures, guaranteeing product quality, safety, and supply. We also provided them biosecurity kits, catering, disinfected their vehicles and recognized them for their hard work.

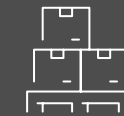


SUPPLY CHAIN OVERVIEW

(102-9) (102-10)

Supply chain department is composed by three teams that work together and coordinate the supply of raw materials and distribution of products.

Purchasing department:



Responsible for the provision of raw materials, packaging and additives, and commercialized products by ensuring optimal levels of quality and cost.

Planning:



oriented to project demand of the business units that we offer to the market, leads the production planning, and transfers finished products to the distribution centers.

Logistics:



In charge of the efficient and sustainable distribution of products to our clients.

LONG TERM

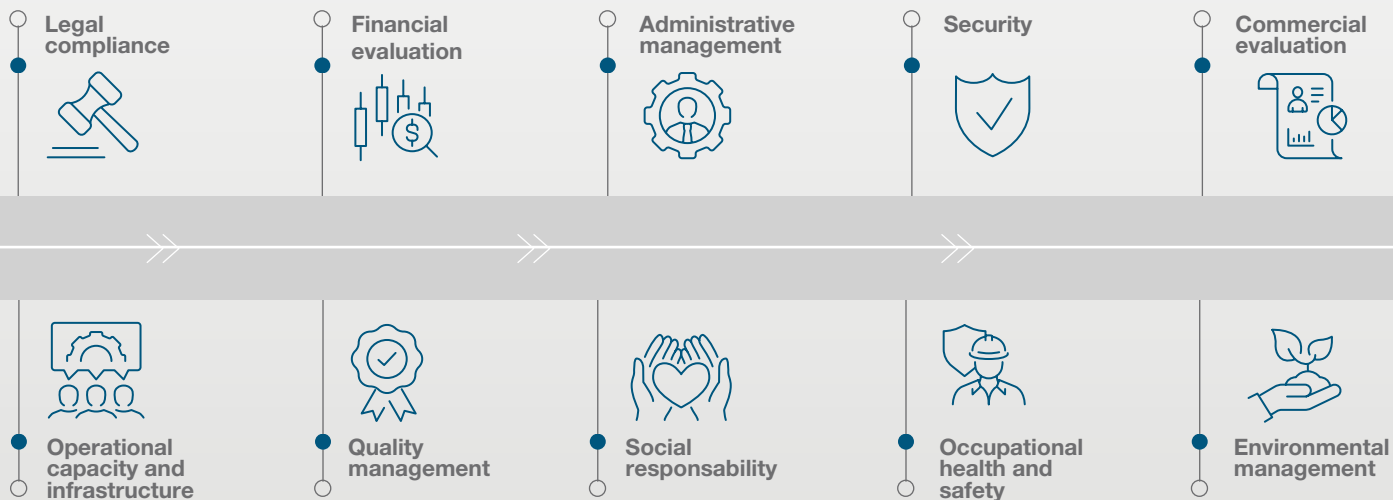
RELATIONSHIPS

(308-1) (308-2) (407-1) (408-1) (409-1) (414-1) (414-2) (G4-FP1) (G4-FP2)

We built strategic alliances with our suppliers based on the win-win principle, to achieve the best quality and cost conditions in each purchase. We establish long-term commercial, civil and trade relationships by signing contracts between natural or legal persons, in which ethical and fair negotiation conditions are established, aligned with the company's principles.

Everyone interested in becoming a good or services supplier must comply with the requirements established in the Code of Conduct and Ethics for Suppliers/ Contractors, the document that establishes ethical and behavioral guidelines, mutually accepted, for managing commercial partnerships. This document was socialized and provided to 100% of our business partners.

Furthermore, our Supplier Qualification System, designed by an external contracted company, analyzes, investigates, evaluates and validates –in a comprehensive way– the production capacity of the goods and services offered, according to the following criteria:



Suppliers, natural and legal persons can upload supporting documentation through an online platform, to certify the annual compliance with each of the established criteria.

+ Graphic. Supplier qualification process



In 2020, 451 suppliers were evaluated according to the following description:

2020 SUPPLIER EVALUATION

Type	Description	Percentage
A	Suppliers of goods that intervene in the production or commercialization process..	25%
B	Suppliers that offer complementary goods and services or provide supporting services to the production, storage, distribution and sales areas.	65%
C	Suppliers that provide administrative goods and services.	10%
Total		100%



100% of new suppliers comply with environmental, labor, safety and human rights criteria as part of the qualification requirements.

During the verification audits –in situ and documents’ review - no negative social or environmental impacts were identified nor cases in which the freedom of association or the right to collective bargaining could be infringed or threatened; or that there is a significant risk of children, forced or compulsory labor cases.

In case suppliers might not fulfill the requirements, our team is properly prepared to support, guide, and help them acquire the necessary conditions and skills. However, if they do not want support or cannot meet the required standards, they risk being excluded from the supply chain.

According to our Purchasing Policy and evaluations, 100% of the volume of acquisitions made, comply with national and international norms and standards (e.g. FSSC 22000, ISO 9001, ISO 18001, ISO 22000, ISO 26001, ISO 45001, GMP, DDHH, Ethical Trading Initiative, GRI Standards).

SUPPLY CHAIN MANAGEMENT



SECURITY STAFF

(410-1)

We ask the private security service company to provide comprehensive training to their employees, to ensure the competence and performance of security staff.

The contractor certified that its employees, who work within Moderna Alimentos facilities, completed their training on Human Rights and regulations for corporate security in March 2020.

As evidence of this compliance, the supplier sends, quarterly, content and proof of the training provided.



In the following table we provide information regarding 2020 purchasing distribution:

PURCHASING DISTRIBUTION

(204-1)

We contribute to the national economy, 73% of purchases were from Ecuadorian suppliers and by prioritizing areas where we operate (Production Plants and distribution centers). We believe and promote equal opportunities for all, without discrimination

The main challenge we faced in 2020, was to timely supply our production plants due to the high demand for materials consumption, it went up 4 times more than the average in March, April, and part of May due to COVID-19.



PURCHASING DISTRIBUTION

73%

Local



27%
Imports

LOCAL PURCHASING DISTRIBUTION

69%

Distribution centers

31%

Production plants

LOCAL PURCHASING DISTRIBUTION PER PRODUCTION PLANT

Production Plant	Percentage
Quito	59 %
Cayambe	13 %
Manta	10 %
Pastificio	9 %
Cajabamba	6 %
Amaguaña	3 %
Total	100 %

Wheat was not considered to calculate the purchasing distribution. Most of this raw material is imported since national wheat does not fulfill the milling industry demand. Ecuadorian wheat properties are inferior compared to imported wheat and cannot be 100% used for producing baking flour.

We remain committed to promoting and supporting the development of local wheat suppliers through our Cultiva program.



DEVELOPMENT OF
LOCAL RAW MATERIAL SUPPLIERS

(203-1) (203-2)

In 2010, the company created the Cultiva program to promote national wheat production under a profitable agricultural business model to improve farmer's quality of life and work as part of a fair trade system; farmer's development allows the company to obtain local raw materials.

The program promotes economic stability to national wheat suppliers; it is carried out through the following stages: land inspection, supply of certified seed, technical assistance to the farmer and guarantee the purchase of 100% of the harvest.

Four aspects of the program confirm its sustainability:

FARMER DEVELOPMENT:

For 10 years, the program has been generating business opportunities and agricultural growth in the provinces where the company is working with farmers: Carchi, Imbabura, Pichincha, Chimborazo and Bolívar.

The two largest suppliers industrialized their sowing, cultivation, and harvesting process through the Cultiva program. Some farmers obtained machinery such as combine harvester and threshers that lease to other producers.

Moderna Alimentos purchases national wheat, stimulates its local production, and supports 572 farmers.



2

SEED SUPPLY AND DEVELOPMENT:

Certified wheat seeds are supplied to farmers, meeting all the quality standards required by the National Institute for Agricultural Research (INIAP) and guaranteeing crop yielding and higher productivity.

YEAR	SEED	
	kg	USD
2019	81.000	\$56.700
2020	84.825	\$63.370

The number of hectares (has) cultivated increased from 21 hectares in 2010 compared to 1.166 has in 2019, yielding 1,98 t / has; as the result of the program actions.

The company contributes to the development and improvement of the seed along with the Ministry of Agriculture, INIAP and local municipalities.

WHEAT SEED EVOLUTION

Factor / year	2013	2017	2020
Falling Number (seconds)	242,00	237,00	259,00
Test weight (Kg/Hl)	76,72	78,76	79,50
Humidity (%)	14,30	13,98	13,69
Impurities (%)	3,75	1,29	1,42
Gluten (%)	22,94	22,33	26,56

3

TECHNICAL ASSISTANCE

knowledge transfer between industrial and small farmers is promoted by the company through training on subjects related to seed management, sowing, cultivation and harvesting techniques. Technical field visits are made and farmers are invited to Cayambe and Cajabamba production plants to see good agro-industrial practices and create dialogues about the importance of wheat farming in the country.

More than 365 farmers trained in national wheat production techniques and about Moderna Alimentos production plant processes.



4

NATIONAL WHEAT PURCHASE:

In recent years, wheat purchases significantly increased. In 2020, we purchased more than 2,309 tons of wheat, 34.17% of the national harvest for the milling industry.



572 families benefited
in the provinces of Carchi, Imbabura, Pichincha, Chimborazo and Los Ríos.



365 farmers trained
in national wheat production and cultivation techniques, and about the production processes of our facilities.



84.825 kg
of seed supplied, representing USD 63,400 in financing for farmers.



2.309,07 tons of wheat
purchased for USD 1.12 million, 37% of the total Ecuadorian wheat production.



USD 513.570
of potential savings in wheat importation redirected to favor national production.



Awarded as 2020 Innovative and Sustainable Initiative
Big Company Category granted.



PLANET

PLANET

Environmental care is an essential aspect in all our activities, we are committed to a sustainable model based on:

- ⊕ Efficient use of resources to reduce the environmental impact of the production and consumption of goods and services.

- ⊕ Properly manage waste by incorporating technically permitted criteria for its use and recovery.

- ⊕ Promote sound environmental practices among employees by creating awareness about responsible consumption.

- ⊕ Oversee performance of our environmental indicators to identify any deviation and suggest opportunities for green improvement.

- ⊕ Implement Clean Production initiatives to reduce Greenhouse Gases (GHG) emissions and other possible adverse impacts due to our processes.



ENVIRONMENTAL LEGAL COMPLIANCE

(102-11) (307-1) (413-2)

We are aligned with current national environmental regulations. We remain perceptive of the updates of ordinances or regulations issued by the surveillance and control authorities at the local and national level, to timely managing the respective environmental permits for our operation.

We apply the precautionary principle in situations of uncertainty or threat to the environment. Measures to prevent damage are adopted during construction and implementation of procedures aiming to: achieve energy efficiency; optimal use of raw materials, inputs, and auxiliary materials; efficient management, and reduction of solid and hazardous waste

During 2020 we did not receive complaints or demands from the communities nearby our production plants nor significant penalties or fines have been applied for non-compliance with environmental legislation

RESPONSIBLE USE OF RAW MATERIALS



RAW MATERIALS

(301-1)

Wheat is the main ingredient for flour, semolina, bread and pasta production.

In 2020, the raw materials consumption trend showed a slight increase in the Amaguaña, Cajabamba and Cayambe production plants due to the high demand of products during quarantine lockdown. While, in Manta, the reduction of materials consumption was directly related to a slight decrease in the manufacturing of our B2B products.

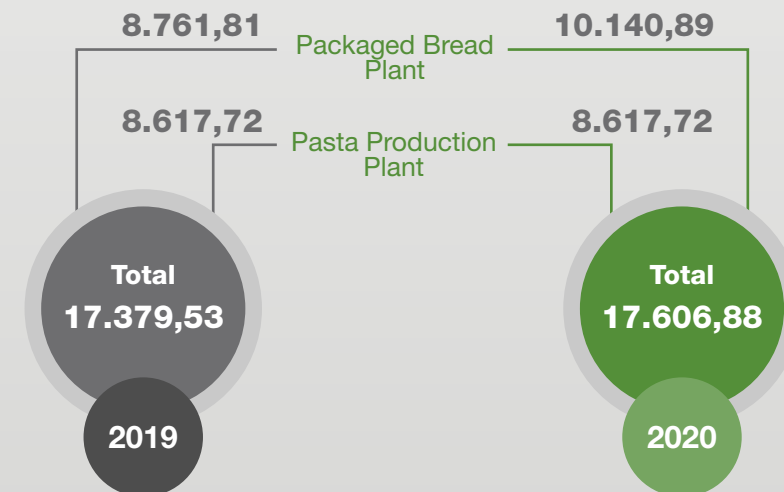
+ Raw materials volume

Acquired wheat from external suppliers (t)

Production plant	2019	2020
Amaguaña	2.090,46	2.720,14
Cajabamba	45.543,94	46.293,04
Cayambe	68.041,44	70.398,04
Manta	102.613,60	95.089,08
Total	218.289,44	214.500,30

Due to marketing strategies and commercial alliances, the packaged bread production plant showed a significant increase compared to last year.

Dough and semolina produced internally (t)



ADDITIVES

Our flours are enriched with vitamins, mineral salts and other micronutrients providing the necessary nutrients for a healthy diet, in compliance with the NTE INEN 616 Norm and the "Regulation for the fortification and enrichment of wheat flour in Ecuador" issued by the Ministry of Public Health.

All the additives used are obtained from renewable sources through biotechnological processes and comply with General Standard for Food Additives - Codex Alimentarius.

Additive's consumption increased 22.53% compared to 2019; packaged flour production increased during the months of April and May due to the high consumer demand during quarantine.

Additives (t)

Production Plant	2019	2020
Amaguaña	0,70	0,37
Cajabamba	13,70	13,06
Cayambe	81,38	125,71
Manta	23,74	20,58
Panificadora	51,81	50,22
Total	171,33	209,94

Renewable materials:
The raw material (wheat, dough, semolina) and additives incorporated in our processes come from 100% renewable sources.



PACKAGING MATERIALS

(301-2) (301-3)

Packaging material consumption is related to the volume of the production plant's manufacturing, variation is determined by the national planning that is organized monthly and adjusted weekly according to market demand.

We mainly use polypropylene sacks and sheets, stretch film and thread for B2B products packaging; using plastic bags and cardboard to a lesser extent in the production plants of the B2C business units (packaged bread and pasta).

PACKAGING MATERIAL (T)		
Production Plant	2019	2020
Amaguaña	30,82	40,11
Cajabamba	102,13	126,00
Cayambe	129,29	175,00
Manta	256,54	212,04
Panificadora	116,00	126,47
Pastificio	225,24	105,28
Total	860,02	784,90

8.73% reduction of packaging materials due to production decrease in the pasta production plant (Cayambe) and industrial flour (Manta) production plants.

To guarantee food safety and due to business segment – food manufacturing - we do not incorporate recycled or recovered packaging materials within processes. We work with suppliers in the implementation of actions towards sustainability in the life

cycle of their products (plastic or cardboard) without affecting quality standards established by the company.

As part of these initiatives, **90% of cardboard used for packaging has the FSC Certification (Forest Stewardship Council)**, which guarantees the sustainable management of forest resources.

Acquiring a product with an FSC certification guarantees the consumer the contribution of forest conservation and the social, cultural, and environmental values associated with it.



We obtained 3 Punto Verde certifications for optimizing supplies in the packaging process at our Cajabamba and Manta production plants.



HOLISTIC **WASTE MANAGEMENT¹**

(306-2) (306-4)

We constantly seek to improve waste management in our processes. We work on waste reduction and recycling to minimize environmental impacts.

We classify waste as **hazardous** to those that pose a risk to human health and the environment due to its corrosive, reactive, toxic, flammable, biological-infectious, and/or radioactive properties. **Non-hazardous**, those that do not represent a health risk, do not pollute, and are recycled, such as cardboard, wood, scrap metal, etc.

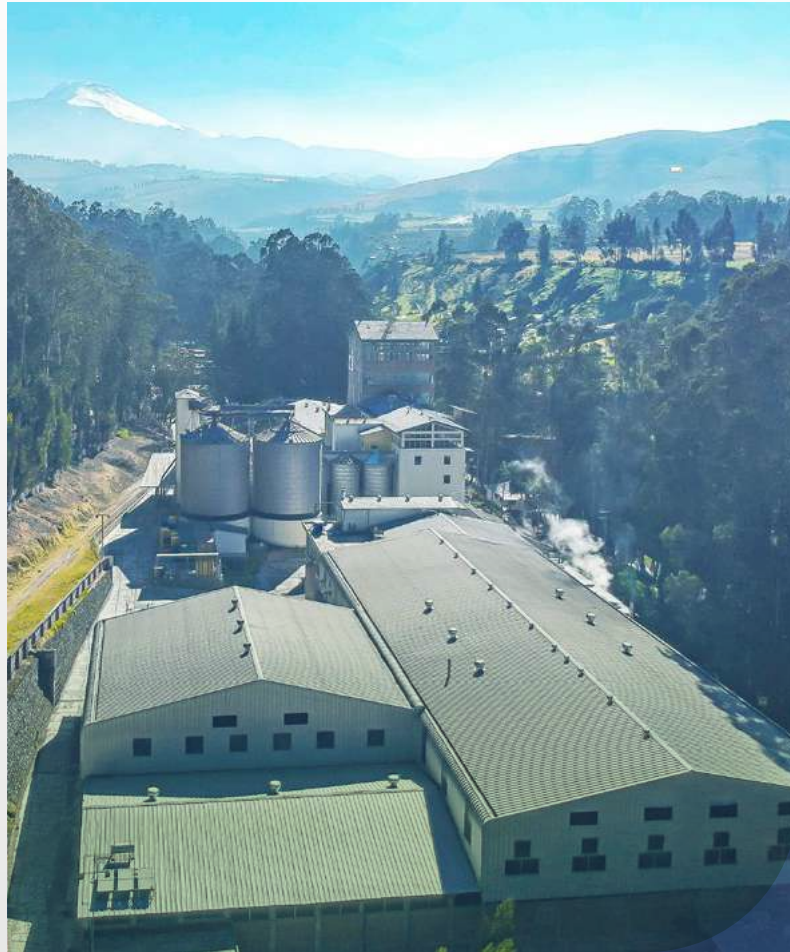
19,338 kg of hazardous waste delivered to qualified environmental waste managers for its treatment and final disposal, in accordance with current regulations. We implement programs to minimize the use and generation of waste in our production plants.

We promote the classification and recycling of the non-hazardous waste in our facilities. **In 2020, we delivered 82,753 kg of materials such as cardboard, paper, plastic, and scrap metal, to waste managers of the local community, generating employment and boosting the economy of this sector.**



We obtained 2 Punto Verde certifications for waste recovery in the wheat pre-cleaning process in Cajabamba and Manta.

¹ In compliance with current environmental legislation and international treaties for the movement of hazardous waste, we do not treat, transport, import or export any type of hazardous waste.



RESOURCES

ENERGY

(103-1) (103-2) (103-3)

Energy efficiency is essential to achieve a sustainable production.

We use energy from **renewable sources** using a hydroelectric power plant, and **non-renewable sources** using fossil fuels, such as diesel and LPG, to manufacture, store and distribute our products

+ Total LPG consumption (302-1)

Liquefied Petroleum Gas (LPG) is the most used energy source in the packaged bread plant to run ovens. In other locations, we use it to a lesser extent as fuel for forklifts.

TOTAL LPG CONSUMPTION² (TJ)

Production Plant	2019	2020
Amaguaña	0,22	0,10
Cajabamba	0,87	0,87
Cayambe	0,35	0,22
Manta	0,99	1,14
Packaged Bread Plant	14,61	13,58
Total	17,04	15,93

² The calculation of the energy was carried out according to the LPG calorific power: 45.343,044 J/kg.

+ Total diesel consumption (302-1)

Diesel is mainly used in drying ovens at the Pasta production plant; in the packaged bread plant for boilers and secondary ovens, and in the mills, it is used to power electric generators in the event of power outages.

TOTAL DIESEL CONSUMPTION³ (TJ)

Production Plant	2019	2020
Amaguaña	0,05	0,09
Manta	0,44	0,82
Packaged Bread Plant	5,86	4,98
Pasta Plant	12,18	8,74
Total	18,53	14,64

³ The calculation of the energy was carried out according to the diesel calorific power: 146.520.000 J/gal.

+ Total electricity consumption (302-1) (302-2)

Electricity consumption is related to 3 main factors: the size of each production plant, the type of processes and its age.

In 2020, electricity consumption reached 16,933.84 MWh, corresponding to 60.96 TJ, decreasing 6.57% compared to 2019 energy demand

TOTAL ELECTRICITY CONSUMPTION⁴ (TJ)

Production Plant	2019		2020	
	Internal	External	Internal	External
Amaguaña	-	0,55	-	0,45
Cajabamba	-	10,54	-	11,02
Cayambe	7,40	8,74	12,32	4,19
Manta	-	26,69	-	25,57
Packaged Bread Plant	-	3,38	-	3,14
Pasta Production Plant	7,95	-	4,27	-
Total	15,35	49,90	16,59	44,37

In 2020 there were slight variations in all the production plants, the most significant variation was at the pasta production plant due to a decrease in production.

The energy consumed in the pasta production plant and mill in Cayambe is generated by our 1.65 MW Hydroelectric Power Plant, **reducing 27% of the energy consumption of the Interconnected National System of Ecuador and avoiding GHG emissions due to the use of clean energy.**

⁴ To convert between units of measurement of the same physical magnitude, in this case, the energy only occupied the conversion factor between 1 W.s = 1 J, or its equivalent 1kWh = 3,6 x 10⁶ J. Adicionally 1TJ = 1x10¹² J.



Obtained 3 Puntos Verdes certifications by reducing electricity consumption in Cajabamba and Manta.

ENERGY INTENSITY

(302-3) (302-4) (302-5)

The energy intensity is the result of the relationship between the consumption of electricity expressed in terajoules (TJ) with the quantity of raw material processed in each production plant in tons (t).

The lower the result, the more efficient is the consumption of energy in the operational process.



WATER

(303-1)(303-3)(303-5)

The proportion of water consumption is directly related with the type of product elaborated.

In the mills, it is used for wheat tempering, is absorbed in the process so no effluents are generated. In the Pasta and Packaged Bread Plant, it is an indispensable ingredient in the process of transforming the raw material into doughs.

Water consumed comes from the public supply network. However, in Cayambe, with the respective permits, this resource is taken from a natural spring located inside the premises of the production plant, an area that is not considered protected.

WATER CONSUMPTION (m³)

Production Plant	2019	2020
Amaguaña	526,85	343,34
Cajabamba	1.438,70	1.304,00
Cayambe	5.028,17	3.524,35
Manta	6.341,46	6.029,00
Packaged Bread Plant	2.515,99	1.512,66
Pasta Production Plant	13.233,00	12.349,00
Total	29.084,17	25.062,35

+ **Effluents generation**
(303-2) (306-5)

We do not generate any type of adverse impact on the water sources used. We do not discharge industrial wastewater from our production plants as we have a dry process.

The industrial wastewater of the Packaged Bread production plant is from the water used for cleaning drawers. It receives a primary pre-treatment to meet the applicable discharge parameters and every three months, we contract an accredited external environmental laboratory that performs the corresponding physicochemical monitoring. Thus, showing compliance with current regulations and the maximum permissible limits.

In 2020 we treated 9,169.85 m³ of wastewater which corresponds to 100% of the amount generated.

+ **Significant spills**
(306-3)

We frequently implement contingency plans to reduce and even avoid the risk of possible spills. Furthermore, we train brigades to be alert and respond immediately to this type of adverse event.

Despite the security measures implemented, in September 2020, we had a diesel spill of 0.785 m3 in the fuel storage area in our packaged bread production plant. Trained employees promptly identified the event and quickly controlled it without causing any environmental damage. The contaminated material was delivered directly to the qualified environmental manager.

ENERGY INTENSITY (x 10⁻⁴ TJ/t)

Production Plant	2019	2020	Increment	Reduction
Amaguaña	2,9	1,6	-	1,3
Cajabamba	2,3	2,4	0,1	-
Cayambe	2,4	2,3	-	0,1
Manta	2,6	2,7	0,1	-
Packaged Bread Plant	9,2	5,7	-	3,5
Pasta Production Plant	3,9	3,1	-	0,8
Total	23,3	17,8	0,2	5,7

We promote and implement plans and programs focused on reducing energy consumption, such as: optimization of production processes, acquisition of efficient equipment, installation of LED lighting and employee awareness regarding proper use of resources.

The reduction in the Pasta production plant is due to low production.



EMISSIONS

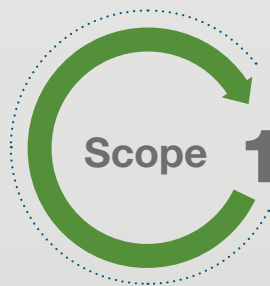
CO₂ TONS EMISSIONS

(103-1) (103-2) (103-3)

We carried out our Carbon Footprint assessment with a specialized external company, to identify potential activities for reducing Greenhouse Gases (GHG) emissions and propose mitigation strategies.

The Carbon Footprint is a parameter that represents the total emissions of CO₂ and other GHGs, expressed in CO₂ equivalent mass, caused directly or indirectly by a product, organization, service, or event throughout its life cycle.

According to its scope, GHG emissions can be classified into:



Direct emissions

Emissions from sources owned or controlled by the organization

- + Combustion in stationary sources.
- + Combustion in mobile sources



Indirect emissions

Emissions generated by power plants that produce electricity

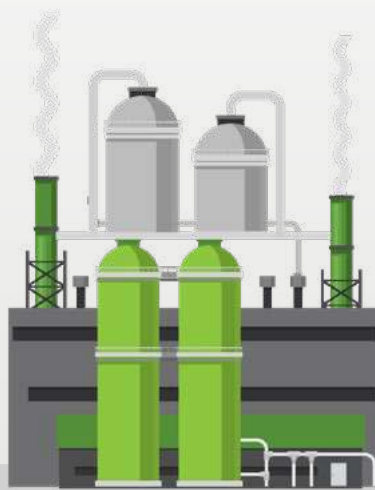
- + Electricity acquired by the organization.



Otras emisiones indirectas

Emissions from sources that are not owned or controlled by the company.

- + Combustion in external mobile sources.
- + Management of waste generated.



Since 2017, we have kept a record of GHG emissions related to the company's activities under the provisions of the GHG Protocol Corporate Standard and ISO 14064-1, "specification with guidance, at the organization level for quantification and reporting of GHG emissions and removals".

+ Scope 1 Emissions (305-1)

For the GHG emissions report - Scope 1, we consider the consumption of fuels (LPG and diesel) used during the activities of the production plants. We do not consider the transportation of materials, products, waste, workers and passengers since they do not correspond to activities controlled by the company.

To calculate the emissions in this scope, we use the emission factors provided by the 2006 IPCC, Volume 2. Energy. Stationary Combustion. Table 2.2 ; giving the following results:

SCOPE 1 EMISSIONS (tCO_{2e})

Production Plant	2019	2020
Amaguaña	17,83	13,35
Cajabamba	55,86	56,03
Cayambe	22,47	14,43
Manta	96,17	134,44
Packaged Bread Plant	1.372,26	1.241,22
Pasta Production Plant	902,58	647,88

+ Scope 2 Emissions (305-2)

For the calculation of GHG Emissions - Scope 2, we take the data of electricity purchased by each location. As it is energy from the public network, we use the conversion CO₂ factor of the (2019) Interconnected National System Report of the Ministry of Environment. The factor is typical of Ecuador's electricity system and could vary from country to country.

SCOPE 2 EMISSIONS (tCO_{2e})

Production Plant	2019	2020
Amaguaña	69,87	56,38
Cajabamba	1.329,53	1.390,35
Cayambe	1.102,35	528,90
Manta	3.594,26	3.224,75
Packaged Bread Plant	425,95	396,03
Pasta Plant	-	-
Total	6.521,96	5.596,41

The energy production in our hydroelectric power plant allows the self-consumption of non-polluting renewable energy, in 2020 we avoid the generation of **2,092.57 tons of CO₂ equivalent.**

+ Scope 3 emissions (305-3)

According to the GHG Protocol and ISO 14064, the calculation of the scope 3 emissions is recommended, but not mandatory. For this report, we do not consider indirect emissions resulting from the extraction and production of raw materials and inputs, work trips made through external transportation services nor the transportation of materials, fuel and products made by third parties.

⁵ Diesel: 74,1 tCO₂/TJ; 0,003 tCO_{2e} de CH₄/TJ y 0,0006 tCO_{2e} de N₂O/TJ - GLP: 64,2 tCO₂/TJ; 0,003 tCO_{2e} de CH₄/TJ y 0,0006 tCO_{2e} de N₂O/TJ
⁶ Electricity: 0,45x10⁻³ tCO₂/kWh; 0,00139 x10⁻³ tCO_{2e} de CH₄/kWh y 0,00267x10⁻³ tCO_{2e} de N₂O/kWh.

GHG EMISSIONS INTENSITY

(305-4) (305-5)

To calculate the intensity of GHG emissions, the Scope 1 and 2 values are added and divided for the total raw material processed in each of the production plants

We decreased the GHG emissions intensity by 18,60 % compared to 2019 due to the reduction of fossil fuels and the self-generation of clean energy.

GHG Emissions Intensity (tCO_{2e}/t)

Production Plant	2019	2020	Reduction
Amaguaña	0,04	0,03	0,01
Cajabamba	0,03	0,03	-
Cayambe	0,02	0,01	0,01
Manta	0,04	0,04	-
Packaged Bread Plant	0,21	0,16	0,05
Pasta Production Plant	0,10	0,09	0,01
Total	0,43	0,35	0,08

ODS EMISSIONS⁷

(305-6)

Our activities do not involve the production, use, import or export of ozone-depleting substances (ODS). The Montreal Protocol controls most ozone-depleting substances, including CFCs, HCFCs, halons, and methyl bromide.

AMBIENT AIR QUALITY

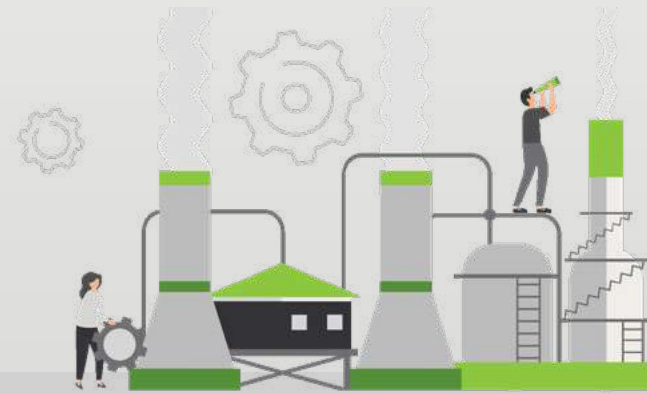
(305-7)

We assess ambient air quality with an accredited external laboratory, complying with current environmental regulations.

The results obtained are lower than the maximum permissible limits, according to the Texto de Legislación Ambiental Secundario Ministerio del Ambiente (TULSMA), Ambient Air Quality Standard, that guarantees that the environment is not affected.

AMBIENT AIR QUALITY 2020

Parameters Unit	CO ppm	NOx ppm	SO ₂ ppm	O ₃ ppm	PM 10 µg/m ³	PM 2.5 µg/m ³
Cajabamba	502	26	36	46	30	20
Cayambe	2.110	45	42	25	50	27
Manta	959	19	40	24	47	10
Maximum allowable limits*	10.000	200	125	100	100	50



BIODIVERSITY PROTECTION

(304-1) (304-2) (304-3) (304-4)

Our facilities nationwide are not located in protected areas, restored habitats or highly valued spaces in terms of biological diversity; ensuring that our operations do not represent a significant impact on the environment.

In our locations nationwide, there are also no species included in the IUCN Red List or national conservation records; This is based on the information provided by the certificates of the environmental regularization process needed for environmental permits.

INITIATIVES TO MITIGATE CLIMATE CHANGE

(201-2)

Climate change is one of the greatest global threats that does not understand the concept of borders. According to the United Nations Framework Convention on Climate Change (UNFCCC), is attributed directly or indirectly to human activities that modify the composition of the world's atmosphere and that increase the natural variability of climate, data observed over comparable periods.

To fight against climate change and its effects, we adopt urgent measures, focusing on reducing GHG emissions, such as those detailed below:



ENVIRONMENTAL ASSESSMENTS:

Invested USD 13,752 in monitoring environmental noise, ambient air quality, emissions from fixed sources and waste management, to quantify the environmental impact of our processes and to implement contingency plans against any deviation that may arise.

ENVIRONMENTAL AWARENESS:

Due to COVID-19 and the new normal, the company suspended its environmental volunteering days, such as: reforestation activities and river waste clean-ups, lagoons and beaches near our plants.

Instead, we promoted "A footprint from Home" campaign through social media, to provide information regarding sound environmental practices and raise awareness about the efficient use of natural resources. Likewise, we gave fabric tote bags to employees to encourage them to reduce the consumption of single-use plastic bags.

CLEAN PRODUCTION PROJECTS:

We develop initiatives focused on reducing the impact, recovery, and self-generation of resources, such as:

These initiatives were recognized as Clean Production Projects. Obtaining 8 Ecuadorean Environmental Punto Verde Certifications, while our Cajabamba Production Plant received the Eco-Efficient Company certification, making it the first mill in the country to achieve this distinction.

Optimization of inputs:

- + 37.81% reduction of plastic and 37.76% of cardboard due to the efficient use of raw materials (enzymes) used in the formulation of wheat flour - Cajabamba.
- + 27.05% reduction of inputs in the packaging system due to the implementation of efficient machinery – Cajabamba.
- + 5,12% reduction in the consumption of polypropylene sacks used for flour packaging – Manta.

Energy Efficiency:

- + 31,98% reduction in energy consumption due to the renovation of the entire lighting system of the production plant, replaced by LED tubes - Cajabamba.
- + 20,61% reduction in energy consumption due the optimization of time in the wheat discharge process from 1 hour to 20/40 minutes - Cajabamba.
- + 4.19% reduction in energy consumption due to the implementation of an electric speed shifter in the wheat reception area - Manta.

Waste reduction:

- + 32.11% reduction of waste generated in the wheat pre-cleaning area due to the application of a new reception equipment- Cajabamba.
- + Reincorporation of 9,092.58 kg of wheat dust in the production process due to a dust extraction hood – Manta.

Self-generation of renewable energy:

- + Self-generation of 4,4608 MWh, clean and non-polluting Hydroelectric energy, avoiding the generation of 2,092.57 tons of CO₂ in Cayambe.

Reduction of fossil fuels:

- + Reduction of 58,440 kg of LPG consumption, equivalent to the generation of 23.04 tons of CO₂, by replacing 14 fueled forklifts with electric ones. Considering the 8 existing electric forklifts, we have a total of 22, which represents the 77% of our forklift fleet nationwide. These changes in technology have ergonomic and operational benefits for the user.



Standards
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GRI

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	102-5	Ownership and legal form	5					SI
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SUSTAINABILITY REPORT 2020



This is our communication regarding the progress made towards the application of the United Nation Global Compact Principles. We welcome comments about the content in this report - write us to mmoreno@moderna.com.ec