



la industria de las ideas

# SUSTAINABILITY REPORT

**2019 - 2020**  
SEVENTH EDITION





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la industria de las ideas

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# Message from the CEO

FELIPE GONZÁLEZ-ARTIGAS

CEO

GRI 102-14



## “Sustainability starts at home”

To our stakeholders,

It has now been almost two years since the start of the COVID-19 pandemic, the biggest global crisis in decades, which challenged our ability as a country to work in a united and collaborative manner between companies, unions, government and civil society, in order to safeguard all the progress made in the development of our economy and our country.

Like many Ecuadorian families, we lost an important member: our founder, Carlos González-Artigas Díaz, who in life held the reins of La Fabril for more than 50 years and who has been the inspiration for several generations of leaders in our organization. Don Carlos, as he was known to many of our employees and friends, left us solid foundations and institutional values that continue to be our grounding cable in the most complex situations.

On behalf of the González-Artigas family, and in respect for what Don Carlos would have wanted in life, I would like to dedicate this Sustainability Report to our entire team of employees, who today number 5 thousand nationwide. Not only is it because of them that La Fabril is a great company and maintains its leadership, but it is also because of them that we are able to reinvent ourselves and continue to evolve, from our culture to our way of doing business and integrating with our environment.

To date, our priority has been focused on two fronts: ensuring the safety of our people and their families, and keeping Ecuadorian families properly supplied with basic

consumer goods, which during the pandemic were of vital importance in both the food and personal and household care categories.

Undoubtedly, the process of recovery of productivity in the country is still slow, but we are optimistic. In this regard, we had to anticipate with agility and flexibility to the global increases in raw materials, without compromising the sustainability standards of our supply chain and maintaining our production.

Our vision regarding our sustainable management begins by first focusing on some of the capabilities that we must strengthen as an organization. Therefore, we are focusing on consolidating our process management, completing the implementation of the main technological platforms to capture the value of our efficiency management, investing in listening to and getting to know our consumers and customers better, and having a culture of innovation. With this strategy and the right human talent aligned with our organizational values, we can guarantee that we will be consistent with sustainability.

Finally, I would like to sincerely thank all the people and organizations from all sectors, mainly: NGOs, parishes, municipalities, guilds, for their encouragement, motivation and collaborative attitude when we had to work together to help people in need during the pandemic. This shows that together we can also make a more sustainable country; of course, with the commitment that sustainability begins at home.



# About this Report

Continuing with our commitment to transparency, we present to our stakeholders the most significant facts about the economic, social and environmental performance of La Fabril and our subsidiaries: Energy & Palma S.A. and Extractora Agrícola Río Manso EXA S.A., which make up La Fabril Group. It is our seventh consecutive Sustainability Report and covers the biannual period 2019-2020.

This Sustainability Report is based on the Essential option of the GRI (Global Reporting Initiative) standards and has not been subject to substantial modifications or restatement of the information contained herein, nor to a process of external verification by an independent third party in relation to the application of the GRI standards.

The information we present has undergone a thorough review and validation by our internal control systems, ensuring its quality by applying principles such as: accuracy, balance, clarity, comparability, reliability and timeliness.

The leaders of the main management areas of our company have contributed in a decisive manner with relevant information about our performance during the reporting period.

The financial information reported is based on the International Financial Reporting Standards (IFRS) established by the Superintendency of Companies of Ecuador.

Some chapters include specific information on our subsidiaries Energy & Palma S.A. and Extractora Agrícola Río Manso EXA S.A., as in the cases of: profile of the organization, location of operations, environmental indicators and economic performance. Where indicated, the information corresponds to La Fabril Group.

In order to increase the dissemination of our Sustainability Report, we publish its content on the following website: <https://www.lafabril.com.ec/>



GRI 102-40

# Materility and Dialogues with Stakeholders

We maintain a fluid dialogue with our stakeholders, convinced that through adequate communication we contribute to the sustainability of our company. Our stakeholders or interested parties are internal and external; we consider our shareholders and employees as internal and our suppliers,

customers, consumers, control authorities, the media and academia as external.

We maintain direct contact with each one of them through different communication channels and with periodicities according to their nature:

STAKEHOLDER	COMMUNICATION METHOD	PERIODICITY
Shareholders	Shareholders meeting	Annually
	Sustainability Report	Annually
Clients	Customer service line	Permanent
	Email	Permanent
Collaborators	Suggestion box	Permanent
	Virtual meetings	Quarterly
	Social networks and business WS	Permanent
Consumers	Market research	Annually
Palm suppliers	Sales representative	Permanent
Suppliers of other goods and services	Meetings and visits	According to need
	Social networks	Permanent
Government and control authorities	Institutional documents	Periodically
	Electronic channels	Permanent
Media	Press releases	Monthly
	Press conference	According to need
	Public relations events	Periodically
Universities	Public relations events	Periodically



## DEFINITION OF THE TOPICS INCLUDED IN THIS REPORT

The topics developed throughout this document are the result of the materiality analysis conducted with our key stakeholders, who prioritized the aspects that require special attention from La Fabril Group, or that require additional information that responds to the concerns of a community increasingly aware of the impacts that all economic activity generates in the social and natural environments.

The coverage of each of the topics presented is national in scope, considering that our company is present throughout the Ecuadorian territory.





GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-11, 102-13

# Organizational Profile

We were born in 1935 as “La Fabril Compañía de Comercio”, but our history began in 1968, driven by the values and work spirit of its founder, Don Carlos González - Artigas Diaz (+), who started in the business world in 1968 with a small company that sold cotton fiber in branch.

His dedication, passion and entrepreneurial vision allowed him to develop one of the largest productive groups in Ecuador, generating thousands of jobs and contributing to the country’s development.

His son, Carlos González Artigas Loor, successfully continues his legacy.



We are a regional leader in the development of mass consumption brands in the food, fat, beauty, hygiene and personal care categories; we offer solutions for the bakery, beauty, hotel, restaurant and catering sectors; we serve the national and international markets with products developed according to their needs in a sustainable manner.

As an agribusiness and manufacturing company, we are part of the strategic sector of the Ecuadorian economy. Over time we have consolidated our position as the largest company in the edible oils and fats sector in the country. Our customers amount to more than 50,000.

We contribute to the generation of employment throughout our value chain, which begins in the oil palm plantations and concludes with the distribution of our products throughout the national territory through our sales force. As La Fabril Group we generate close to 5,000 jobs.

We have three industrial plants:

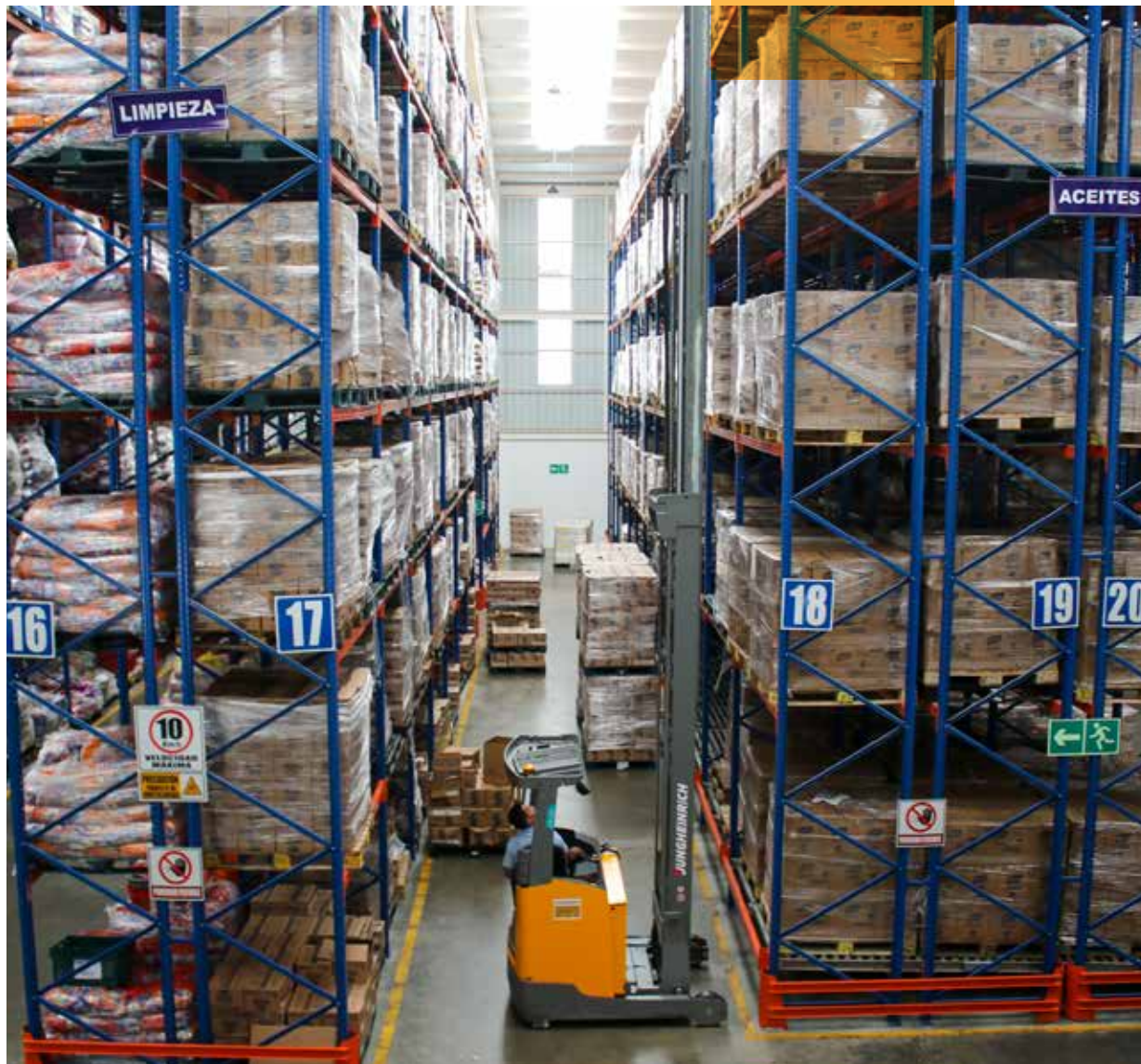
- **Montecristi Industrial Complex:** has an installed capacity of 528,836 tons per year for fats and oils and 216,630 tons per year for household and personal care products. The plant is recognized as one of the most technologically advanced in Latin America. We work with state-of-the-art technology and highly automated processes. The land has an extension of 20.1 hectares and a construction area of 18.3 hectares. Its current production capacity in the oils and fats line is 1,500 tons per day.
- **La Favorita Plant:** it has an annual refining capacity of 90,000 tons, of which a percentage is focused on organic production.
- **Guayaquil Personal Care Plant:** it has an installed capacity of 293,203,116 units per year of infant and feminine care products and 1,2910,896 units per year of cosmetic products such as dyes, talcum powder, absorbents, creams and alcohols.



The storage capacity of our warehouses, located in the country's main cities, is 11,000 tons. Our distribution fleet consists of 250 vehicles, 95% of which are contracted.

We directly and indirectly serve 100,000 points of sale in Ecuador and export to 21 countries.

We have a Research Center that allows us to have a significant competitive advantage in national and international markets.



## OUR SUBSIDIARIES



### EXTRACTORA AGRÍCOLA RÍO MANSO S.A.

Established in 1977, Extractora Agrícola Río Manso S.A. is engaged in the production and sale of red palm oil, palm kernel oil and its by-products: palm kernel cake, compost based on residues from the extraction process, palm kernel husks, and organic fertilizer made from palm oil sludge.

It has built strong commercial relationships with more than 2,000 palm growers in the area that supply it with a set of valuable services for producers, such as prompt payment, free technical advice, and the provision of tools and inputs at low cost, with the objective of improving the productivity of its palm suppliers.

#### Operation Data

- 5 red oil extraction plants.
- 2 palm kernel oil plants.
- 10 collection centers.
- Location: Province of Santo Domingo de los Tsáchilas

#### Business Strategy

Fulfilling commitments in all areas of the company and positioning its image among its employees, suppliers, the environment and the community, thus allowing for the creation of long-term relationships.



### ENERGY & PALMA (ENERGYPALMA S.A.)

Created in 2006, it began operations with the development of oil palm cultivation and production and today has the infrastructure and environmental licenses to develop 10,000 hectares of palm with its respective agro-industrial processing module.

#### Operation Data

- 1 extraction plant of 32 Tm RFF/HR..
- Oil palm plantation of 6,548 gross hectares.
- Forest plantation of 307 gross hectares (Melina).
- Location: Province of Esmeraldas.

#### Business Strategy

Supply crude palm oil to La Fabril. Social and community development, environmental protection, agricultural investment, worker health and safety.





GRI 102-3, GRI 102-4

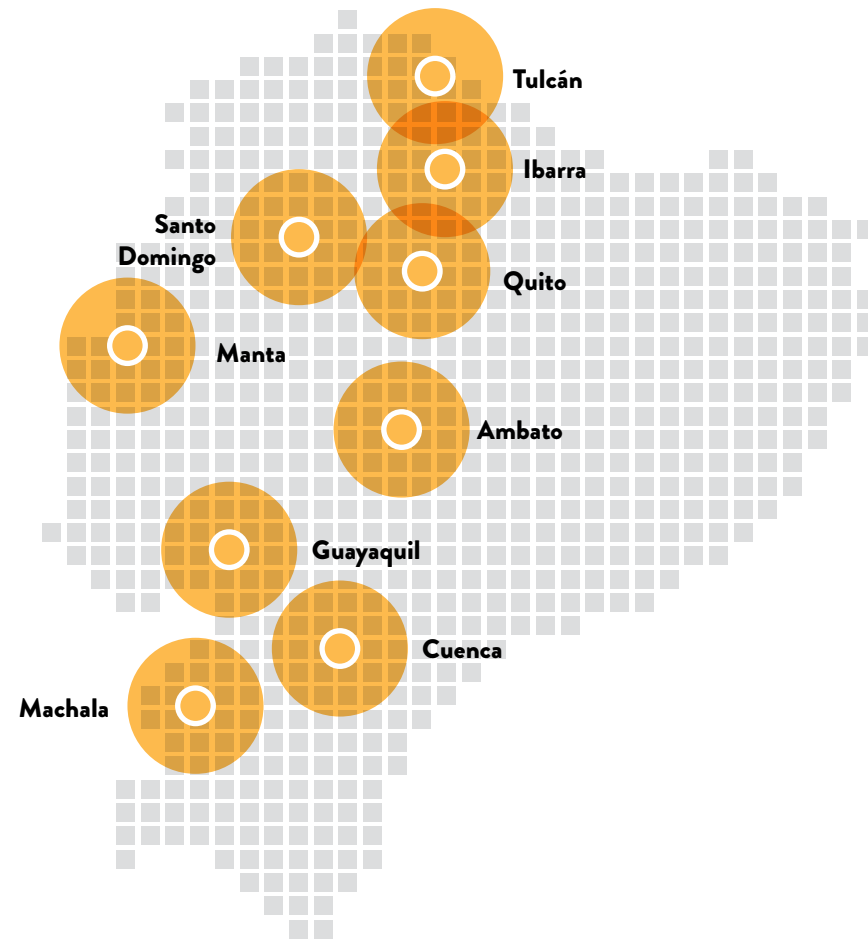
# Location of Operations

Our operations are developed in most of the national territory and extend abroad through a commercial office in the United States of America.

Our main headquarters is the Montecristi Industrial Complex located near the port of Manta in the province of Manabí, where our National Distribution Center is also located.

The facilities of La Favorita Processing Plant, Guayaquil Personal Care Plant and Guayaquil Distribution Center are strategically located with access to the country's main seaport and the international airport in the city of Guayaquil.

We have agencies in the cities of Guayaquil, Cuenca, Machala, Ambato, Manta, Quito, Santo Domingo, Ibarra and Tulcán.



GRI 102-10

# Significant Changes in the Organization



At the beginning of 2019, La Fabril inaugurated a distribution center in Guayaquil that will serve 50,000 points of sale throughout the country and will make 2,900 daily deliveries through its distribution system.

Located at km 14½ of the Via a Daule, the infrastructure has 3,677 m<sup>2</sup>. It has an average distribution percentage

(orders delivered Well Done, Complete and on Time) of 96%.

In October 2020, the Superintendency of Companies approved the merger by absorption of La Fabril (as absorber), with Otelo & Fabell S.A., acquired in 2018, and Energía Biomassas Enerbmass, as absorbed companies.



GRI 102-2

# La Fabril: products and brands

Our business model combines the provision of goods directly to the final consumer (Business to Consumer) with the service to other national and international industries (Business to Business).

Our product portfolio includes thirty commercial brands and close to seven hundred industrial products; it includes our own brands and private labels to serve both the end consumer and the industrial sector. The brands aimed at the end consumer cover the food, fat, beauty, hygiene

and personal care lines, and our industrial products meet the needs of different types of companies, ranging from agribusiness to the petrochemical industry, including the cosmetics industry and those dedicated to the tourism sector.

Our products comply with all the certifications that ensure the quality and safety of the food we produce and are identified through the following brands:



BUSINESS TO CONSUMER (B2C)

FOOD CONSUMPTION	
Oils	Carbonell, Criollo, Girasol, Girasol de Oliva, Maizol, Sabrosón.
Dressings	Honey Mustard, La Favorita BBQ, La Favorita.
Coatings	Coberchoc: sweet drops, semisweet, white, mini drops, semisweet cream, bitter-sweet cream.
Shortening	La Sabrosa.
Margarines	Girasol, Klar, La Sabrosa.
Mayonnaise	Girasol.
Spreads	Deliiú.
HOMECARE/LAUNDRY	
Disinfectants	Olimpia Desinfectant, Olimpia Pets, Olimpia Todoterreno.
Powder detergent	Ciclón, Lavatodo.
Liquid detergent	Ciclón, Perla Bebé.
Washing soap	Lavatodo, Machete, Perla, Perla Bebé.
Household cleaning	Clorox, Brillex dish soap, Vileda dish soap.
Fabric softeners	Perla, Perla Bebé.
PERSONAL CARE	
Toilet Soap	Azurra, ProActive, Duet, Family, Ninacuro, Jolly.
Diapers	Nappis, Pañalín.
Shampoo	Family.
Toothpaste	Polar.
Color care	Coloret, Colortone, Haar.
Children's cosmetics	Angelino, Fischer Price.
Feminine products	Intima.

BUSINESS TO BUSINESS (B2B)

OILS AND FATS	
Agribusiness	Vegetable oil for use in banana plantations.
Whipped creams	Kalcream.
Fried foods	Oleoína 30, Oleofry, Canguoil.
High density fried foods	Aceite trirefinado de soya, girasol, extraoleico 65.
Cookies and candies	Unigal, Cremigal, Oilspray, Confitol, Cobe 28,32, 36.
Ice cream	Icelat, Oli500, Palmiken.
Bakery	Maestro, Vita, Desmold.
Sauces and dressings	Mayoil.
Substitute	Carnaoil.
Personal and industrial hygiene	Toilet soap base, washing soap base, powder detergent, liquid detergent.
Animal nutrition	Toco BP, Toco 550, Toco 880BA, Toco 880G .
Non-food	Fatty acids, Biodiesel, Fabricart, Gliconer, Soya RCB50.
Co-packing service	Bottled oil, cosmetics, soap, table margarine, bakery.
BAKING AND CONFECTIONERY	
Coatings	Coberchoc bar, Coberchoc cream, Coberchoc drops.
Specialties	White sugar, Desmold, Fabriesencias, Fabrihorneo.
Shortenings	Especial, Sabropan.
Margarines	Fabripan, Fabripan núcleo croissant, Fabrihojaldre/hojaldrina, Marva, Fabricake Bizcochuelo.
Premezclas	Fabricake.
Fillings	Fabricrema, Fabricrema Chantilly, Marva, Jam, Postre de leche.



GRI 102-18

# Corporate Governance

The General Shareholders' Meeting is the highest governing body of La Fabril. Legal representation is exercised by the General Attorney and, in his absence, by the Executive President.

The Executive Committee, made up of the CEO plus Managers and Directors, is in charge of designing action plans and establishing guidelines for each of the management areas in order to guarantee the company's sustainability.

The role of the Managers and Directors is to ensure that the company's results are in line with the general business strategy.

The company's organizational structure is divided into strategic business units. For this

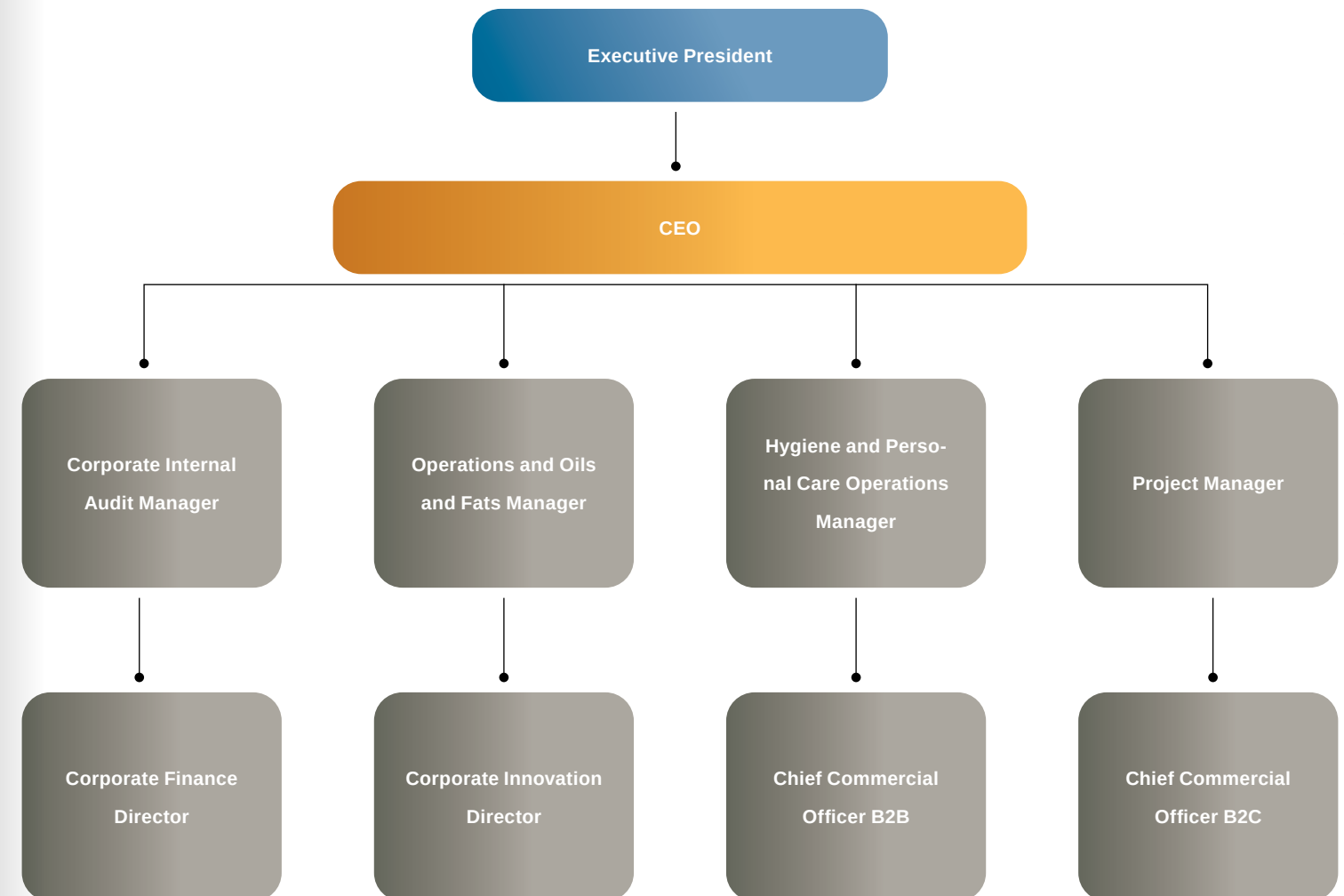
reason, it has a kind of network structure, since they are grouped depending on their function, which enables better performance and better communication.

In the case of our subsidiaries Energy & Palma S.A. and Extractora Agrícola Río Manso S.A., corporate governance is as follows: the highest authority is the General Shareholders' Meeting of the company, which meets ordinarily once a year and extraordinarily whenever necessary. There is a Board of Directors that meets quarterly, which is the body that executes the decisions of the General Shareholders' Meeting and has the powers conferred upon it by the company's Bylaws.



GRI 102-18, 202-2

# Organizational Structure





GRI 102-16

### Our Mission

We contribute to the growth and well-being of people with brands and practical solutions that generate memorable experiences.

### Our Vision

To be the benchmark for the thriving Ecuadorian industry, recognized for its significant contribution to the progress of society.

### Our Corporate Values

La Fabril's culture is based on values that govern the actions of all those who make up the company and that become our compass to move forward united with responsibility, respect and honesty.

- Commitment
- Leadership
- Integrity
- Respect
- Responsibility



GRI 102-13

# Membership In Associations

We generate alliances and voluntarily participate in organizations and institutions with which we share social and economic development objectives, linked to the stages of our value chain from the cultivation and extraction of palm oil to its commercialization and export.



National Association of Food and Beverage Manufacturers.



Chamber of Commerce of Manta.



Ecuadorian Federation of Exporters.



Chamber of Industries of Manta.



Ecuadorian-American Chamber of Commerce.



Propalma Ecuador



Procosméticos

We are members of the RSPO (Roundtable on Sustainable Palm Oil), the main objective of which is to promote the growth and use of palm oil through cooperation in the supply chain and the generation of dialogues among its stakeholders.





# Recognitions and Achievements

The quality of our products, together with the technology of the processes we manage and a trained and committed human talent, has allowed us to receive countless recognitions to our management. During the period of this report, as La Fabril we have obtained the following recognitions:

- **Highest reputation in Ecuador.** Eleventh out of one hundred Ecuadorian companies. Business Monitoring Ranking. Year 2019
- **Most recognized and respected businessman at national level.** Recognition to our Executive President Carlos González-Artigas Díaz (+). Business Monitoring Ranking. Year 2019.
- **Exporting company with the highest quality standards.** Mention awarded by the Ecuadorian Federation of Exports (Fedexpor). Tenth edition of the XPOR 2019 awards.
- **Great exporter of non-traditional goods.** Top 5. Fedexpor. Year 2019.
- **TOP OF MIND 2019 brands.** Eight brands occupy relevant positions in the ranking of national brands: La Favorita, Girasol, Ciclón, Pañalín, La Fabril and Lavatodo.
- **MIB recognitions.** Five of our brands are among the most influential companies in Ecuador, according to the TOP 100 MIB (Most Influential Brands) publication.
- **Good business practices.** Recognition by the Ecuadorian Institute of Social Security - IESS. 2019.
- **Recognition by the National Police** for the support given to the management and technical operating personnel of the "La Fabril" police circuit.
- **Best supplier in the cleaning and sanitation category.** La Favorita Corporation. 2019.
- **Best supplier in the Andean Region.** Bimbo Group. 2019.
- **TOP 100 by Kantar.** Eight La Fabril brands are among the most chosen by Ecuadorian households: La Favorita, Ciclón, Girasol, Lavatodo, Jolly, Olimpia, Criollo and Perla. 2020.

In the 2019-2020 period, La Fabril won awards in several categories of the Effie Awards, which are the most relevant in the marketing industry.



## Year 2019

### GOLD EFFIE

**Category:** Positive Social Impact - Brands  
**Brand:** Lavatodo  
**Campaign:** #Yodeblanco

### SILVER EFFIE

**Category:** Positive Social Impact – Brands  
**Brand:** Línea maestro  
**Campaign:** Ecuador tierra del pan

### BRONZE EFFIE

**Category:** Restaurants  
**Brands:** Olimpia Pets  
**Campaign:** Matchcotas, amor al primer like

### SILVER EFFIE

**Category:** Sustained success  
**Advertiser:** La Fabril  
**Agency:** McCann & UM  
**Brand:** Ciclón  
**Campaign:** El mundo es full color

## Year 2020

### GOLD EFFIE

**Category:** Home supplies and services  
**Brand:** Perla Bebé  
**Campaign:** Libres para imaginar

### SILVER EFFIE

**Category:** Carpe Diem  
**Brand:** Duet  
**Campaign:** Lo que digas me resbala

### GOLD EFFIE

**Categoría:** Renaissance  
**Brand:** Pañalín  
**Campaign:** Listos para la aventura

### SILVER EFFIE

**Category:** Brand content and entertainment  
**Brand:** Pañalín  
**Campaign:** Entretenimiento para papás

### SILVER EFFIE

**Category:** Positive impact: Social – Brands  
**Brand:** Duet  
**Campaign:** Lo que digas me resbala



GRI 102-11, 102-16, 103-2, 103-3, 205-2

# Responsible and Sustainable Management

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In La Fabril we understand the need to grow in harmony with the natural and social environment; therefore, from our business strategy, our policies, our organizational culture and our operations are oriented to the creation of social value and the preservation of biodiversity while working to achieve adequate profitability for the company.

We are a strategic partner for the development of the country and the communities where we operate through our active participation in the construction of public policies and the development of sustainable projects.

The permanent dialogue with our employees contributes to the construction of an environment with adequate working conditions, in which health and safety are the priority.

We promote an appropriate balance between our economic activity and the natural environment through investments that

reduce the consumption of fossil fuels while promoting the use of oil palm by-products.

We contribute to the saving of non-renewable resources by reusing previously treated wastewater. We use the concept of composting and recycle 100% of the liquid effluents, sludge, ash and residual organic matter to obtain fertilizer in extractors.

We have collection centers set up for the disposal and use of waste and residues. We maintain 3,000 hectares of forest reserves distributed in several biological corridors, contributing to the preservation of biodiversity.

In this regard, we have been building a corporate reputation that strengthens and consolidates the prestige of our company and results in our continued growth.





profitable ideas



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# Profitable Ideas

La Fabril, the Industry of Ideas, is a strategic partner for the country's economic development. The value added throughout our value chain results in a premium quality product suitable to compete in international markets.

Our business strategy is focused on achieving the highest profitability for the company and the best development opportunities for our suppliers and employees.

The investment we make in infrastructure, technology and training for our personnel will serve to underpin a balanced and successful management for all parties.





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GRI 201-1

# Economic Performance



Our business strategy is focused on improving our economic performance while maintaining the highest environmental protection standards and contributing to the creation of social value.

The socially responsible investments we make as La Fabril Group have a positive impact on our economic performance and contribute to improving our reputation among business stakeholders (customers, suppliers) and investors (capital contribution, loans).

In this way we obtain social approval for our operations and the approval of a community that is increasingly interested in companies' sustainable practices.



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# Sustainability Indicators

During the 2019-2020 period we managed to balance our economic management to obtain positive results despite the context of the pandemic, without any affectation to the contribution we make to society through the payment to employees, suppliers, State and the contributions to the communities surrounding our operations.

The sustainability indicators for the 2019-2020 period reflect positive results expressed in the 2.97% increase in the value generated, which allowed us to obtain a net profit that almost triples that obtained in 2019. It is worth noting that this profit is achieved without affecting the salaries and benefits of our employees and increasing our investment in state-of-the-art equipment and technology that contribute to the company's sustainability.

## ECONOMIC PERFORMANCE

	2019	2020
<b>GENERATED VALUE</b>		
Net income	\$ 474.050.282	\$ 488.132.045
<b>DISTRIBUTED VALUE</b>		
Operating costs and expenses	\$ 397.680.498	\$ 398.354.876
Salaries and employee benefits	\$ 61.118.027	\$ 68.401.028
Capital providers	\$ 9.596.411	\$ 12.327.422
Payments to Government	\$ 3.305.225	\$ 2.428.914
<b>RETAINED VALUE</b>		
Net profit	\$ 2.350.121	\$ 6.619.805

The positive economic results during the 2019-2020 period can be explained by having increased our sales volume by introducing into our offer hygiene products that were required due to the sanitary emergency, by having a large amount of raw materials in stock and by the decrease in prices during the first half of 2020. In general terms, they are the result of a business strategy based on:

- **Development of new mass consumption products:** Effectively and progressively introducing new products in the market by understanding the needs of our consumers.
- **New business development:** Aiming at the export market with healthy and functional products with flexibility, service and development potential.
- **Acquisitions:** Locating new opportunities in business lines related to our core business to acquire them and develop their strengths.





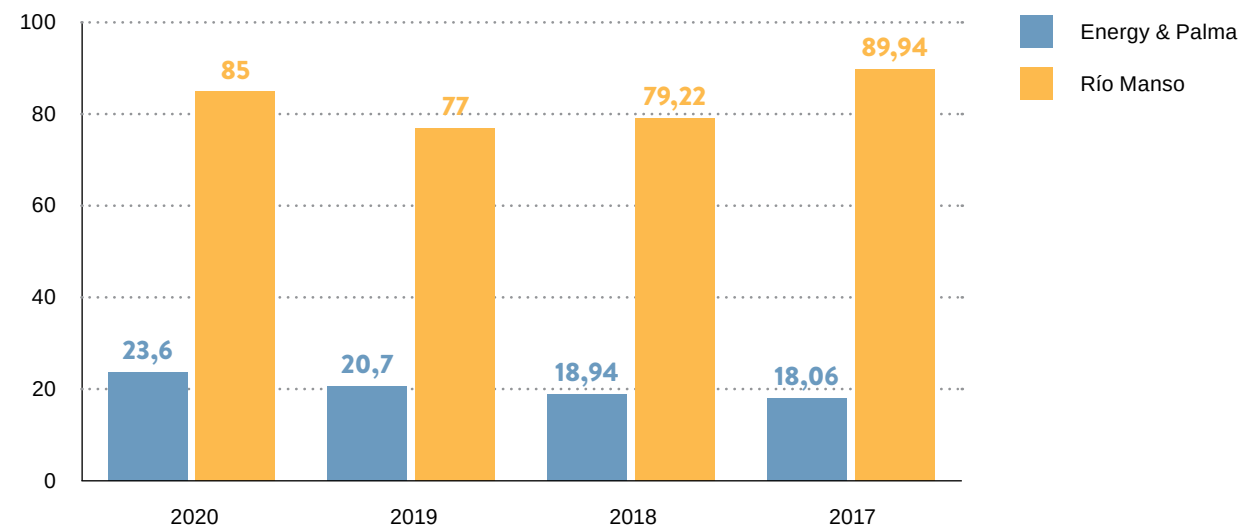
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# Economic Management of our Subsidiary Companies

The good economic management of our subsidiary companies is reflected in the constant growth of their annual revenues, with the exception of 2018 and 2019 in which Extractora Agrícola Río Manso had a slight decrease in revenues, which was offset by the performance achieved in 2020 in which a rebound in revenues equivalent to 8 percentage points was achieved.

The effectiveness of La Fabril's economic management is evaluated through the following performance indicators:

REVENUE IN MILLION DOLLARS 2019-2020



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# Effectiveness of the Company's Economic Management

	2019	2020
Net financial debt/Ebitda	4,7	5,7
Ebitda/Total Assets	6,70%	5,80%
MTV / Operational Expenses	1,04	0,95

As a result of this evaluation, we have established strategies to increase sales and optimize operating expenses:

- Consolidation of alliances.
- Launch of new products.
- Innovation in the presentation of existing products.
- Liquidation of assets that do not add value to our operations.





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# Contributions To The Country's Development In Figures

We faced the health and economic emergency of 2020 with the implementation of an operating plan to maintain production and sustain the distribution of all the product lines that reach the entire country.

In 2020 La Fabril's net profit was USD 6,619,805, so that a growth of almost 200% was obtained with respect to the net profit

generated in 2019, in which it reached USD 2,350,121.

Exports during 2020 reported an increase of 15% in volume and 20% in turnover with respect to the previous year.

We contributed USD 5,734,139 to the Ecuadorian State for the 2019-2020 period.



LA FABRIL GROUP



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GRI 102-6

# International Market

We export more than 200 products encompassing all our lines to 21 countries, our main markets being Argentina, Chile, Colombia and the United States of America.

The restrictions imposed by the pandemic did not stop the pace of La Fabril's exports during 2020, when they experiences an increase of 15% in volume and 20% in revenue compared to the previous year.

We have achieved one of our goals of gradually increasing the volume of exports of value-added (permanent) products, which started in 2016. In 2019 and 2020, it is notorious the displacement of commodity exports (raw materials) in favor of value-added (permanent) exports, which have had a 30% increase in both exported volume and revenue.

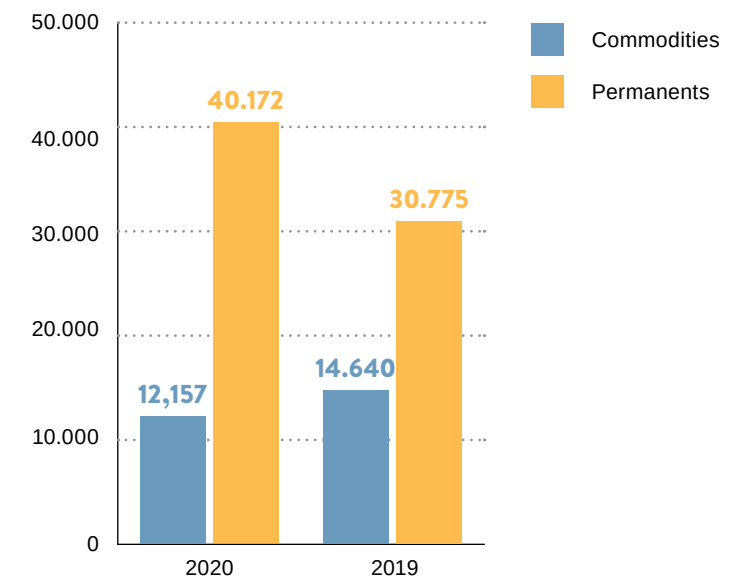
## REVENUE 2019-2020

US Dollars

NET SALES	2019	2020
Permanent	30.601.847	39.989.167
Commodities	10.475.382	9.202.508
Revenue	41.077.229	49.191.675

## EXPORTS DURING 2019-2020

in tons

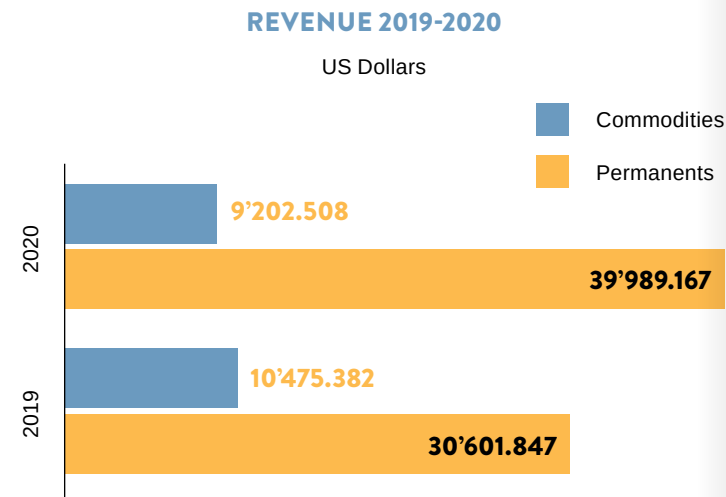




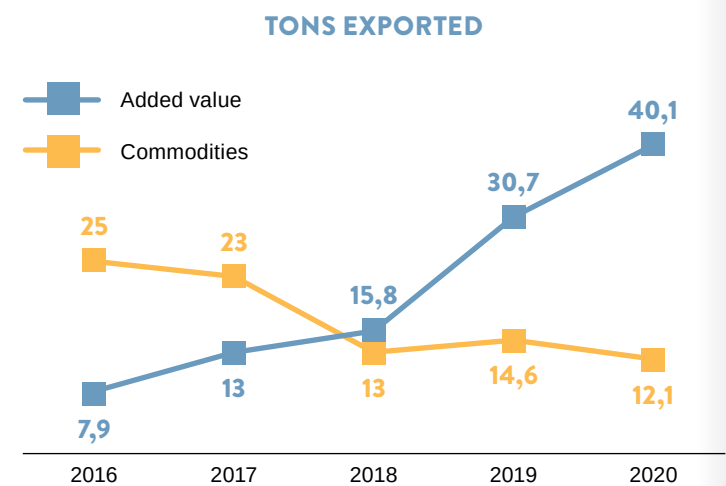


## profitable ideas

Our incursion into the organic market with processed and semi-finished products for both industry and retail meant sales of 6300 tons in 2019 with a growth trend due to its high demand in the world market.



The constant innovation of our production, together with the incorporation of state-of-the-art technology in our production processes, competent personnel and a sustainable business strategy, are the keys that have allowed us to obtain these results even in critical times.



Our expectation for the short and medium term is to continue increasing exports of value-added products, as is the case of detergents. Exporting detergents to Latin American countries is one of the future plans of La Fabril Group to continue its expansion in the international market.



## profitable ideas

GRI 102-6

# National Market

In the Ecuadorian market, La Fabril leads the commercialization of food, home care, personal care, bakery and hotels. Its brands are present in all Ecuadorian homes due to the quality of the products and the innovative design of the packaging. Our brands are included in the rankings of most remembered, most eligible and most influential brands according to several specialized companies.

Market share in the edible oils category is 52%, with La Favorita, Girasol and Criollo occupying positions 1 and 2 in the segment; in the home care category, laundry soaps capture 49% of the market, with Lavatodo being the first in that segment. In the personal care line, toilet soaps have a 34% market share, with Jolly leading the segment.

We have initiated our participation in the absorbent and infant

care line with an auspicious 14% in Pañalín and Nappis (diaper brands), which occupy the fourth and seventh positions, respectively, in the corresponding segment.

Through an innovative business strategy, La Fabril has managed to consolidate its position in the commercialization line aimed at businesses in the HORECA channel (restaurants, hotels and catering) by providing integral solutions to customers through the SERVEI business unit.

In the HORECA channel, we have managed to increase the number of our customers, which totaled 5,250 at the end of 2020.

We have ventured into the segment of products of which the end consumers are beauty salons. In this segment we have 1,200 customers, 16 direct sellers and 9 distributors.





profitable ideas

# Investment Projects

The investment made by La Fabril during the 2019-2020 biennium amounts to USD 25 million and includes projects of different types with the aim of improving the company's processes.

We highlight two projects for the contribution that each one generates in its field of action:

## BIOMASS STEAM GENERATION SYSTEM

34.5% of the investment made during the 2019-2020 period corresponded to the implementation of a project to improve the company's environmental performance by replacing diesel as fuel for industrial steam generation with a biomass generation system that uses a co-product from the extraction of red palm oil as fuel.

The implementation of this project has resulted in savings of USD 6,859,794 in the period between March 2019 and October 2020 by reducing diesel consumption by 66%, with the consequent benefit to the environment.

## CONSTRUCTION AND COMMISSIONING OF DETERGENT PLANT

In September 2020, we inaugurated our new detergent plant, which will increase production speed by 30%, bringing monthly detergent production to 5,000 tons.

The brands produced in the new plant are Ciclón and Lavatodo, with which we aim to reach international markets.

INVESTMENT PROJECTS	AMOUNT
Biomass boiler	10
Detergent plant	7,5
Packaging manufacturing (tubs)	2,5
HABILAC Plant	2
Oil palletizer	2
Drum (A&G) and Doypack manufacturing (HCP)	5
<b>Total</b>	<b>29</b>

(In million dollars)



profitable ideas

GRI 203-2, GRI 204-1, GRI 102-9

# Adding Value to the Production Chain

The management of La Fabril's production chain is of great importance as it allows us to enhance its contribution to local development, while articulating all the actors involved in the activities of production, industrialization, transportation, marketing, distribution and consumption.

We include in our value chain the management of knowledge through science and technology for innovation in the creation of value for our products.







profitable ideas

GRI 204-1

# Supplier Management

We prioritize local suppliers of goods and services, in line with our philosophy and our aspiration to be a company that contributes to the generation of local development for the country's communities and resources.

The process for new suppliers at La Fabril begins with the evaluation of samples of the product of interest, analyzing the cost/benefit, verifying the quality, the associated safety hazards and the functionality of the supplies or packaging in our products.

The process of approval and selection of suppliers is carried out by the qualification company SGS del Ecuador in accordance with the following aspects to be evaluated:

## PROPORTION OF SPENDING ON LOCAL SUPPLIERS

Suppliers	2019	2020
National	80%	77%
International	20%	23%

## 01

### ON-SITE AUDITING

- Activity
- Financial situation
- Operating capacity
- Quality and sales management
- Social Responsibility, Safety,
- Occupational Health and Environment.
- Documentary evaluation.

## 02

### MANUFACTURING SUPPLIERS

- Good personnel practices.
- Cleaning and disinfection, pest control.
- Food safety system.
- Quality systems. Customer orientation.
- BAS control and safety.

## 03

### CORPORATE SOCIAL RESPONSIBILITY

- Promotion of policies for people at risk of social exclusion.
- Child labor.
- Overtime pay policies for workers. Direct social projection work within the organization.
- Activities of social projection towards the community. Legal actions issued by the government, such as summonses, fines, notices for non-compliance with labor laws.



profitable ideas



The most important element after the qualification by an independent third party is the internal evaluation of the supplier's performance on each delivery. This performance is measured in an indicator called BCAT (good, complete and on time), which is obtained by a percentage of compliance by the supplier. Based on their percentage of compliance, they are assigned a grade until they reach the A level known as "green supplier", which means that they have proven to be a highly reliable supplier and can be awarded a full account.

The suppliers approved by La Fabril group comply with the supplier selection, qualification and evaluation process contained in the Purchasing Policy and Procedure (PRD.COM.01-PRD.COM.02). They guarantee the availability of direct and indirect goods and

services, ensuring the best commercial and technical conditions.

Our sourcing process is coordinated with each of the company's leaders to categorize the goods and services required and establish the requirements in accordance with national and international regulatory standards.

During 2020 we had the need to develop and homologate new suppliers to guarantee the availability of goods and services demanded by the market.

This need, added to the incorporation of the company Otelo&Fabell to La Fabril Group, plus the contracting of suppliers of biosafety equipment and COVID-19 detection tests, increased the number of suppliers by 5% with respect to those of national origin and 3% with respect to foreign suppliers.



profitable ideas

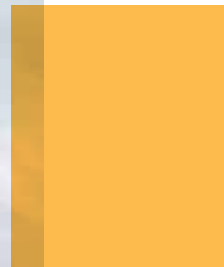
GRI 414-1

# Ethical Supplier Behavior



Our Code of Ethics establishes the line of conduct that our suppliers must follow to promote sustainability and human rights criteria among participants to ensure the sustainability of our value chain.

As of 2018 we made available to our suppliers the email [buzondedenuncias.sugerencias@lafabril.com.ec](mailto:buzondedenuncias.sugerencias@lafabril.com.ec) to report any activity that breaches the provisions of the Code of Ethics, Internal Work Regulations, Values, internal procedures and human rights.



profitable ideas

# Commitment with our Suppliers

The health crisis resulting from COVID-19 reaffirmed the La Fabril Group's commitment with its suppliers. To contribute to their health and safety we put at their service several facilities, among which we highlight:

- VISALUD platform to which employees and customers also had access.
- Advice on COVID-19 risk levels and prevention mechanisms.
- Free and periodic antigen tests for virus detection.
- Cleaning kits delivered on a monthly basis.





profitable ideas

GRI 203-2

# Relationship with our Main Suppliers

Our main raw material is palm oil, of which our subsidiaries Extractora Agrícola Río Manso EXA S.A. and Energy & Palma S.A. are the main suppliers.

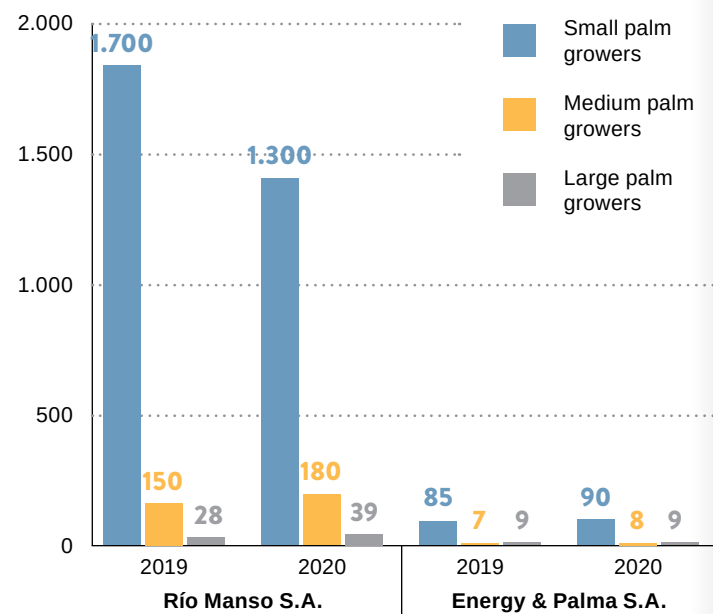
## MAIN PALM OIL SUPPLIERS

COMPANIES	PROVISION
Extractora Agrícola Río Manso EXA S.A.	65% of La Fabril's total consumption.
Energy & Palma S.A.	15% of La Fabril's total consumption.

The good reputation gained by Extractora Río Manso EXA S.A. among palm growers facilitated the incorporation of new raw material suppliers during 2020, when several oil extractors located in the areas of Quinindé and La Concordia (Esmeraldas province) closed their operations.

Energy & Palma S.A. did not incorporate new suppliers during the same period because the limited number of independent palm growers located in the area have their own processing units.

## TYPOLGY OF PALM GROWERS



profitable ideas

More than 85% of the suppliers of our subsidiaries are small farmers with plots of land of up to 50 hectares, with which we enhance the impact of their presence in the surrounding areas, positively impacting nearly 1,200 families over the last two years.

Our interest in the development of small and medium-sized producers has led us to provide them with a series of benefits, among which we highlight the following:

- International pricing policies
- Prompt payment
- Technology transfer
- Credit for supplies

Our subsidiaries generate jobs, creating a positive economic impact around their areas of direct influence.

The training provided to farmers linked to both companies has been a constant, so, despite the difficulties faced during 2020, we have continued with the training to our oil palm suppliers. Although they have been reduced in number due to the restrictions of the pandemic, we have prioritized those trainings related to the technical criteria for harvesting palm fruit in order to improve the quality of the raw material received and thus optimize the production processes.

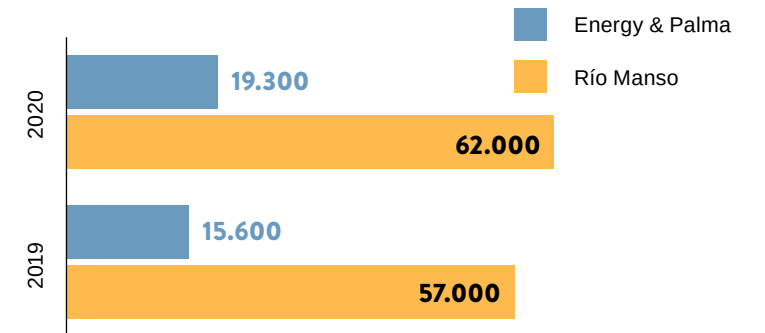
## TECHNICAL ASSISTANCE TO PALM GROWERS

Training per palm grower	RÍO MANSO S.A.		ENERGYPALMA S.A.	
	2019	2020	2019	2020
Average annual training hours	40	40	60	80

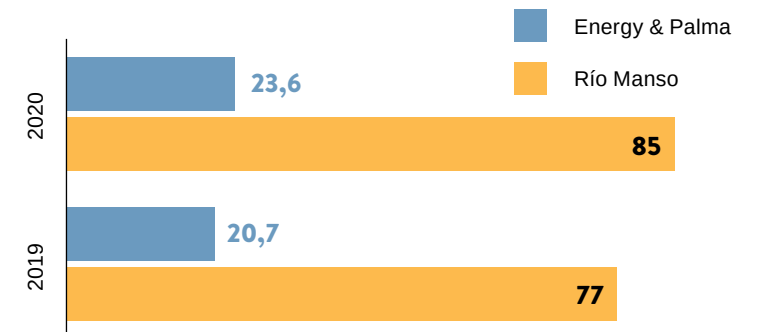
PERFORMANCE INDICATORS	RÍO MANSO S.A.		ENERGYPALMA S.A.	
	2019	2020	2019	2020
Hectares planted with palm growers	45.000	34.000	200	120
Average productivity (Ton/Ha/ year)	10	14	12	12
Sales (thousand dollars)	57.000	62.000	15.600	19.300

## RÍO MANSO AND ENERGY & PALMA SALES

(In thousand dollars)



## ANNUAL INCOME







profitable ideas

GRI 416-1

# Innovating for Development

At La Fabril we are passionate about development and growth. We respond to market changes, and we are at the forefront of the demands of consumers increasingly concerned about health and personal care issues and also interested in the impacts caused on the environment by industries.

Since the nineties, we have an Oils and Fats Research Center, which allows us to have a remarkable competitive advantage in national and international markets. At La Fabril we are committed to research work to meet the needs and expectations of our industrial customers and our end consumers.



We make important investments that allow us to have state-of-the-art technology: La Fabril is the first company in Latin America to fractionate palm kernel oil to create CBS; it is also a pioneer in using sublimation technology, an innovation that preserves the beneficial compounds of natural oils and eliminates trans fatty acids.



We have an Innovation and Development area in which we work responsibly to make ideas that add value to our clients' businesses a reality. In this area we carry out the tests of the requested products and we value the products



profitable ideas



in all their characteristics before they go to the market.

At La Fabril we are known for our ability to develop ideas and implement improvements to differentiate products and processes, which makes our business practice successful. Thus, after the pandemic, we incorporated into our portfolio disinfectants, degreasers and antibacterial gel, which are in high demand by the public. In addition, given the popularity of air fryers, we have started to offer spray oils with dispenser. Our innovation process consists of:

- **8-quarter plan (P8T).** It sets out a vision of eight quarters into the future, thinking about the most

appropriate date to go on sale with detailed products.

- **Innovation funnel.** Contains 4 stages and 2 post-launch evaluations. It analyzes how the new product or business is developing until it is ready to be sold.
- **Critical chain method.** Controls project times. It takes into account critical and non-critical tasks in order to fulfill the activities in the established sequence and within the planned time.



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# Clients and Consumers

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In order to provide our customers and consumers with the best service experience, we segment the market into:

- **Traditional trade:** Represents 69% of our sales. It is made up of stores, wholesalers, medium-sized self-service stores, etc.
- **Modern trade:** Comprised of supermarkets: Supermaxi, Mi Comisariato, Almacenes Tía, Mega Santa

María, Grupo Coral, Comercial Kywi and drugstore chains. Represented 20% of sales.

- **Bakery channel:** Concentrates 8.5% of sales.
- **HORECA Channel:** Serves hotels, restaurants and catering services. It has 5250 customers, 20 direct sellers and 17 distributors, accounting for 2.5% of the company's sales nationwide.



profitable ideas

# Tailor-Made Ideas For Our Customers

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## SERVEI

SERVEI is the business unit of La Fabril Group in charge of commercializing and providing integral solutions to businesses in the HORECA channel (Hotels, Restaurants, Catering). Through this business unit we offer the best integrated gastronomic offer for institutional clients.

Through a strategy that includes virtual training for customers in this sector, SERVEI becomes a strategic partner for the success of HORECA businesses, providing them with technical advisory services in food and cleaning, training, oil recycling, tips and even the possibility of obtaining certifications endorsed by the country's Gastronomy Schools.

SERVEI's strategic pillars:

### Products

- Train in the correct use of oils and fats, key ingredients in Ecuadorian gastronomy.
- Train in the use of hygiene and cleaning products that comply with current sanitary regulations.
- Expand the product portfolio including R&D (Research and Development) through alliances.

### Services

- Technical advice through SERVEI's customer service platform.

- Constant training through the web to enhance our customers' profitable growth.
- Call center to request support and/or generate orders.
- Business Development Area to enhance our customers' opportunities.

### Distribution

- Directly and through key distributors nationwide to ensure complete and timely delivery of the products requested.
- In 2020, we identified a new food service modality: the virtual kitchen, which had not been previously offered due to the lack of a physical location. Since the pandemic, this type of service has increased due to mobility restrictions, which has allowed us to incorporate new customers.

## PROFESSIONAL & BEAUTY

Oriented to create valuable relationships between consumers, brands and establishments dedicated to hairdressing. Through research we obtain knowledge that we make available to our clients through specialized consulting.

We innovate and offer new benefits to our clients. Since 2020 we offer them a better service to facilitate their growth. Professional & Beauty is the pioneer division in implementing a new form of payment as a tool for the growth of establishments in the hairdressing sector.





## profitable ideas

GRI 416-2, GRI 417-3

# Customer Service

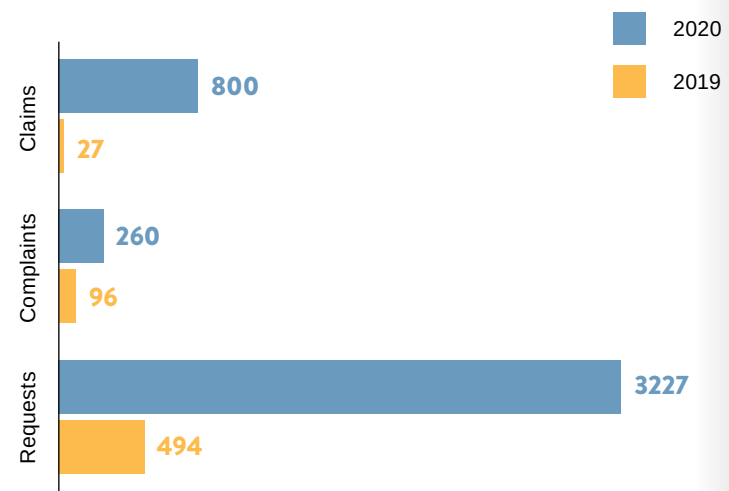


Three out of every four interactions with the company during the 2019-2020 period correspond to requests for information through the formal communication channels we have made available to our customers; only one corresponds to complaints or claims, which is an indication that our continuous improvement process has positive results.

The use of these channels has had a significant rebound during 2020 if compared to the previous year; the number of interactions increased almost seven times due to the implementation of the omnichannel strategy. The strategy has proved to be a very useful asset when identifying opportunities for improvement with regard to our clients.



### PQRS PER TYPE



## profitable ideas

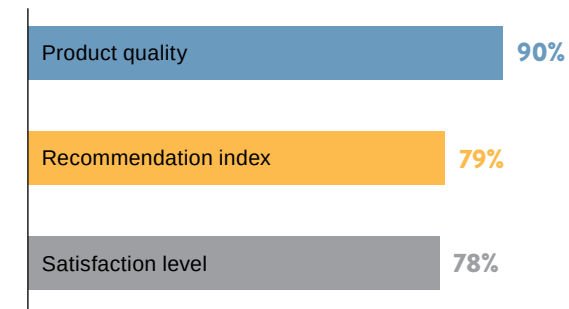
The communication channel most used by our customers is the telephone call, through which they make requests for information, petitions and complaints. When it comes to complaints, the preferred channel is e-mail, through which 49% of our customers communicate.

We conducted customer satisfaction studies through surveys, phone calls and emails. The results for the 2019-2020 period are satisfactory and allow us to identify opportunities for improvement for future management periods.

It is noteworthy that 90% of our customers are satisfied with the quality of our products.

### SATISFACTION LEVEL BY FEATURE

2019-2020







profitable ideas

GRI 417-3

# Good Manufacturing Practices

Our processes and products are accredited with national and international certifications that validate the high standards of quality, safety, security and environment used by La Fabril in its production process, positioning us as a benchmark in the Ecuadorian agribusiness.

During 2019 and 2020, follow-up audits of our processes were carried out by the competent entities, with satisfactory results. As a result of our good manufacturing practices, the validity of the certifications granted was extended.

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profitable ideas

# La Fabril Certifications

We improve our processes and products in order to satisfy a consumer market increasingly interested in the sustainable management of companies.

Our reputation is underpinned by the national and

international certifications obtained as La Fabril Group, based on compliance with environmental and quality standards.

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HACCP (HAZARD ANALYSIS CRITICAL CONTROL POINT)



FOOD SAFETY SYSTEM CERTIFICATION 22000



GMP (GOOD MANUFACTURING PRACTICE)



ORGANIC CERTIFICATION



QUALITY MANAGEMENT SYSTEM



ENVIRONMENTAL CERTIFICATION



BASC CERTIFICATION



RSPO CERTIFICATION EXTRACTORA AGRÍCOLA RÍO MANSO Y ENERGY & PALMA



ISCC CERTIFICATION



GMP- AGROCALIDAD



KOSHER CERTIFICATION



INEN QUALITY SEAL



profitable ideas

GRI 416-1,416-2,417-3

# Quality, Safety And Product Responsibility

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CATEGORY	LEGISLATION	
Food	Organic Health Law and its Regulations.	
	ARCOSA Resolution -de-067-2015-ggg, unified technical sanitary regulations for processed foods, food processing plants, food distribution, commercialization, transportation and collective food establishments.	
	Official Register No. 134 -- Friday, November 29, 2013 To establish the maximum limits of trans fats in edible fats and oils, margarines and inputs for food industries, bakeries, restaurants or food services (catering) (Agreement 4439).	
	Substitute Sanitary Regulations for the Labeling of Processed Foods for Human Consumption Regulation No. 5103 Official Register No. 318 (August 25, 2014)	
	Ecuadorian Technical Regulation RTE INEN 022 (1r) "labeling of processed, packaged and packaged food products".	
	Operating Licenses Regulation No. 4712	
	INEN Regulation 1334-1 INEN Regulation 1334-2; INEN Regulation 1334-3	
	Official Register no. 167 22-01-2014 guidelines for the implementation of traceability.	
	Ecuadorian Technical Regulation RTE INEN 064 (1r) "edible fats and oils".	
	Organic Consumer Defense Law.	
	Regulation for the authorization and control of processed food advertising. Agreement No. 00000040	
	Cosmetics	Resolution 006-2017-CFMR sanitary technical regulations for cosmetic products, household hygiene products, absorbent personal hygiene products.
		Harmonization of Legislation on Cosmetic Products DECISION 516 CAN
Decision 706 - CAN - Harmonization of legislation on domestic hygiene and absorbent personal hygiene products.		
Instructions for the control and sanitary surveillance of cosmetic products. Agreement 00002434 (Official Register 850, December 13, 2012).		
Resolution 1333. Additions to Resolution 797 - Approval criteria for cosmetics coding.		
RESOLUTION N° 1482. Modification of Resolution 1418: Microbiological Content Limits for Cosmetic Products		
Household Hygiene	RTE INEN 093 – Cosmetic Products	
	Harmonization of legislation on household hygiene products and absorbent personal hygiene products Decision 706	
	Andean Technical Regulations, CAN Decision 721.	
	RESOLUTION 1370 Formats for the NSO of household hygiene products	



profitable ideas

La Fabril's incursion into the animal nutrition segment incorporates the quality standards that our products must comply with.

- **Decision No. 483** Standards for the registration, control, marketing and use of veterinary products.

• **DAJ Resolution - 20143940201.0318.**

Regulations that help control the application of Good Manufacturing Practices (GMP) for establishments that manufacture, formulate, commercialize, import or export food for veterinary use.

- **Resolution N° 0066.** Instructions for GMP and GAP certification audits of veterinary products.

The external audits carried out on the certifications revealed non-compliance with some of the requirements of the specific standards, which led to corrective action by those responsible for the processes.

### QUALITY AND CUSTOMER SAFETY AUDIT 2019

COMPANY	DATE	RATING
Tecopesca	18/1/2019	Approved
AAK	26/2/2019	Approved
PEPSICO	7/3/2019	Approved
MODERNA ALIMENTOS	25/3/2019	Approved
RBI Burger King	25/4/2019	Approved
		92.31%
UNILEVER	15/5/2019	Approved
Mars Turin	16/5/2019	Approved
KFC	27/5/2019	Approved
Mucho Mejor Ecuador	11/6/2019	Cumplimiento categoría "AAA"
PRONACA	29/5/2019	Approved
Natural Habitats	06/06/2019	Approved
	03/09/2019	Approved
INALECSA	02/05/2019	Approved
ARCOSA	3-4/06/2019	Approved
La Industria Harinera S.A.	9/9/2019	Approved
		95%
Mc DONALDS	25-26/11/2019	97% A
Upfield	26/11/2019	Approved
Bassa	29/11/2019	Approved

### CUSTOMER QUALITY AND SAFETY AUDIT 2020

COMPANY	DATE	RATING
Upfiel	4.5/02/2020	78%
IBALNOR/VITAPRO	11/8/2020	Aprobado
SEAFMAN	21/8/2020	Aprobado
DEOLEO	14-15/09/2020	Aprobado
NIRSA	25/9/2020	Aprobado

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## eco-friendly ideas



# Eco-Friendly Ideas

57

Our philosophy of innovation and environmental care guides our efforts as an agribusiness to contribute to the global fight against climate change, biodiversity loss and additional environmental impacts generated throughout our production chain.

We have implemented a sustainable management system to meet this objective. All the operations we carry out in our facilities comply with ISO 14001:2015 and INEN 2266. In the same line, we strictly comply with the Environmental Management Plan.

We evaluate the potential environmental impact of our new projects and seek the incorporation of sustainability criteria in their design to contribute to their ecological efficiency, and we facilitate citizen participation in accordance with Ecuadorian legislation.

Since 2019, the implementation of our new biomass energy generation system is a demonstration of La Fabril's interest in reducing the environmental footprint of its operations.

As a socially and environmentally responsible agribusiness, we request external audits by a certifying entity and conduct internal audits of our processes.

This strict control, coupled with compliance with Ecuadorian environmental legislation, has enabled La Fabril to avoid any penalties for noncompliance with the current regulatory framework.

In 2020, the certification process of La Favorita plant located in Guayaquil and the recertification of the Montecristi Industrial Complex were completed.

The environmental sustainability criteria presented in this chapter correspond to the production plants and our regional plants, while the management indicators presented are exclusive to the production plants.

Our integrated policy is widely disseminated among all the links in our value chain, and we make it available to the public through our web page <https://www.lafabril.com.ec/politicas-integrada/>.





eco-friendly ideas

GRI 103-2

# Environmental Management Guidelines

The five strategic environmental sustainability cornerstones of La Fabril Group are related to:

- Sustainable agriculture management
- Water management.
- Energy management
- Waste management
- Infrastructure and technology

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eco-friendly ideas

# Environmental investments and expenses

Year	Río Manso	Energy & Palma	Montecristi Industrial Complex
2019	177.405	63.526	153.529
2020	250.117	60.340	139.303

In thousand dollars

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As part of the continuous improvement programs, we have made a series of adjustments to the facilities of the plants that make up Extractora Agrícola Río Manso, among which we highlight the following:

## EXTRACTORA AGRÍCOLA RÍO MANSO

- Assembly and operation of rachis presses
- Assembly and operation of a conical flow-through mill (Monterrey Extractor)
- Assembly of a new chimney of boiler #1 (Monterrey Extractor)
- Installation and operation of WWTP (Tysaia Extractor)
- Repowering of aquaprotubular boilers (Rio Manso Extraction Plant)
- Installation of water flow meters (the entire group)

## RESULTS

- Recovery of residual oil.
- Recovery of suspended sedimentable solids and oil traces.
- Reduction in particulate matter emissions to the atmosphere.
- Treatment of wastewater discharge.
- Increased steam generation to facilitate increased production.
- Control and regulation of process water consumption for mass balance.



## eco-friendly ideas

GRI 304

# Biodiversity

None of the companies that make up La Fabril Group are located within or adjacent to protected areas according to UTM datum W GRS84.

According to the land use certificate issued by the Montecristi municipality, the area where La Fabril is located is categorized as an "Industrial Zone (Z1)", which is suitable for industrial and commercial use.

In accordance with environmental legislation and the controls conducted by the company through the FIEL WEB program, the last environmental compliance audit was carried out in January 2020.

The result of the Environmental Compliance Audit of Environmental License 131 of La Fabril parent plant contains 161 evaluated criteria, 4 minor nonconformities and 3 major nonconformities, which were duly managed through the

development of an Action Plan, the extended delivery of which was approved by the Department of Environmental Management, Reforestation and Irrigation of the Provincial Government of Manabi.

### MONTECRISTI INDUSTRIAL COMPLEX ENVIRONMENTAL COMPLIANCE AUDIT RESULTS

License 131

Criteria evaluated	161
Minor nonconformities	4
Major nonconformities	3

No fines or penalties for environmental non-compliance have been reported during the reporting period.



## eco-friendly ideas

GRI 305-2

# Control of Pollutant Emissions

Our commitment to sustainability is manifested in the actions we take as an industry to minimize air pollution and thus contribute to the fight against climate change. Therefore, we have initiated a process of calculating the Carbon Footprint. We comply with environmental legislation and also

implement ecological initiatives to reduce the emission of polluting particles into the environment and the generation of greenhouse gases.

The main indicators are presented below:

### STEAM GENERATOR 25287 SERIES

Fuel	Unit	Maximum permissible limit	Measurements			
			2019		2020	
			Semester 1	Semester 2	Semester 1	Semester 2
Diesel	mg/Nm3	150	3,2	18	<33	No follow-up was completed due to pandemic-related problems.
Diesel	mg/Nm3	2000	248,8	90	275	
Diesel	mg/Nm3	1500	550,9	209	272	

### STEAM GENERATOR 25276 SERIES

Fuel	Unit	Maximum permissible limit	Measurements			
			2019		2020	
			Semester 1	Semester 2	Semester 1	Semester 2
Diésel	mg/Nm3	150	5,1	28	<33	No follow-up was completed due to pandemic-related problems.
Diésel	mg/Nm3	2000	246,3	92.0	288	
Diésel	mg/Nm3	1500	554,4	203	267	

### STEAM GENERATOR 25259 SERIES

Pollutant emitted	Fuel	Unit	Maximum Permissible Limit	Measurements			
				2019		2020	
				Semester 1	Semester 2	Semester 1	Semester 2
Total Particles	Diesel	mg/Nm3	150	0,9	17	<33	No follow-up was completed due to pandemic-related problems.
Nox	Diesel	mg/Nm3	2000	231,6	97	288	
SO2	Diesel	mg/Nm3	1500	539,4	217	267	





## eco-friendly ideas

### WATERTUBE BOILER

Pollutant emitted	Fuel	Unit	Maximum Permissible Limit	Measurements			
				2019		2020	
				Semester 1	Semester 2	Semester 1	Semester 2
Total Particles	Fuel Oil No2	mg/Nm3	N/A	-	-	Non Determined	No follow-up was completed due to pandemic-related problems.
Nox	Fuel Oil No2	mg/Nm3	670	136,7	170	144	
SO2	Fuel Oil No2	mg/Nm3	2004	553,2	642	287	

### ENERGY & PALMA EMISSIONS

	Fuel	Pollutant emitted	Unit	2019	2020	Maximum Permissible Limit
GENERATOR	Diesel	Particulate matter	mg/m3	2,5	2,7	150
	Diesel	Nox	mg/m3	807,5	935	2000
	Diesel	SO2	mg/m3	0	303	1500
BOILER	Fibra	Particulate matter	mg/m3	25,6	86	200
	Fibra	Nox	mg/m3	91,9	98	800

### EXTRACTORA AGRÍCOLA RÍO MANSO S.A.

BIOLER 1		Monterrey Plant		Río Manso Plant		La Comuna Plant		Palmira Plant	
PARAMETERS	Units	2019	2020	2019	2020	2019	2020	2019	2020
Sulfur Oxide	mg/Nm3	587,3	<50	363,4	<50	633,8	0	667,9	<50
Sulfur Dioxide	mg/Nm4	185,8	<50	111,5	<50	9,5	0	294,5	<50
Carbon Monoxide	mg/Nm5	560,9	3067	3114,6	6268	4573,1	0	10453,1	4223
Particulate Matter	mg/Nm6	219,8	166,2	144,9	198,4	89,7	0	181,4	181,2

CALDERO 2		Monterrey Plant		Río Manso Plant		La Comuna Plant		Palmira Plant	
Sulfure Oxides	mg/Nm3	449,2	<50	426	<50	190,9	0	345,7	<50
Sulfur Dioxide	mg/Nm4	178,9	<50	0	<50	261,2	0	468,5	<50
Carbon Monoxide	mg/Nm5	6295,6	11586	6322,5	4163	341,1	0	12650,7	2853
Particulate Matter	mg/Nm6	141,4	189	171,6	196,5	169,7	0	274,2	183,2



## eco-friendly ideas

### BIOMASS STEAM GENERATION

With an investment of close to ten million dollars, La Fabril begins its transition towards the use of clean energy and, at the same time, enters the circular economy by using the waste of its raw materials to replace fossil fuels.

The results of the measurements carried out on the biomass boiler since its start-up in 2019 show a clear reduction in greenhouse gas emissions in our production process.

### BIOMASS BOILER

Pollutant emitted	Fuel	Unit	Maximum Permissible Limit	Measurements			
				2019		2020	
				Semester 1	Semester 2	Semester 1	Semester 2
Total Particules	Bagasse	mg/Nm3	120	2	58,6	1,4	2,2
NOx	Bagasse	mg/Nm3	700	200,8	115,5	218,9	6,2
SO2	Bagasse	mg/Nm3	-----	20,9	<20	35,6	25,3

La Fabril uses bagasse (African palm husk) to generate clean energy.







## eco-friendly ideas

GRI 303-1, GRI 303-3

# Water Management

The water resource requires special treatment by industries to maximize its use, considering that it is a non-renewable resource. At La Fabril, we seek to reduce its consumption through the reuse of treated water and through the optimization of our processes.

The water we consume at the Montecristi Industrial Complex comes from two sources: well water and potable water. At the Personal Care and La Favorita plants in Guayaquil we use only potable water.

Water consumption in the three main plants has its own behavior: in Montecristi Industrial Complex the average

consumption is 0.80 m<sup>3</sup>/ton of production; in La Favorita plant, on the other hand, 3.58 m<sup>3</sup>/ton were consumed; and in the Personal Care plant in Guayaquil, consumption in 2020 - when its operation started- was 0.24 m<sup>3</sup>/ton.

In our subsidiaries, there are variations in consumption if we compare the two years corresponding to this report: In Energy & Palma consumption decreased from 0.996 m<sup>3</sup>/RFF to 0.81 m<sup>3</sup>/RFF; on the other hand, water consumption increased from 264.63 m<sup>3</sup> to 289.54 m<sup>3</sup> in Extractora Agrícola Río Manso.

In line with our environmental protection policy, since 2005



## eco-friendly ideas



we have implemented "clean production" and process reengineering practices at La Fabril to reduce pollutants in wastewater and reuse them in processes that allow it, such as cooling processes.

This practice has significant impact on saving water in our production process. By reusing only 20% of the water with treatment, La Fabril saved 5,315 m<sup>3</sup> during 2019 and 6772 in 2020.

Meanwhile, in Energy & Palma, the reduction of pollutants in the effluents generated has allowed treated water to be used for composting and plots.

### WASTEWATER

GRI 306-1

The protection of water resources requires that water that has been used in industrial processes receive effective

treatment to free it from all types of contaminants that would have a negative impact if it were released into the environment without this process.

The Montecristi Industrial Complex has installed a water treatment system with dow ultrafiltration and reverse osmosis technology, specially designed to treat the water resulting from its industrial processes in order to ensure that the resulting effluents maximize the use of wastewater by reusing it in cooling processes.

The system was contemplated under the REVERSE OSMOSIS technology with an installed capacity of 120 L/S for process water production. It is made up of three concatenated systems the final product of which is water suitable for reuse. The systems are as follows:

Florentino, where each of the effluents from the production





## eco-friendly ideas

processes arrive. In this system, grease is recovered and neutralized if necessary.

Microfiltration, with membranes for the separation of suspended solids and emulsified grease residues. The permeate from this system enters the third system.

Reverse osmosis, capable of removing up to 99% of dissolved salts (ions), particles, colloids, organics, bacteria and pyrogens from the water fed to the system.

In 2019, La Fabril upgraded the grease retention system, changing the material of the florentine to stainless steel.

### **SITUATION AT EXTRACTORA AGRÍCOLA RÍO MANSO AND ENERGY & PALMA**

The company Energy & Palma increased between 2019-2020 the volume of effluents generated: in 2019 it was 67,102m3 while in 2020 it reached 68,515 m3.

In the case of the four extraction plants that make up the company Extractora Agrícola Río Manso: Río Manso, Monterrey, La Comuna and Palmira, it is noted that the ratio between the effluent generated and the ton of fresh fruit bunch (RFF) has values ranging between 0.55m3/RFF and 0.43m3/RFF for the period under analysis.



## eco-friendly ideas

GRI 306-2

# Waste Management

At La Fabril Group we manage our industrial waste through the collection, transportation, treatment and recycling of discarded materials produced in our industrial activity.

We seek the transformation of our waste into less harmful waste to be disposed of, to be used as raw material or to be reused in processes that allow its use.

Co-processing, recycling and material recovery treatments are the methods we use for the disposal of the waste we generate as an agribusiness.

Co-processing consists of converting waste into a material with characteristics that can be valued as a fuel or alternative raw material for a specific industrial process. Through this process, an environmentally safe integration of waste into a production process is achieved.

In compliance with environmental legislation, La Fabril has two collection centers where waste is received pre-sorted according to risk.







## eco-friendly ideas

### HAZARDOUS WASTE

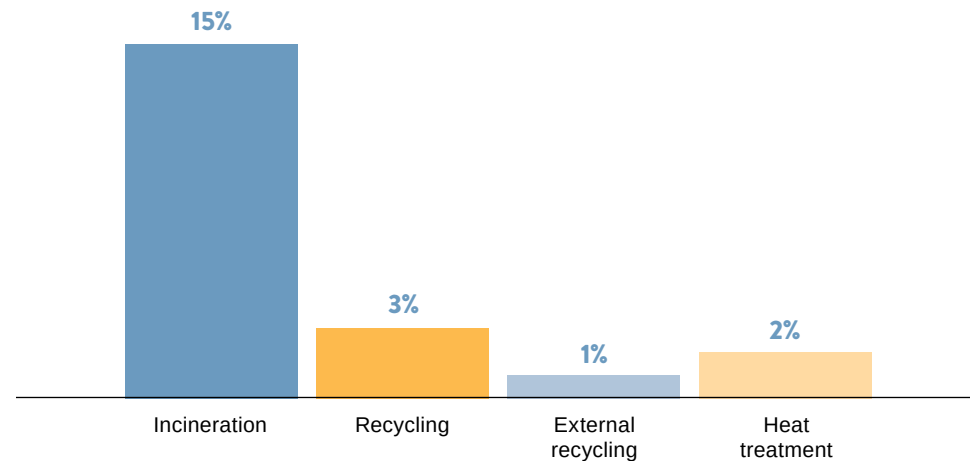
During the years 2019-2020 as La Fabril Group we handled 105.8 tons of hazardous waste through various disposal methods, among which incineration is the most common, having a utilization rate of 71%.

19% of our waste is susceptible to internal or external

recycling. Disused electronic equipment that has not been disassembled, used mineral oil filters and disused compressed gases and refrigerants stored in containers or cylinders are recycled externally.

### HAZARDOUS WASTE DISPOSAL METHOD

La Fabril 2019-2020



## eco-friendly ideas

### HAZARDOUS WASTE

Montecristi Industrial Complex

Residue name	2019	2020
	Ton.	Ton.
Used or worn mineral oils	7.35	9.06
Used lead-acid batteries	0.93	2.47
Used batteries containing Hg, Ni, Cd or other hazardous materials	0.196	0.188
Used ink or toner print cartridges	0.32	0.33
Scrap metal contaminated with hazardous materials	0.27	0
Chemical waste from analysis and quality control laboratories	12.56	18.95
Containers contaminated with hazardous materials	0.55	0.56
Contaminated or damaged personal protective equipment	0.76	0.92
Disused electronics and electrical equipment that have not been disassembled, separated from their components or constituent elements	0.89	0.43
Used mineral oil filters	0.34	0.403
Compressed gases, refrigerant gases in disuse	0.08	0.35
Dirty hydrocarbons or hydrocarbons contaminated with other hazardous substances	0	0.16
Sludges from gas scrubber treatment containing hazardous materials	0.28	0
Used mercury-containing luminaires, lamps, fluorescent tubes, energy-saving bulbs, etc.	0.43	0.57
Adsorbent material contaminated with hydrocarbons: wipes, cloths, rags, sawdust, adsorbent booms and other solid adsorbent material	0	0.28
Oily mixtures of hydrocarbons, water and cutting oil wastes	3.08	6.31
Out of date or out of specification chemicals	3.19	1.683
Processed, semi-finished, agrochemical, expired or out-of-spec chemicals.	0.06	0
Waste inks, paints, resins, containing hazardous substances	0.81	3.42
Used organic solvents and mixtures of used solvents	0.85	0.42
Soils contaminated with hazardous material	8.96	16.77
Broken glass		0.38
Other wastes: Biohazardous waste medical department	0.013	0.226
<b>Total</b>	<b>41.92</b>	<b>63.88</b>



## eco-friendly ideas

### HAZARDOUS WASTE Energy & Palma

Code	Residue name	2019	2020
		Tons	Tons
NE-03	Used or worn mineral oils	7,291	5,868
NE-07	Used lead-acid batteries	0,64	0,304
NE-10	Biohazardous waste resulting from medical care provided in the company's medical centers.	0,0635	0,0335
NE-27	Containers contaminated with hazardous materials	1,686	0,133
ES-01	Triple-washed empty agrochemical containers	0,199	0,415
ES-06	Disused electrical and electronic equipment	0,123	0,181
NE-32	Used mineral oil filters	0,984	0,657
NE-40	Luminaires	0,021	0,0565
ES-04	Tires	0,751	0,871
<b>Total</b>		<b>11,7585</b>	<b>8,519</b>

The waste generated by the pandemic (masks, gloves, COVID-19 detection tests) is transferred to final disposal through environmental management agents qualified by the Ministry of Environment and Water.



## eco-friendly ideas

### NON HAZARDOUS WASTE

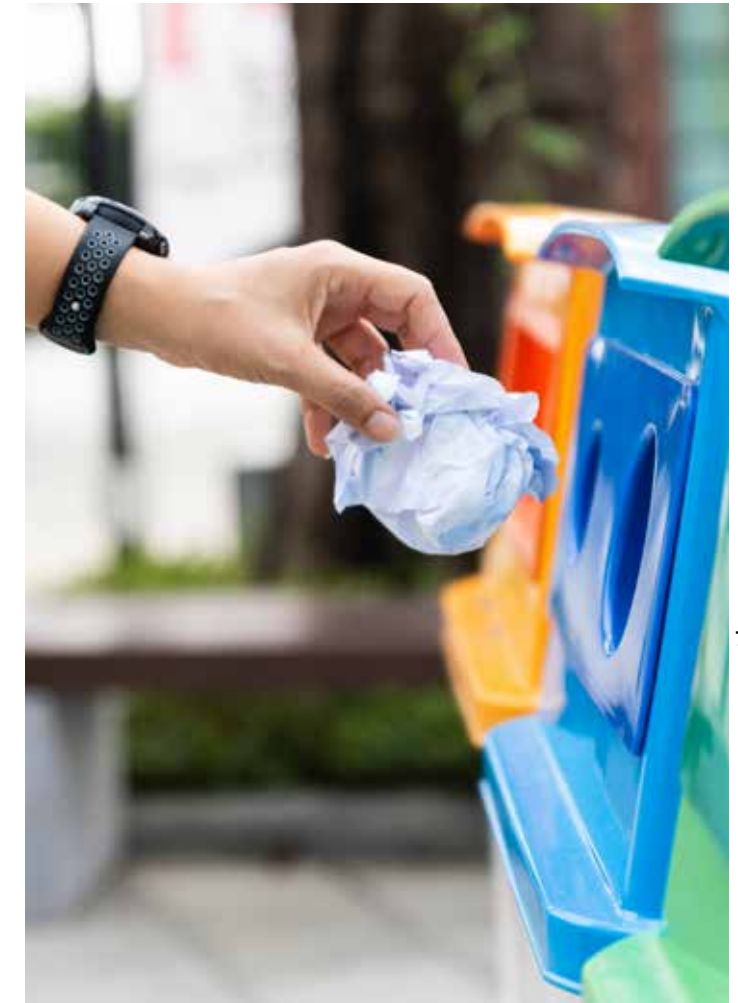
Non-hazardous wastes are those materials that do not pose a health risk or pollute the environment. These wastes can be in solid or semi-solid form, such as cardboard, wood, scrap metal, mattresses, vegetables, and non-infected food waste, among others.

### NON HAZARDOUS WASTE Montecristi Industrial Complex

Residue type	2019	2020
	tons	tons
Annatto bran	459,42	512,75
Garbage	536,18	742,72
Cardboard	522,64	511,41
Ash	559,69	684,69
Scrap	140,75	121,1
Sludge	113,13	91,37
Plastic	450,28	420,53
Soil	9872,58	7739,04
<b>Total</b>	<b>12.654,7</b>	<b>10.823,6</b>

Non-hazardous wastes that can be recycled or reused are commercialized as indicated:

Recyclable waste	2019		2020	
	Annual income per sale	Amount generated	Annual income per sale	Amount generated
Scrap	\$31.206,1	140.75 ton	\$16.255.29	90.77 ton
Plastic	\$71.377,70	421.07 ton	\$64.552.39	385.86 ton
Cardboard	\$63.281,60	486.97 ton	\$60.175.10	479.85 ton
Empty containers	\$90.069,05	19.803 unid	\$86.528.85	28.908 unid
Tulas	\$30.892,00	15.446 unid	\$26.428.00	13.214 unid
Canvas	\$273,00	39	\$595.00	85 unid
Pallets	\$15.967,42	29.094	\$22.733.55	34.477 unid
Other	\$436,60	no especifica	\$873.17	no especifica
<b>Total</b>	<b>\$303.503,56</b>		<b>\$278.414,35</b>	



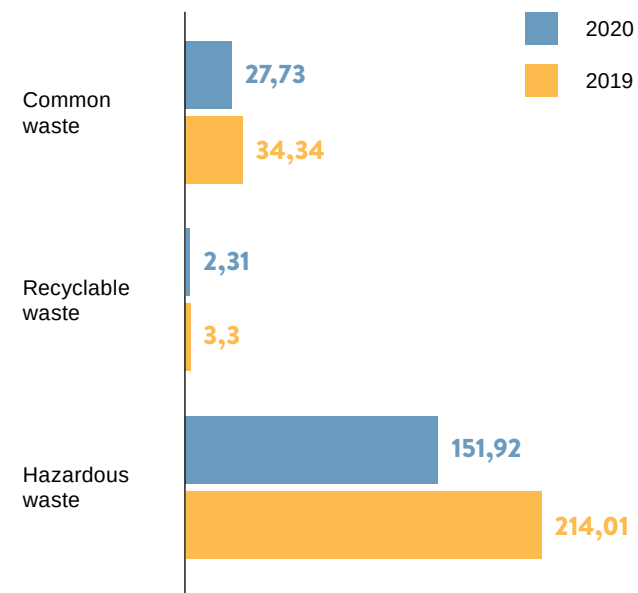




## eco-friendly ideas

Non-hazardous wastes generated by our subsidiaries Energy & Palma and Extractora Río Manso are recycled through authorized waste managers. In 2019, 152 kg of cardboard and paper, 15 kg of PET bottles and 89 tons of scrap metal were recycled. The commercialization of scrap represented an income of close to US\$18 thousand for the company Energy & Palma.

**RÍO MANSO WASTE GENERATION 2019-2020**  
(tons)



Thanks to efficient management, during the 2019-2020 period, the generation of all types of waste at Extractora Agrícola Río Manso will be reduced by 24% to 44%.



## eco-friendly ideas

GRI 302-1

# Energy Management

Our commitment with the environment has motivated the project called "Biomass Steam Generation System", which began with the implementation of a boiler that uses renewable energy to generate industrial steam using a co-product from the extraction of one of our main raw materials. Our transition to the use of clean energy is an important contribution to global efforts to combat climate change, one of the main problems facing humanity today.

Among the advantages of using clean energies are the following:

- Reduce consumption of fossil fuels such as diesel or bunker.
- Reduce the generation of greenhouse gases (GHG).

- Reduce the emission of particulate pollutants into the environment.
- Reduce noise to permissible limits.
- Reduce waste.

From an economic standpoint, the use of biomass will represent considerable savings in the cost of purchasing fossil fuels. During the time period between March 2019 and October 2020 we achieved a 66% reduction of diesel consumed, equivalent to USD 6,859,794 in savings.

From a social standpoint, the reduction of particulate matter emissions into the environment, together with the maintenance of noise within permissible limits, will result in improved community relations.





## eco-friendly ideas

### ENERGY CONSUMPTION

#### MONTECRISTI INDUSTRIAL COMPLEX

	2019		2020	
	KW/H	GJ	KW/H	GJ
Acquired electricity	50.560.619,34	182.018,23	53.605.251,63	192.978,91
Internal thermoelectric generation	40.495,9	145,79	58.156,74	209,36
Total	50.601.115,24	182.164,02	53.663.408,37	193.188,27

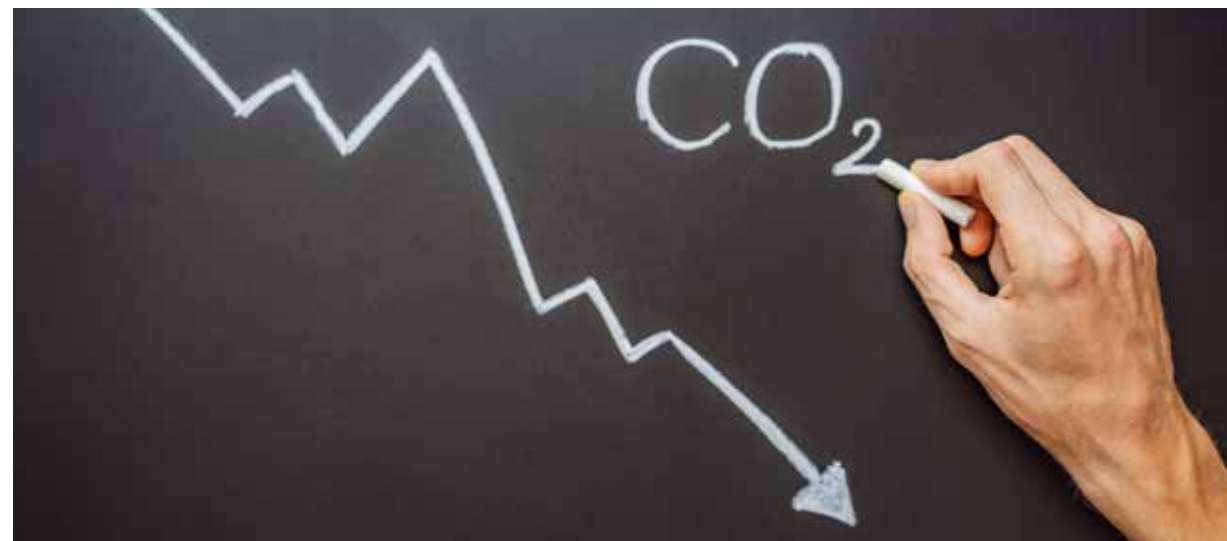
#### ENERGY & PALMA

Energy consumption	2019	2020
Diesel (Galones)	52.557	48.320
Electric power (kW/h)	32.726	36.349

Energy & Palma's annual electricity consumption during 2019 was 0.261 kwh/ton RFF, which had a minimal increase of 0.0025 kwh/ton RFF during 2020.

#### EXTRACTORA AGRÍCOLA RÍO MANSO EXA S.A.

In Extractora Agrícola Río Manso EXA S.A., in 2019, 10,612,938 kW were consumed and during 2020 the consumption was 10,133,484 kW, achieving a 4.3% saving in the consumption of the last year.



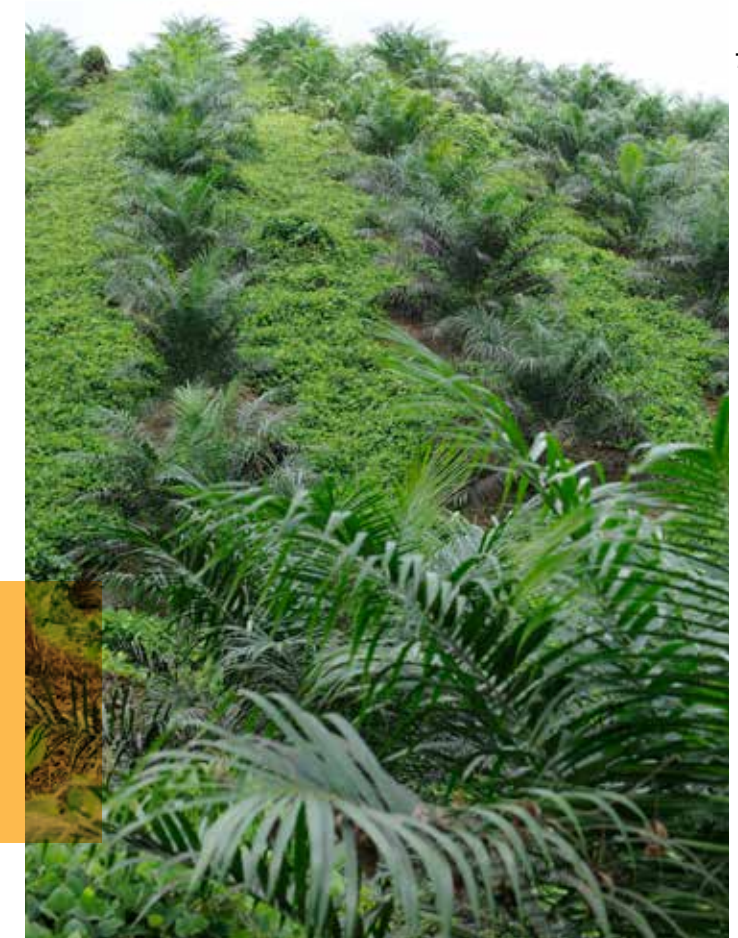
## eco-friendly ideas

GRI 308-1

# Environmental Assessment of Suppliers

During the 2019-2020 period, the environmental managers Ecoresa, Cistertanq S.A, ADS were incorporated, which means that 15 environmental managers are now qualified.

All environmental managers are obliged to comply with the requirements for purchases and environmental disposal of hazardous and non-hazardous waste generated in La Fabril industrial complex. To date, 15 environmental managers are qualified.







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# Ideas With Heart

Our work team is the engine that drives La Fabril Group. Their development, respect for their rights, care for their safety and health, and the well-being of their families are part of our sustainability commitments.

The extraordinary performance of our employees during a year full of challenges is evidence of their capacity, commitment, will and solidarity based on our institutional values that guide us to continue contributing to the growth of La Fabril, the Industry of Ideas.



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GRI 103-2

# Developing Talents

At La Fabril Group we generate dignified work directly and indirectly for the communities in the area of influence of our industrial complexes, our distribution centers and our subsidiaries Energy & Palma S.A. and Extractora Agrícola Río Manso EXA S.A.

Our actions are framed within the Ecuadorian labor legislation and respect for Human Rights. La Fabril's Integrated Policy and Code of Ethics contain the guidelines and values that orient the conduct of all those who make up this company. We guarantee freedom of association and equality of opportunities, non-discrimination and respect for diversity.

The development of our human talent, their well-being, growth and health are fundamental for La Fabril, which results in a good working environment that favors adequate communication and the participation of our employees in the generation of innovative ideas that are the distinctive feature of our business group.

We promote an organizational culture based on four pillars:

- Fully respected employees produce extraordinary results.
- Employees know what the company expects from them and on what parameters they will be evaluated.
- Employees' achievements are recognized by the company.
- Employees work on the basis of competency recovery.

La Fabril is in a process of permanent organizational evolution that involves the empowerment, participation and co-responsibility of all those involved to make the leap from functional management to process management through the implementation of the project called "Armonía" (Harmony).

The Armonía project has among its objectives:

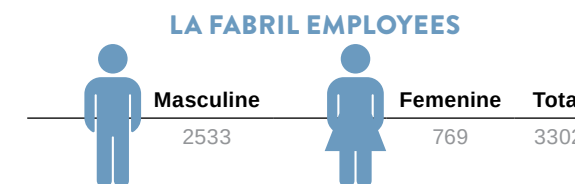
- Design and implementation of a new process management culture.
- Change of the Enterprise Resource Planning (ERP) tool.
- Modernization of Human Resources processes and tools.
- Improvement of plant processes.
- Documentation of all the processes of the companies that make up La Fabril Group.



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# Staff by gender and geographic location

3302 people make up La Fabril's human capital by the end of 2020, of which 77% are men and 23% are women.



70% of our employees are concentrated in La Fabril's three industrial plants: Montecristi Industrial Complex, La Favorita plant and Otelo and Fabell plant. The remaining 30% is distributed among the main cities in the country where we are present.

## GEOGRAPHICAL DISTRIBUTION

La Fabril Employees

Location	Employees
Ambato	67
Cuenca	54
Guayaquil	408
Ibarra	24
Machala	44
Manta	53
Main plant (Montecristi)	1904
La Favorita (Guayaquil)	112
Otelo & Fabell (Guayaquil)	319
Quito	198
Santo Domingo	99
Tulcán	20
<b>Total</b>	<b>3302</b>





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# Employees of Energy & Palma S.A. and Extractora Agrícola Río Manso

In 2019, 82.22% of Energy & Palma's staff was made up of men and 13.78% of women. The percentage of male employees increased by six percentage points in 2020. The turnover rate increased slightly by 0.85 percentage points from 3.34% in 2019 to 4.19% in 2020.

## ENERGY & PALMA S.A. EMPLOYEES

	Masculine	Femenine	Total
2019	1126	180	1306
2020	1155	149	1304

## EXTRACTORA RÍO MANSO S.A. EMPLOYEES

	Masculine	Femenine	Total
2019	437	42	479
2020	382	33	415

Staff turnover was 2.97% in 2019 and decreased to 1.83% in 2020.



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# Internal Promotions

We prioritize our internal talent when filling vacant positions within the company. Through our "Job Posting" or "Talentos La Fabril" program, we generate development opportunities

for our employees, which contributes to the retention of talent and the commitment of our people. In 2020 we had 318 movements (promotions).





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GRI 405-1, GRI 102-7, GRI 102-8

# Diversity and Equality of Opportunities

We promote equality of opportunities from our process of recruitment, selection and hiring of human talent, designed so that there is no discrimination of any kind, according to the Internal Labor Regulations and Code of Ethics of La Fabril Group.

La Fabril Group's adherence to the Business Pact in

Favor of Gender Equality in Ecuador since 2017, reaffirms its commitment to equality, inclusion and balance of opportunities for men and women. It also commits us to ensure that more women are sufficiently qualified to access management positions.



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GRI 103-2

# Ongoing Training

We promote the potential of our human talent by providing tools for their development through the following projects:

## OPERATORS SCHOOL

The objective is to technically train employees of the different process areas, allowing them to develop their knowledge and acquire new techniques, thus generating development plans that lead to promotions within their own areas or in some other area of the company in operational level positions, but with greater responsibilities or hierarchical level.

## FORMADOR DE FORMADORES

Develops skills to manage teaching and learning processes, in such a way that allows them to play the role of internal facilitators in induction, training and knowledge multiplication projects within the organization.



## TO BE LEADER (LEADER OF HIGH PERFORMANCE TEAMS)

This is a high-impact leadership development program that generates and strengthens the organization's culture. The company seeks to maximize results, for which it needs executives who, by demonstrating their leadership, drive change processes and build teams aligned with the organization's achievements.

Today's leaders carry out their work by conversing, coordinating actions, listening attentively to situations and problems, providing instructions, presenting projects and ideas, making decisions, facilitating the management of work teams, and inspiring.

The LEAD certification brings together all these elements to focus on visibly increasing the conversational assertiveness





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of leaders and thus achieving a positive impact on the productivity of their team.

**TO BE COACH**

Training and certification program in ontological coaching that enables the acquisition of skills and competences of this practice.

**TOC (THEORY OF CONSTRAINTS)**

A program that improves the participants' management capacity to make reliable, effective and efficient decisions that generate significant and rapid impacts on growth and stability indicators.

**SAT (TECHNICAL ASSISTANCE SERVICE)**

Aimed at customers in the bakery sector of Linea Maestro with the objective of refining their baking techniques and

accompanying them in the development of areas related to the growth of their businesses.

The training team is made up of eight technicians from the country who are internationally certified by the AIB (American Institute of Baking), an organization that certifies worldwide in safety, food safety and bakery sciences.

In addition, they have a long track record in baking, teaching, product development and the setup of equipment, as well as participation in baking, pastry and artistic chocolate competitions.

Trainings during the reporting period had an unusual behavior due to the fact that in 2020 training hours were reduced to 25,000 compared to the 70,870 training hours delivered in 2019. The training topics that were delivered online, due to the pandemic, were related to:

- Business Alliance for Secure Commerce
- Good Manufacturing Practices
- Industrial brigades
- Ontological coaching TBC
- Process management
- Conversational skills
- First aid
- Residencia
- Health and prevention
- Chemical substances

**TRAINING IN OUR SUBSIDIARIES**

In the case of our subsidiaries Energy & Palma and Extractora Río Manso S.A., the training hours offered to employees suffered a decrease between 2019 and 2020 due to the restrictions imposed by the pandemic.

In Energy & Palma, training hours went from 7.36 hours/man to 5.32 hours/man in 2020; in Extractora Agrícola Río Manso, training hours decreased from 20.65 hours/man in 2019 to 5.32 hours/man in 2020.



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# From Employee to Senior Executive

The human talent that collaborates with La Fabril has great opportunities for the development of their potential. We train our personnel in the areas of finance, thought processes, projects, operations, supply chain, distribution, marketing, sales, strategies and tactics. Our continuous improvement process is strengthened to the extent that our

employees have tools that contribute to the effective and efficient management of processes in each of the areas. We provide our leaders with managerial skills so that they are qualified to occupy the line of succession in management positions.

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GRI 404-3

# Evaluation of Commitments



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At La Fabril we reverse the traditional way of rating: the employees in each area are the ones who rate the quality of leadership of their managers, moving upwards until reaching the evaluation of the General Manager.

This process, which we have called "Champions of Commitment", seeks to identify opportunities for improvement in terms of employee satisfaction and recognition, in the conviction that only satisfied employees whose efforts and contributions to the company's success are recognized will increase their commitment to the company.

The result of the measurement thus performed is translated into Action, Training and Development Plans prepared by the leaders in each area, aimed at strengthening our organization. The rating obtained in 2018 was 4.31 out of 5. In order to achieve excellence, we have made the corresponding adjustments, the result of which will be reflected in the evaluation we will carry out in 2021.

## INVINCIBLE LA FABRIL MEMBERS

In the midst of a pandemic that struck the world, a team of 450 people belonging to the Hygiene and Personal Care division of La Fabril managed to break a historic production record, surpassing 10,000 tons, a fact that is doubly valuable for the commitment and effort shown in the midst of adverse circumstances.

The Hygiene and Personal Care division, working as a single team, contributed to the economic reactivation required by the country at that time, of which we are very proud.

We acknowledge La Fabril workers who never give up, who have faced situations as serious as the shutdown due to the political crisis of 2019 and the health crisis arising from the pandemic. We thank them for their courage, effort and devotion for allowing our products to reach every Ecuadorian home.

This feat will forever remain engraved in our hearts. Thank you Invincible members of La Fabril.



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GRI 403-1

# Freedom of Association

At La Fabril's parent plant we have a Committee, made up of a President representing the employer, a Secretary representing the workers and four members representing employees and workers, in addition to two associations.

Our subsidiaries Energy & Palma and Extractora Agrícola Río Manso, in accordance with Executive Decree 2393, article 14, have each formed an Occupational Health and Safety Committee, which is made up of six members elected

by the employer and six members elected by the employees as their representatives. The functions to be performed by each one of them are elected by vote, in order to ensure equal representation in the positions held.

These committees, legally constituted before the Ministry of Labor, have annual and nationwide inspection schedules, which are carried out to ensure the working conditions of our employees.

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GRI 403-1, GRI 403-2

# Occupational Health and Safety

Our Integrated Policy describes in section 3 La Fabril's commitment with our workforce, consisting in the provision of working conditions that prevent accidents and occupational diseases. Consequently, we propose annual programs to prevent occupational risks, reduce potential impacts to our employees and protect the most important asset of the organization: its employees.

The implementation of the health and safety system is based on the guidelines of standard 45001 and the calculations of Frequency and Severity determined in resolution CD 513. The occupational health and safety unit and the medical unit of La Fabril monitor all work stations to verify health and safety conditions.

We comply with the regulatory framework on labor issues: Labor Code, Executive Decree 2393 and resolution CD 153. We annually declare the activities carried out by the safety and health committee and subcommittees; we report accident frequency and severity indicators to the competent authority. We keep our Health and Safety Regulations registered at the Ministry of Labor.

During 2019, the effectiveness of the implementation of



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the 45001 standard reached 54% while during 2020 its effectiveness decreased to 22%, the latter is due to the fact that the company prioritized attention to the health emergency caused by the pandemic, arranging resources for the attention to our employees and the early detection of COVID-19.

In 2019, a certification process for the ISO 45001: 2018 "Occupational Health and Safety Management System" standard started, which had been planned to be implemented as of 2020, but due to the critical conditions of the pandemic, it will be implemented as of 2021.

INDICATORS	2019	2020
Accidents due to mechanical hazards (fall to a different level, contact with temperature, crushing, sharp injury, slip and fall)	23	8
Accident frequency rate	1,1	371,86
Incidence rate of occupational diseases	1	0
Lost day rate	8128	200
Work absenteeism rate (hours)	4636	21671
Deaths due to occupational accidents or occupational diseases	1	0







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### ADAPTATIONS TO COVID-19

Our values and principles set the course to follow in order to continue contributing to the country's economy and the well-being of citizens in general during the pandemic, putting the safety of our personnel and the quality and safety of our products first.

With the aim of ensuring the labor stability of our employees in conditions of physical, emotional and financial security, we implemented a telemedicine platform that allowed us to keep a record of employees who had undergone rapid tests or PCR, the results of each, and the presence of symptoms. With this information, we were able to immediately apply the corresponding isolation protocol, facilitate access to medicine, and if necessary, provide facilities for isolation in

hotels with expenses covered by the company.

In addition, we provided psychological and emotional support to employees who required it, and we directly supported our employees who were hospitalized in health centers. We were also concerned about the food safety of our employees during the first six months of the pandemic, providing a food kit to those who were 100% committed to maintaining the company's productivity, both plant employees and the commercial team.

Additionally, we implemented the following strategies:

- From day one, we provided prevention information to all our employees.
- We implementing remote work for administrative areas in order to reduce mobility, ensure physical distance and



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prevent the risk of contagion.

- We hired buses for the exclusive use of personnel who had to continue working on-site, who were disinfected twice a day.
- We looked after the health conditions of our personnel by providing them with hygiene kits and verifying their health conditions prior to entering our facilities.
- We provided free COVID-19 tests to family members of employees who had been exposed to the virus or had had positive results.
- We implemented disinfection and sanitization tunnels to reduce viral load and permanently disinfect workspaces, warehouses and vehicles at all our facilities nationwide.
- We provided corporate costs for internet service to improve connectivity for telecommuting employees.

- We provided ergonomic protection elements in each of the homes of the employees who worked remotely.
- We facilitated the possibility of accommodation in exclusive hotels for personnel who require isolation away from their families.
- We granted leave so that employees may carry out tasks during the workday.
- We ensured respect for the employee's right to family time; therefore, we established clear guidelines for home-based work, including meetings scheduled 24 hours in advance and within an established timetable.

Para la implementación de esta estrategia, La Fabril invirtió en la adquisición de dos laboratorios para exámenes PCR, 1200 kits PCR, 6000 pruebas de hemoglobina y 34.000 tests de inmonoglobulina.





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GRI 413-1

# Positive Relations with Stakeholders



At La Fabril Group we work to generate a positive Social Footprint.

We have always been committed to society, so we promote the local development of the communities in the area surrounding our operations in a way that respects the natural environment. We place special emphasis on the rural sector where our production chain begins and where a high percentage of the population of the provinces of Manabí, Santo Domingo and Esmeraldas is settled.

La Fabril Group thus becomes a strategic partner for the farmers in these areas, who can cultivate their plots with excellent quality products thanks to the training we provide on an ongoing basis.

We have developed care and collection centers, as well as medical clinics in each extraction plant to provide free outpatient care to suppliers, their families, workers and the surrounding community.

We invest in innovation in agricultural processes and sustainable development technologies for oil palm diseases that we share with farmers to improve their productivity.

We periodically make donations to foundations, churches, public entities, hospitals and various civil organizations that carry out solidarity work, particularly in Manabí. Our contributions benefit children, teenagers, mothers, the



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elderly, the sick, and people in economically vulnerable situations, among others. In the midst of the pandemic we reached the most remote places to distribute love and hope at Christmas time to economically vulnerable people. We distributed more than 3,000 Christmas baskets donated by our customers, suppliers and authorities. Integral to our social responsibility are programs focused on environmental care, such as the maintenance of 1,300 hectares of forest reserves, the protection of our employees and support for our neighboring communities.

### SANTA'S LA FABRIL ELVES

In order to help more vulnerable families in the midst of a pandemic, authorities, suppliers and customers of La Fabril joined together to donate Christmas baskets to the most vulnerable families and make magic reach more corners of the country to spread love and hope.





ideas for the future



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# Ideas for the Future

We think of each of our stakeholders; therefore we work every day in order to align ourselves to the highest quality standards.

Committed to innovation and constant compliance, we are always and forever: La Fabril, The Industry of Ideas.





ideas for the future

# 2021 Commitments



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We have managed to face the enormous challenge of maintaining our operations in the midst of a social, economic and productive scenario affected by the outbreak of the COVID-19 pandemic.

We have managed to generate safe conditions for our employees to maintain their commitment to the company and we have achieved good profitability within the framework of respect for the environment, human rights and current Ecuadorian legislation.

We have proven our capabilities and strengths that will serve to contribute to the country's economic reactivation. Our commitments are therefore oriented toward strengthening

our strategic pillars: people, sustainable growth and operational efficiency.

## HUMAN TALENT

Recruiting the best talent for La Fabril and working to develop talent at all levels of the organization based on meritocracy and in alignment with the culture of values and ethics.

- Implement a performance management system to identify, evaluate and develop talent at different levels of the organization based on performance and behavior criteria.
- Strengthen the culture of values and ethics through behavioral models, ethics compliance systems and training.



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## SUSTAINABLE GROWTH

- To strengthen our leadership in relevant categories and ensure an agile business model in the generation of value from our portfolios.
- Increase the IDP of our businesses by simplifying portfolios and focusing on high or better MTVs.
- Maturing the capacity of consumer knowledge and market segmentation to turn it into a competitive advantage for La Fabril.
- Ensure timely and cost-competitive sourcing to mitigate raw material risks (CPO&PKO).

## OPERATIONAL EXCELLENCE

Operate as an integrated ecosystem, ensuring coordination, efficiency and quality in all our processes.

- Generate incremental value of \$25MM via efficiency captures in major expense lines across all units.
- Deploy management through SIPOCs at all levels.
- Implement technological capabilities that allow us to be more efficient and coordinated.



ideas for the future

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