



REPORT ON  
SUSTAINABILITY  
**2020**

# 0

## INTRODUCTION

- Letter from the Chief Executive Officer
- COVID-19
- Key figures
- 2020 milestones

p. 04/13

# 1

## ABOUT INCARLOPSA

- More than 40 years of history and family tradition
- Constantly expanding
- Incarlopsa's strategic axes

p. 14/25

# 2

## FINANCIAL PERFORMANCE

- Our commitment to quality and innovation consolidates our growth
- Incarlopsa's competitive advantages
- Productive investments
- Value creation

p. 26/37

# 6

## ENVIRONMENTAL DIMENSION

- Environmental management and circular economy
- Resources to minimise environmental impact
- Roadmap
- Climate change and carbon footprint
- Sustainable use of resources
- Management of animal by-products not intended for human consumption
- Waste management
- Tables

p. 90/109

# 7

## OUR TEAM

- People management at Incarlopsa
- Evolution of the workforce
- Commitment to equality and inclusion
- Talent management
- Quality employment
- Occupational health and safety
- Tables

p. 110/129

# 8

## COMMITMENT TO SOCIETY

- Incarlopsa's commitment to society
- Social action during the pandemic
- Social action
- Promoting employment and local development
- Alliances and partnerships

p. 130/139

# 3

## **CORPORATE GOVERNANCE**

- Stable corporate governance
- Basic pillars of corporate governance
- Risk management and control
- Cybersecurity
- Privacy and data protection

p. 38/57

# 4

## **QUALITY AND SAFETY**

- Food quality and safety are our unwavering commitments
- A responsible and certified value chain
- Relationship with suppliers
- Customers at the centre

p. 58/77

# 5

## **INNOVATION**

- Innovation at Incarlopsa
- Resources allocated to R&D
- Our innovation drives industry standards
- Boosting innovation through partnerships

p. 78/89

# 9

## **ABOUT THIS REPORT**

- About this report
- Annex I: table of contents required by law 11/2018
- Annex II: index of the SDGs to which Incarlopsa contributes
- Annex III: Consolidated Accounts 2020

p. 140/150



At Incarlopsa, we have been working every day for more than 40 years with the same passion and commitment to continue producing meat products that meet the most demanding quality criteria.

For this reason, we promote a responsible and sustainable business model that brings together an economic, social, and environmental scope to create value and multiply the positive impacts of our activity.

## QUALITY BY NATURE

# IN AN UNPRECEDENTED YEAR, WE HAVE ENSURED FOOD SUPPLY TO MILLIONS OF HOUSEHOLDS THANKS TO THE COMMITMENT OF OUR HUMAN TEAM

The year 2020 has been an unprecedented year in health, social, and economic terms as the coronavirus pandemic has tested the foundations of our society and the resilience of businesses.

There are many friends and family members who are no longer with us, and so, I would first like to convey my condolences and all my support to their families and loved ones. I would also like to thank each and every one of the 2,440 people who make up the Incarlopsa family for their effort and dedication because, when facing every-day situations never before experienced, we have been able to manage a very complicated year together, fulfilling the commitment and responsibility of guaranteeing the supply of our meat products to thousands of customers, millions of homes, and numerous social groups. And we have done so by producing more than 347,204 tonnes of food thanks to teamwork and our spirit of self-improvement.

I extend my thanks to our suppliers, without whom it would not have been possible to meet the challenges set out in 2020, and to all the professionals in the primary sector, mainly farmers and livestock farmers who, once again, have shown that they are a strategic sector in this country.

The progressive implementation of a sustainable business model, which we started a few years ago, has already begun to yield results and has allowed us to cushion the

impact of the COVID-19 crisis. In an agile and efficient way, we were able to adapt to our new reality and, applying all the protection measures recommended by the health authorities, we were able to continue with our activity.

**Thanks to each and every one of the 2,440 people who are part of Incarlopsa, because your effort and dedication has made the supply of our meat products possible**

The uncertainty of this atypical financial year has not been an obstacle for us when it comes to advancing with the roadmap that establishes the pillars of the Incarlopsa we want for the future: a company founded on the same values and ethical principles that have prevailed since its founding more than 40 years ago, with a vocation to continue growing in an orderly, sustainable, and long-term manner, with a greater presence on international markets.

The publication of this Sustainability Report shows part of the results achieved on the road to integrating social, environmental, and corporate governance criteria into our business strategy.

As a family business, we consider its publication to be a further step in the natural evolution of the company, and a good example of our commitment to transparency.

Since our origins, we have always been at the forefront of our sector thanks to a firm commitment to maximum quality, the search for excellence in each step of our production processes, a clear customer orientation, and the promotion of innovation as a driver for the future development of the company.

To move towards the Incarlopsa of the future, we have created an interdepartmental committee called "Sustainability Axis" in 2020, whose scope of action focuses on exploring and promoting initiatives related to environmental impact and climate change; human capital, including the promotion of equality and diversity; and a firm commitment to innovation and social action that continues to contribute positively to the development of the local communities in which we are present. In this context, 2020 will see the launch of our TIS Project, aimed at Digital Transformation, Innovation, both in terms of products and processes, and Sustainability.

Overall, our financial performance in 2020 was good, with revenue of 882 million euros, representing growth of 4.7%. Moreover, in a complicated working environment, our human team has increased by 1.5%, and 2,440 people are now part of Incarlopsa. This figure increases to 4,181 direct and indirect jobs created thanks to the dynamic effect of our activity.

In this sense, we have continued to create quality employment on the basis of stability and equality: nearly 74% of the workforce as of December 2020 has a permanent contract (65% in 2019) and one in three Incarlopsa employees are women (33.2% in 2020 compared to 25.6%

in 2019). The dynamic effect of our activity has resulted in the creation of 1,741 indirect jobs in 2020, which have contributed to boosting the labour market in our areas of influence.

**We continue to make progress on our roadmap, integrating sustainability into our growth strategy with the aim of continuing to lead sector standards in Spain and internationally.**



We have also continued with our international expansion plan, as reflected in the 32.6% increase in our revenue on international markets and, despite the economic situation, we have begun exporting to China.

Our investment commitment has been mainly aimed at improving the efficiency of our production facilities and reducing the environmental impact of our activity. This year, our investments have exceeded 28.6 million euros, and we have once again relied on companies and professionals close to our production centres as far as possible for their execution in order to boost the local economy.

In addition, we have allocated significant economic, human, and technical resources to reinforce the usual protection and hygiene measures in our plants, equipping them with all the necessary capacities to guarantee the health of our workforce starting from the beginning of the pandemic. In addition, all the Group's plants have been fitted with devices for taking body temperature and protective screens, and the necessary measures have been taken to minimise the risk of contagion of the SARS-CoV-2 virus, such as promoting remote working and limiting external personnel visits to our facilities, among others.

The implementation of these solutions and the responsibility of the entire Incarlopsa team has facilitated the achievement of our main objective: to fulfil our mission as an essential sector and guarantee the supply of food to the whole of society, including the most vulnerable groups, to whom we have donated around 54,116 kilos of food.

Our commitment to healthy, quality food must go hand in hand with positive social action and minimum environmental impact, which is why we ensure that our activity is consistent with the needs of society, and sustainable in the way we do so, even in such difficult times as the ones we are currently experiencing.

Thank you for your trust.

**CLEMENTE LORIENTE**  
**CHIEF EXECUTIVE OFFICER**



# OUR RESPONSE TO COVID-19



## PROTECTING OUR STAFF

- Implementing a committee for the management of COVID-19, promoted by Incarlopsa's management bodies.
- Ensuring the health and safety of the workforce by promoting remote working, flexible working hours and shifts, etc.
- Installing infection prevention resources such as temperature gauges, protective screens, and solutions to reinforce social distancing.
- Reinforcing cleaning in common areas.
- Specific and ongoing training and awareness-raising on pandemic-related issues.



## SUPPORTING OUR SUPPLIERS

- Commitment to local suppliers has been strengthened, generating wealth and maintaining employment in an environment of uncertainty: more than 452.4 million euros allocated to livestock purchases.
- The company has acquired local livestock production, bringing stability to the primary sector in the regions where the production centres are located: 1,582 livestock farms.
- **No livestock suppliers ceased operations as a result of the pandemic.**



## GUARANTEEING PRODUCTION AND SUPPLY

- As an essential sector, food supply to the population has been ensured.
- No production lines were shut down in 2020 because of the pandemic.
- In 2020, more than **347,204 tonnes of products** were produced.



## LEAVE NO ONE BEHIND: FOOD AND MATERIAL DONATIONS

- More than 85,000 units of health and protection material donated to hospitals, elderly homes, and city councils.
- 54,116 kilos of food donated to different organisations and NGOs for groups at risk of social exclusion.
- Collaboration with different initiatives launched by third parties such as the Family Business Association, the KPMG Foundation, and Mercadona.

# KEY FIGURES

## Growth\_



INCOME

882.61

€M

↑ +4.7

% GROWTH



EBITDA

78

€M

8.84

% OF INCOME



NET PROFIT

36.4

€M

## Local promotion\_



PLANTS  
PRODUCTIVE

10

PRODUCTION SITES IN SPAIN

347,204

TONNES PRODUCED



LIVESTOCK  
PURCHASES

452.37

€M

100%

NATIONAL SUPPLIERS



LIVESTOCK  
SUPPLIERS

44

SUPPLIERS

1,582

LIVESTOCK  
FARMS

## Positive impact



### HUMAN CAPITAL



### INVESTMENT

2,440

PEOPLE

↑ +1.5%

STAFF INCREASE

28.6

€M TOTAL PRODUCTIVE INVESTMENT

33.2

% WOMEN

66.8

% MEN

13.9

€M IN INNOVATION

+36,000

HOURS  
IN TRAINING

16

HOURS  
PER PERSON\*

73.9%

PERMANENT  
CONTRACTS\*\*

48.6%

TOTAL PRODUCTIVE INVESTMENT  
IN R&D

## Commitment



TO  
QUALITY



TO  
CLIENTS



TO  
SOCIETY



TO THE  
ENVIRONMENT

52,756

CONTROLS PERFORMED

2,128

CLIENTS

54,116

KG OF FOOD DONATED

70%

PLANTS WITH ISO 14001

144.5

AVERAGE NUMBER OF  
CONTROLS/DAY

14

BRANDS

85,000

UNITS OF DONATED  
MEDICAL SUPPLIES

97%

OF PRODUCTION IN PLANTS  
WITH ISO 14001

\* Calculated on average headcount for the year.

\*\* Calculated as at 31 December 2020.

# 2020 MILESTONES

## First quarter

- ✓ Following the authorisation obtained at the end of 2019, exports to China will begin through various commercial agreements with clients.
- ✓ Establishment of the COVID-19 Management Committee.
- ✓ Renewal of the IFS and BRC food safety certifications with the highest possible rating in the production centres of Corral de Almaguer, Olías del Rey, and Guijuelo, in addition to Senda de los Pastores and the slaughterhouse, the processing plant and the fresh product cutting and packaging plant (Elaben) in Tarancón.
- ✓ Approval of the international Monomatpack project to validate new recyclable and biodegradable mono-materials for food packaging, subsidised by the CDTI.
- ✓ The company's fifth analytics and R&D laboratory, located in the fresh product cutting and packaging plant (Elaben) in Tarancón, is starting operations.
- ✓ Adaptation of all the company's facilities in accordance with the recommendations of the health authorities with regard to SARS-CoV-2.

## Second quarter

- ✓ Donation of around 54,116 kilos of product to various organisations to contribute to the supply of food for the most vulnerable groups.
- ✓ The company donates more than 85,000 units of masks and protective equipment to groups fighting on the front line against the pandemic.
- ✓ The Olías del Rey and Corral de Almaguer plants pass the necessary audit in the authorisation process to export their products to China, and the Tarancón slaughterhouse to Thailand.
- ✓ Start of the "Development of new freezing processes for meat preservation" project, financed by the CDTI.



## Third quarter

- ✓ Certification of the Tarancón slaughterhouse according to the Technical Regulations for Animal Welfare and Biosecurity Interporc Animal Welfare Spain (IAWS), and renewal of the AENOR Confort Animal Welfare certification of Welfare Quality.
- ✓ The drying room of Corral de Almaguer and the slaughterhouse of Tarancón, certified for the production and labelling of organic products.
- ✓ Approval of the AT-Piglet project on the "Effect of early action on the vitality and standardisation of the piglets", financed by the CDTI.
- ✓ Participation in the multidisciplinary project SEGURAM, aimed at increasing productivity, quality, and food safety, reducing the environmental impact, and the use of antibiotics in the meat sector. Project co-financed by CDTI and FEDER.
- ✓ Sponsorship of the Ciudad Encantada Handball Club of Cuenca, a team that plays in the Men's Honour Division, the sport's highest category.

## Fourth quarter

- ✓ Renewal of the collaboration agreement with the Tarancón Town Council and the Compartir Programme.
- ✓ Collaboration agreement with CD Tarancón and renewal of the agreement with the Jesús de la Ossa Football School for the promotion of healthy lifestyles through sport in Tarancón.
- ✓ Donation of an ambulance to the Red Cross of Cuenca, which will serve about 200 events in 80 municipalities of the province and will assist more than 700 people.
- ✓ Installation of a new refrigeration plant in the Guijuelo plant that will reduce energy consumption by 82% and avoid the emission of 1,200 tonnes of CO<sub>2</sub>.
- ✓ Increase in the company's freezing capacity by more than 120 tonnes through the installation of six new intelligent freezing tunnels at the Tarancón plant.

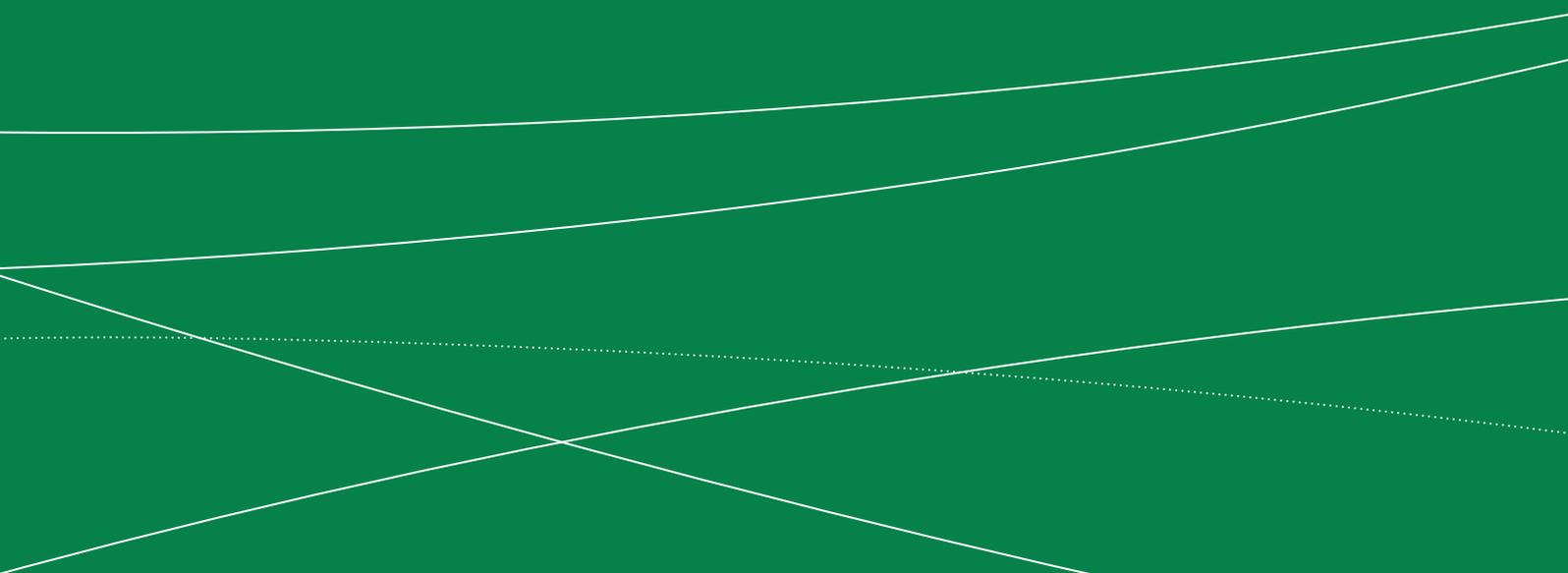






# ABOUT INCARLOPSA

A family company with 100% Spanish capital, with more than 40 years of history and a benchmark in the meat sector in Spain. We have a vertical production model that guarantees total production process traceability and maximum product quality. In constant evolution, the expansion of our production capacities, internationalisation, innovation, and the promotion of sustainability are the priority axes of our growth strategy.



# MORE THAN 40 YEARS OF HISTORY AND FAMILY TRADITION

**1978**

- ▶ The Loriente Piqueras brothers create Incarlopsa (Industrias Cárnicas Loriente Piqueras, S.A.).

## We are a benchmark in the Spanish meat industry.

Our model of vertical production and sustainable management guarantees maximum product quality and responds to the demands of society.

**2016**

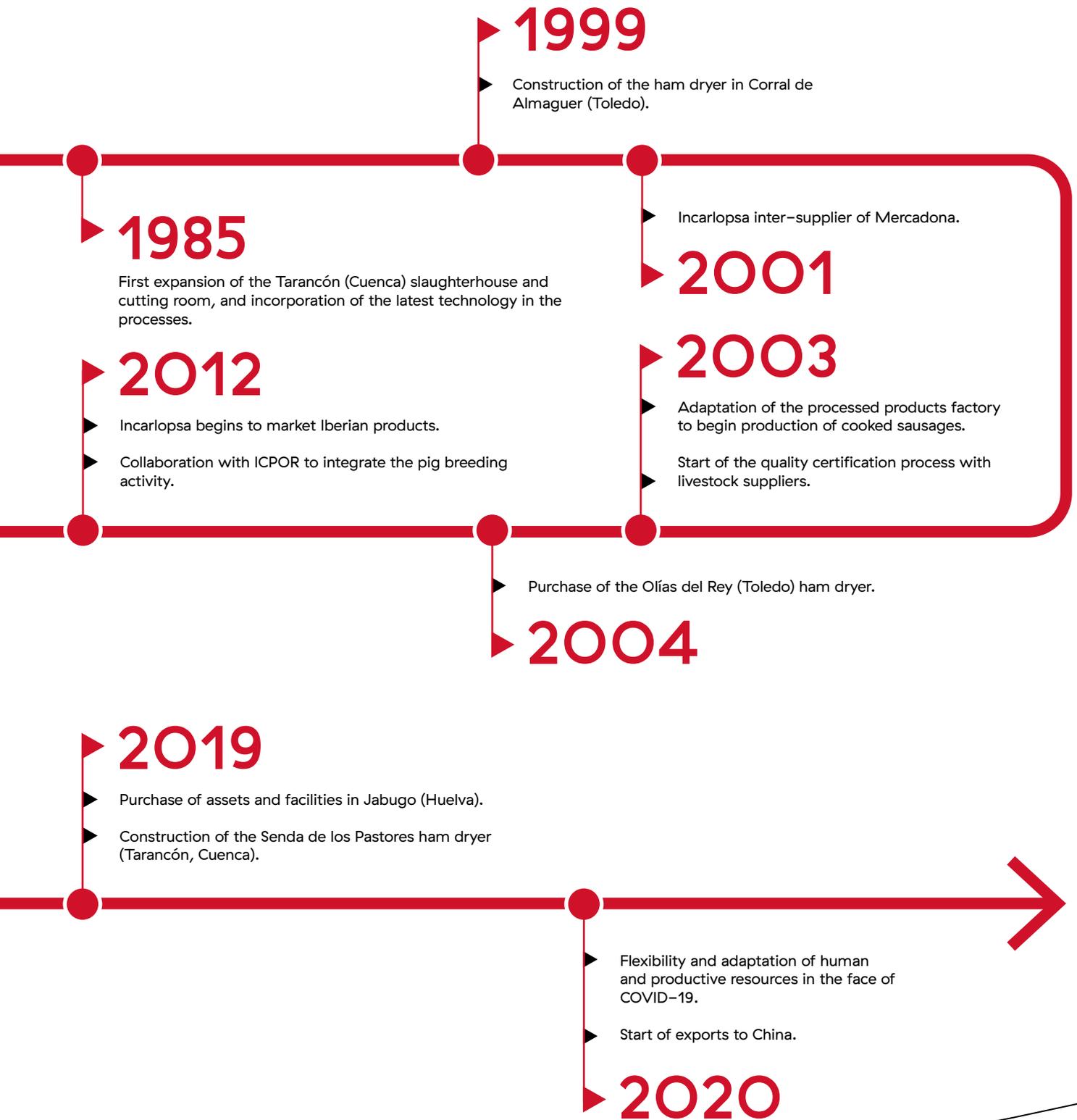
- ▶ New fresh product packaging and filleting activities.

**2017**

- ▶ Creation of the LorFood Joint Venture in Switzerland.
- ▶ New pig slaughterhouse facilities in Tarancón (Cuenca).

**2018**

- ▶ Majority purchase of Acornseekers shares in the US.
- ▶ More than 225,000 m<sup>2</sup> of facilities and more than 1,800 direct professionals who are offered ongoing training.
- ▶ Asset purchase of D.O. Jabugo in El Repilado (Jabugo, Huelva).
- ▶ Board of Directors made up of members of the 1st and 2nd generation of the Loriente Family.



# A SUSTAINABLE BUSINESS MODEL

## Based on solid values



The history of Incarlopsa is the history of its family values. From the continuous effort of some entrepreneurs who, more than 40 years ago, decided to support their region and their people, leaving this mark on the company's culture.

It's a story of teamwork. A story of progressive, results-oriented, sustainable, and long-term visionary growth that has been able to anticipate the needs of consumers and respond to them with high quality meat products, flexibility, and adaptability.

This strong customer focus favours quality and food safety, and is shared by the entire organisation.



## Driving value creation in an essential sector



Within the meat industry, Incarlopsa focuses on the industrial processing and marketing of fresh pork products (white coat and Iberian pork), white coat and Iberian cured ham shoulder, Iberian sausages, cooked sausages, and other processed products or prepared meats.

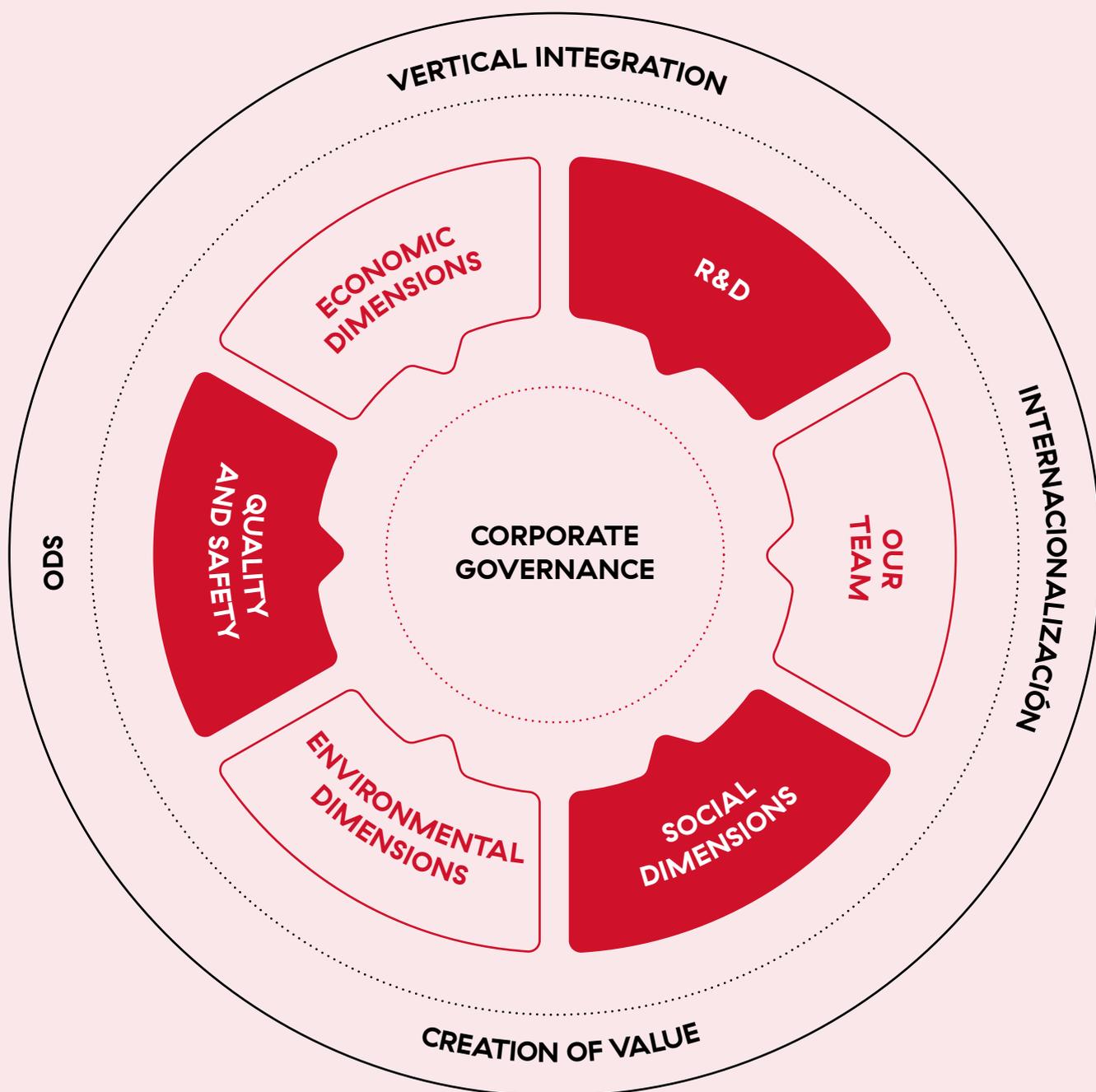
14 commercial brands enable the Group's efforts to adapt and respond to the needs of consumers with quality products or nutritional value.

Furthermore, the Group understands that business investment must be a powerful driving force to generate a positive impact on society, and that is why Incarlopsa promotes the sustainable development of its business by driving the standards of an essential sector to the Spanish economy.

The pork sector represents around **1.5% of GDP** and **accounted for 42.6% of Spanish Final Livestock Production in 2020**

Based on solid founding values, which constitute its "family capital" and create a stable corporate governance, Incarlopsa integrates and manages its economic, social, and environmental dimension by promoting the development of its human team, innovation, safety, and quality in its business model.

The Corporate Social Responsibility (CSR) policy establishes the basic principles and commitments of the organisation in relation to sustainability, and serves as a basis for integrating them globally into its business strategy.



# Aligned with the Sustainable Development Goals (SDGs) promoted by the United Nations

## Joining forces to contribute to the achievement of the SDGs

The 2030 Agenda for Sustainable Development adopted by the United Nations in 2015 provides a shared roadmap for achieving peace and prosperity for people and the planet. Its central axis is made up of 17 Sustainable Development Goals (SDGs), which aim to address and manage global challenges such as eradicating poverty and hunger, promoting responsible production and consumption, ensuring accessible and quality education, gender equality, decent work, and the fight against climate change. In addition, 169 concrete and measurable targets break down the different SDGs and allow us to move from commitment to action.

Aware that companies play a key role in achieving sustainable development, Incarlopsa also supports and accompanies the actions of many other agents involved as part of its commitment to have a positive impact on society.

In order to transparently measure and communicate its contribution to the achievement of the SDGs, Incarlopsa has identified and prioritised the SDGs on which it has the greatest impact. The analysis carried out has also made it possible to determine those SDGs on which it has the greatest capacity to contribute value and solutions based on its activity, sector, and the geographical areas in which it operates.

As a result, a total of four priority SDGs have been selected on which Incarlopsa has a greater impact, along with 5 relevant SDGs to whose achievement it also contributes. In addition, it also contributes transversally to SDG 13 – Taking urgent action to combat climate change and its effects – and SDG 17 – Partnerships to Achieve Goals – as it collaborates with different stakeholders (social and educational institutions, organisations, entities, and other companies) to jointly carry out initiatives linked to innovation, nutritional improvement, the promotion of sustainable local communities, among others.



Sustainable Development Goals	Noteworthy contributions and plans put in place in 2020	Subject Material
Priority objectives	<b>2 ZERO HUNGER</b>  <ul style="list-style-type: none"> <li>• 54,116 kilos of food donated to the most vulnerable groups through national and regional institutions and organisations and collaboration with the Rempart de Bonnieux donation programme, facilitating access to 55,318 kilos of food.</li> <li>• Strengthening partnerships and collaborative agreements to help mitigate the social impact that COVID-19 is having on the purchase of food: + €36,000 in financial aid.</li> <li>• Strengthened commitment to local suppliers, generating wealth and maintaining employment in an environment of uncertainty: no livestock supplier has gone out of business as a result of the pandemic.</li> <li>• Agreements with 1,582 livestock farms in Spain.</li> </ul>	
	<b>9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE</b>  <ul style="list-style-type: none"> <li>• 19 people dedicated to research. 15 graduates and 4 doctors.</li> <li>• Increase in total investment in R&amp;D by 29.9% to €13.9M, which represents 1.5% of revenue.</li> <li>• More than 30 of our own projects and ongoing collaborations.</li> <li>• Pioneers in promoting the development of intelligent tools in meat product salting and curing processes.</li> <li>• Signing strategic agreements with universities and research institutions to develop projects aimed at genetics, nutrition, and animal welfare.</li> </ul>	
	<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b>  <ul style="list-style-type: none"> <li>• Creation of a Sustainability Committee and a Corporate Social Responsibility Policy that sets out the principles of action, commitments, monitoring system, and supervisory mechanisms in the area of sustainability.</li> <li>• Maintaining employment in rural areas: 4,181 jobs in 2020 (total direct and indirect)</li> <li>• Development of the local economy by investing in local suppliers and local companies to create value in the communities and minimise environmental impact. 13% of total suppliers are local.</li> <li>• Optimisation of routes and means of transport.</li> </ul>	
	<b>12 RESPONSIBLE PRODUCTION AND CONSUMPTION</b>  <ul style="list-style-type: none"> <li>• Promotion of the circular economy in all phases of the life cycle.</li> <li>• 7 out of 10 plants have ISO 14001 certifications.</li> <li>• Reduction of the carbon footprint by 14.6% from 2020 to 2019.</li> <li>• 5% reduction in water consumption per tonne produced in 2021 compared to 2020 through the implementation of efficiency measures, osmosis systems, and the optimisation of good practices.</li> <li>• 88.9% of white pigs from approved suppliers with animal welfare certification. 100% in 2021.</li> <li>• Recycling in packaging that has saved 3,909 t of CO<sub>2</sub> emissions to the atmosphere in 2020.</li> </ul>	
Relevant goals	<b>5 GENDER EQUALITY</b>  <ul style="list-style-type: none"> <li>• Progressive increase of women in the workforce to 33% by 2020.</li> <li>• The unadjusted pay gap stands at 6.2%, well below the 44.2% unadjusted gap in Spain.*</li> <li>• Advances in female representation in executive management: 13% of women are managers and 30.3% are middle management.</li> <li>• 37% of the members of the Board of Directors are women.</li> <li>• 100% of the employees were provided with specific training on equality through capsule training.</li> </ul>	
	<b>7 AFFORDABLE AND CLEAN ENERGY</b>  <ul style="list-style-type: none"> <li>• Reduction of electricity consumption by 5% per tonne produced in 2021 with respect to 2020 through the installation of solar panels, the implementation of energy recovery systems, and the optimisation of good practices, among others.</li> <li>• Reduction of gas consumption by 5% per tonne produced in 2021 compared to 2020 by optimising heat recovery systems.</li> <li>• Reduction of diesel consumption by 5% per tonne produced in 2021 compared to 2020 by optimising heat recovery systems.</li> <li>• Installation of LED technology in lighting.</li> <li>• Installation of a new refrigeration plant in the Guijuelo plant that will reduce energy consumption by 82%.</li> <li>• Reducing the impact derived from GHG emissions by 3% in 2021 based on 2019 indicators, through the generation and purchase of renewable energy, as well as the exploration of new sources of energy generation.</li> </ul>	
	<b>8 DECENT WORK AND ECONOMIC GROWTH</b>  <ul style="list-style-type: none"> <li>• 2,440 direct jobs in 2020 (+1.5% growth).</li> <li>• Commitment to stable and quality employment: 73.9% with a permanent contract and 87.5%** with a full-time work day.</li> <li>• Strengthening of the internal team with more than 36,000 hours of training.</li> <li>• Launch of 2 initiatives for the promotion of talent: a project for the development of career and succession plans for all the company's professionals; and a MOD Promotion Plan (direct labour), especially aimed at operators: assistants, 1st and 2nd category officers.</li> <li>• In view of the crisis caused by COVID-19, commitment to employment stability and the prioritisation of the health, safety, and welfare of the workforce: adoption of preventive measures (flexible start and finish times, flexible shifts, promotion of remote working, etc.).</li> <li>• No temporary lay-off schemes (ERTE, in Spanish) or workforce adjustment in 2020.</li> </ul>	
	<b>10 REDUCING INEQUALITY</b>  <ul style="list-style-type: none"> <li>• Within the scope of the COVID-19 pandemic: organisation of a food campaign and donation of medical supplies and logistical support to hospitals.</li> <li>• Total investment in the community of more than €584,000.</li> <li>• More than €200,000 destined to 4 sports entities to promote healthy lifestyles and to encourage values associated with sports practice from grassroots to the professional level.</li> <li>• Donation of more than €36,000 to the Compartir Programme.</li> <li>• Commitment to help associations that fight against cancer or neurological diseases, such as the José Carreras Foundation, ADEMTAC, and the New Light Association, etc.</li> </ul>	
Transversal goal	<b>16 PEACE, JUSTICE, AND STRONG INSTITUTIONS</b>  <ul style="list-style-type: none"> <li>• Robust Code of Conduct that regulates the behaviour of all the people who are part of the Incarlopsa team.</li> <li>• No cases of corruption or bribery identified.</li> <li>• No cases of anti-competitive practices identified.</li> <li>• Periodic review of system efficiency.</li> </ul>	
	<b>13 CLIMATE ACTION</b>  <ul style="list-style-type: none"> <li>• Commitment to activity based on mitigating the impact on the environment.</li> <li>• Reduction of the carbon footprint by 14.6% from 2020 to 2019.</li> </ul>	
	<b>17 PARTNERSHIPS FOR THE GOALS</b>  <ul style="list-style-type: none"> <li>• More than 10 public and private alliances, working together on societal development, including the promotion and improvement of essential sectors such as food and pork.</li> <li>• More than 20 partnerships with actors in the food and education sector in order to ensure the quality, traceability, and food safety of all its products.</li> </ul>	



For more details on specific goals, see Chapter 10

\* Source: Global Gender Gap Report 2020.  
\*\* Over the average number of contracts in the year.

# CONSTANTLY EXPANDING



**INTERNATIONAL SALES**

**71.9** €M

**↑ +32.6**  
% GROWTH



**PRODUCT VOLUME**

**32,005** Tn

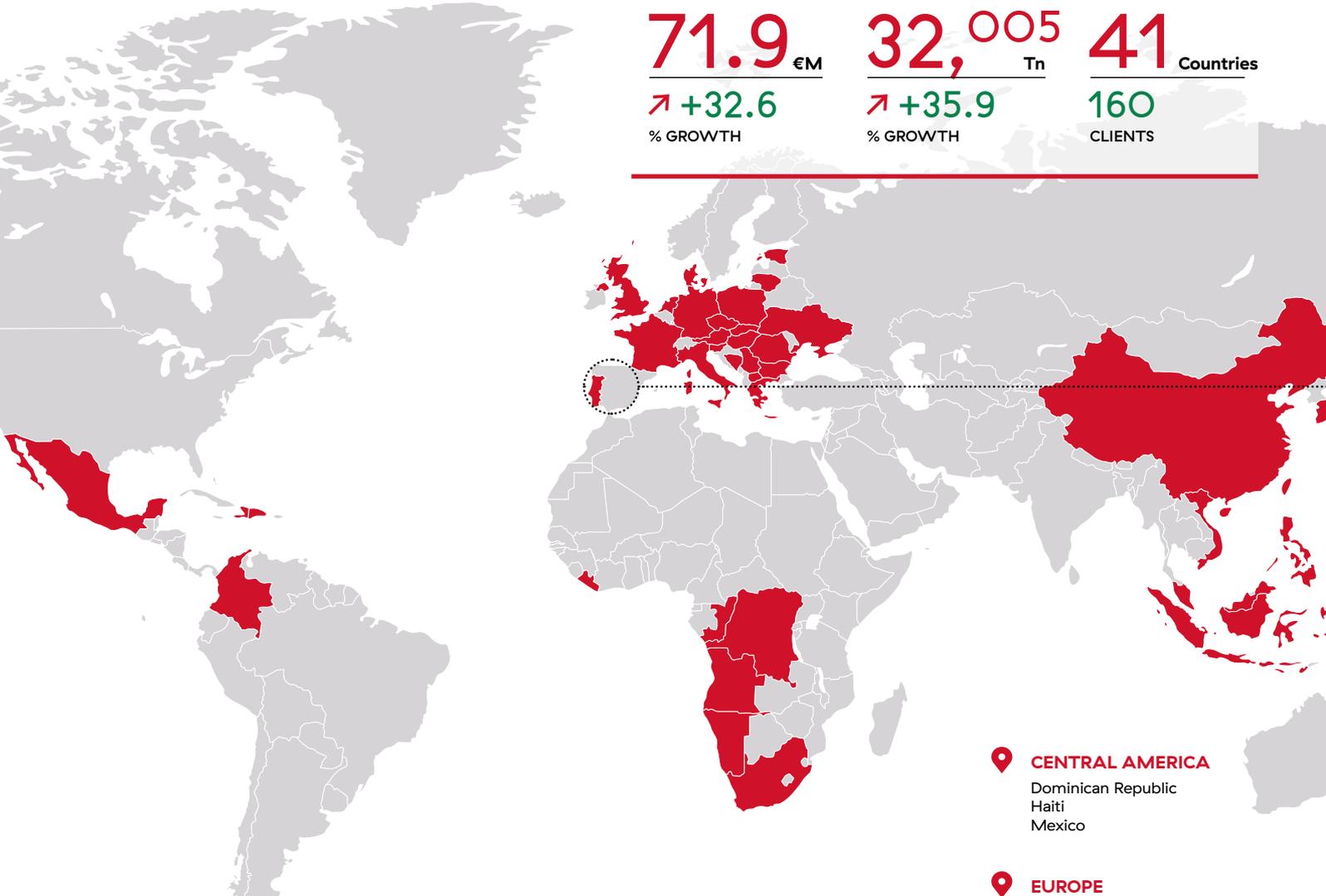
**↑ +35.9**  
% GROWTH



**EXPORTS**

**41** Countries

**160**  
CLIENTS



## International Markets

As part of its strategy of sustainable growth and long-term vision, Incarlopsa continues to promote its internationalisation. The Group markets its products in 41 countries and is present in the USA through the Acornseekers company. Currently, Europe and Asia account for most of Incarlopsa's exports. Exports to China, a country with high growth potential and a strong consumer of pork products, started in 2020.

**CENTRAL AMERICA**

- Dominican Republic
- Haiti
- Mexico

**EUROPE**

- The United Kingdom
- The Netherlands
- Portugal
- France
- Poland
- Germany
- Italy
- Estonia
- Austria
- Macedonia
- Lithuania
- Romania
- Bulgaria
- Czech Republic
- Slovakia
- Serbia
- Hungary
- Azerbaijan
- Georgia
- Holland
- Ireland
- Croatia
- Greece
- Ukraine

**AFRICA**

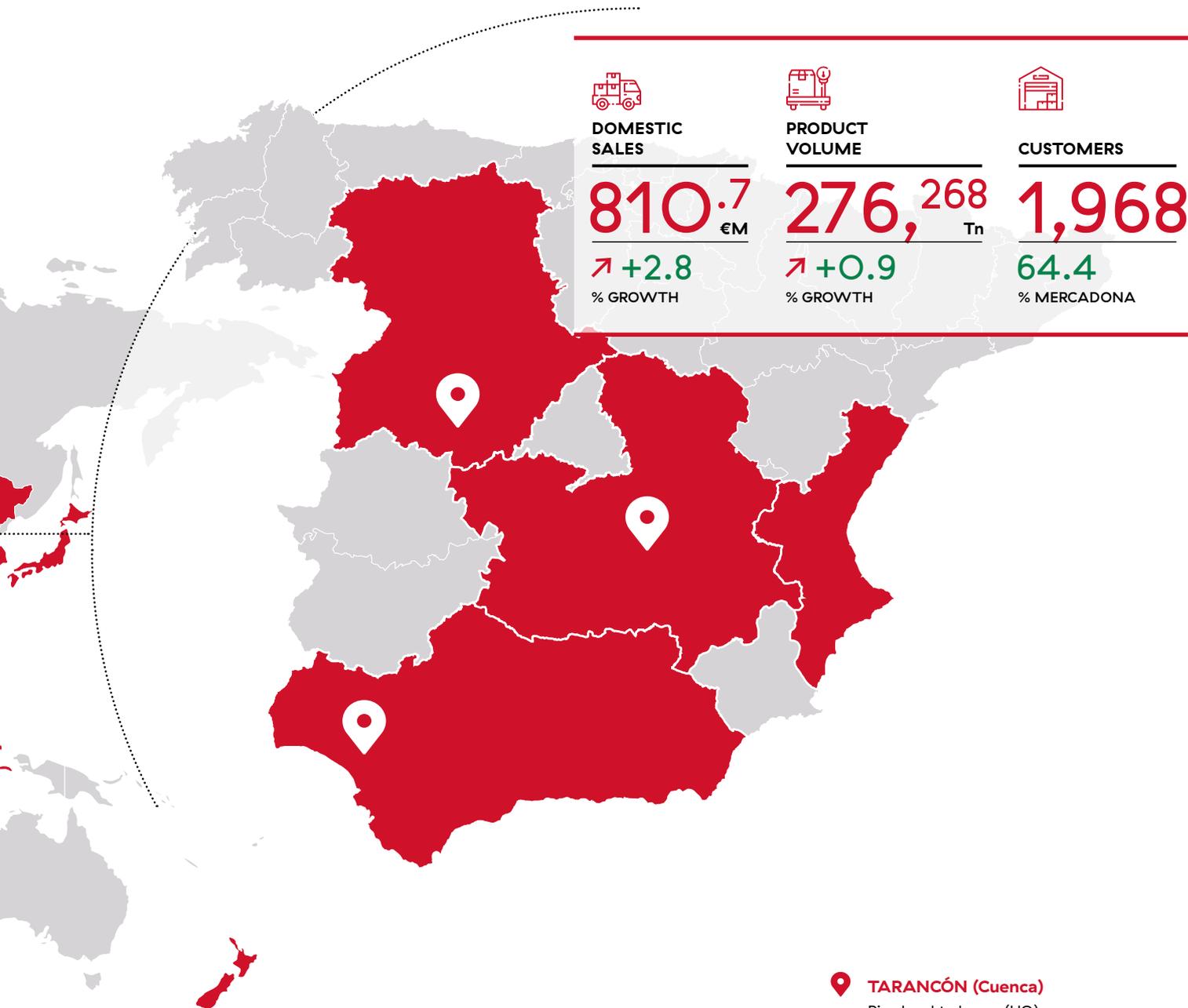
- Liberia
- Republic of the Congo
- South Africa
- Equatorial Guinea

**ASIA**

- Hong Kong
- South Korea
- Japan
- Philippines
- China
- Malaysia
- Vietnam
- Singapore

**OCEANIA**

- New Zealand
- Australia



## Spain, our benchmark market

Since 1978, Incarlopsa has mainly earmarked its meat products for the national market. With headquarters and major production facilities in Tarancón (Cuenca), Incarlopsa has a total of 10 industrial plants distributed in Castilla-La Mancha, Castilla-León, and Andalusia, including one of the largest and most innovative ham dryers in the world in Corral de Almaguer (Toledo).

It also manages and operates various plants such as a pig slaughterhouse in Mercavalencia (Valencia), another in Cumbres Mayores (Huelva), and another in Mozarbez (Salamanca), among others.

- TARANCÓN (Cuenca)**  
Pig slaughterhouse (HQ)  
Fresh product cutting and packaging plant (Elaben)  
Processed products factory  
Packaging / Delivery  
Senda de los Pastores (ham dryer)
- OLIAS DEL REY (Toledo)**  
Ham dryer
- CORRAL DE ALMAGUER (Toledo)**  
Ham dryer
- GUIJUELO (Salamanca)**  
Iberian cold meat factory
- EL REPILADO (Huelva)**  
Iberian cold meat dryer and factory
- JABUGO (Huelva)**  
Ham dryer

# INCARLOPSA'S STRATEGIC AXES

## 12 Priorities



Incarlopsa has carried out an in-depth reflection exercise, analysing its business strategy and sustainability to identify the main issues and their relevance, prioritising them according to their importance based on both an internal and external perspective. To this end, the company has taken into account its impact on its different stakeholders and the needs identified for each of them.

Based on its materiality analysis, Incarlopsa has validated and defined 12 priority issues or topics on which it reports throughout this Sustainability Report

## Goals of the strategic plan



### SATISFIED CUSTOMERS

Intensifying our commitment to clients and consumers in order to respond in a flexible, adapted, agile, and innovative way to their new needs with quality meat products, while intensifying our traditional positioning in Serrano ham and Iberian products.

### EXPANSION

Advancing our capacity expansion plans to continue growing in the markets in which we operate, as well as to continue promoting our internationalisation by establishing our presence in strategic markets, including China.

### INNOVATION

Identifying and promoting initiatives that promote greater production efficiencies, contribute to the development of healthier products and strengthen our animal welfare standards, through our own projects or in collaboration with academia and/or researchers.

### SUSTAINABILITY

Continuing to promote a clear response from all levels of the company to social and environmental issues, including those related to climate change, turning the risks they entail into opportunities for the future through sound corporate governance.

### DIGITAL TRANSFORMATION

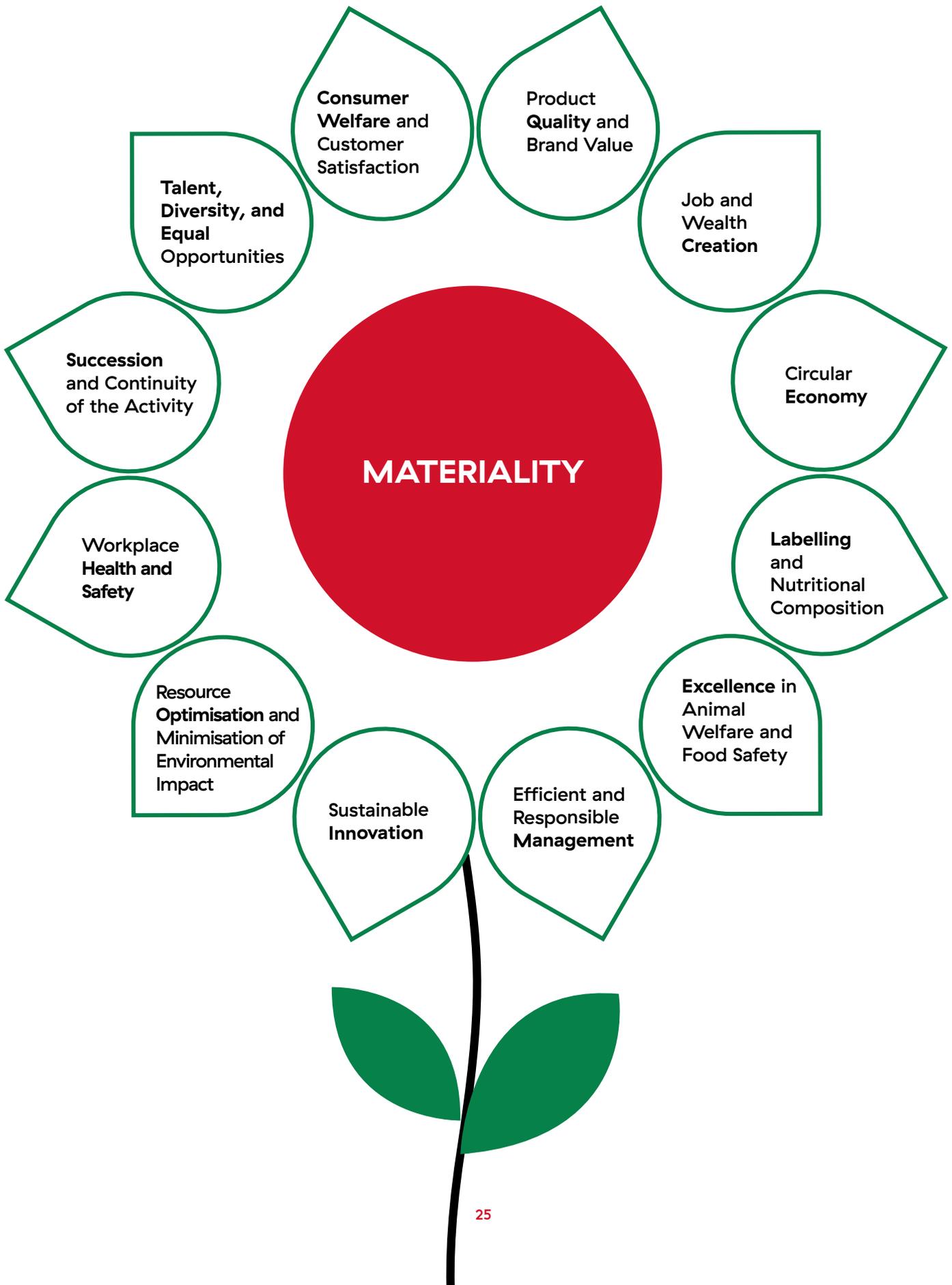
Enhancing digital possibilities to obtain better results and continue contributing to the modernisation of the sector.

### LEADERSHIP

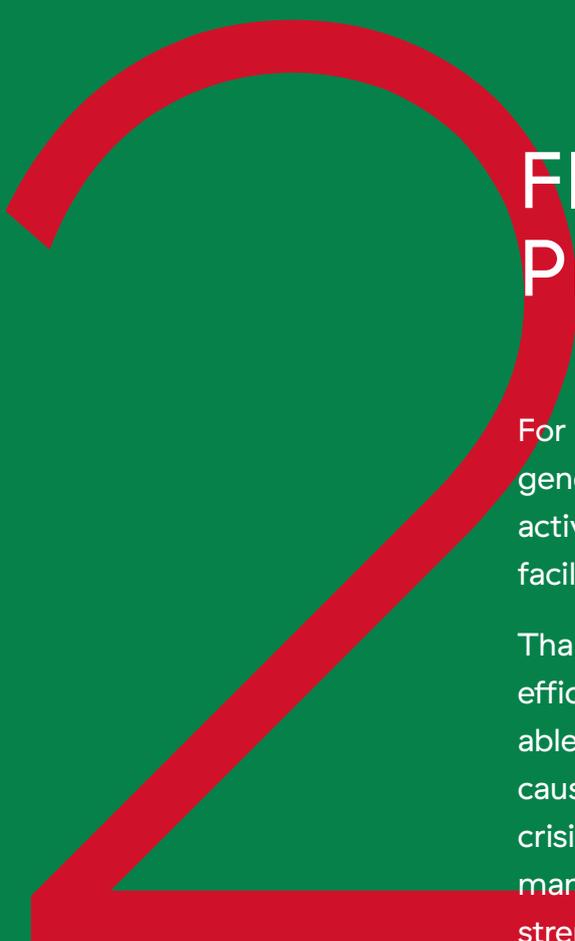
Spain was the first country to implement the European production model and has one of the most demanding sets of laws in the world in terms of food safety and animal welfare. As one of the leading meat companies in the country, Incarlopsa leads the adoption and promotion of the highest standards in the sector on a global level.

### Stakeholders





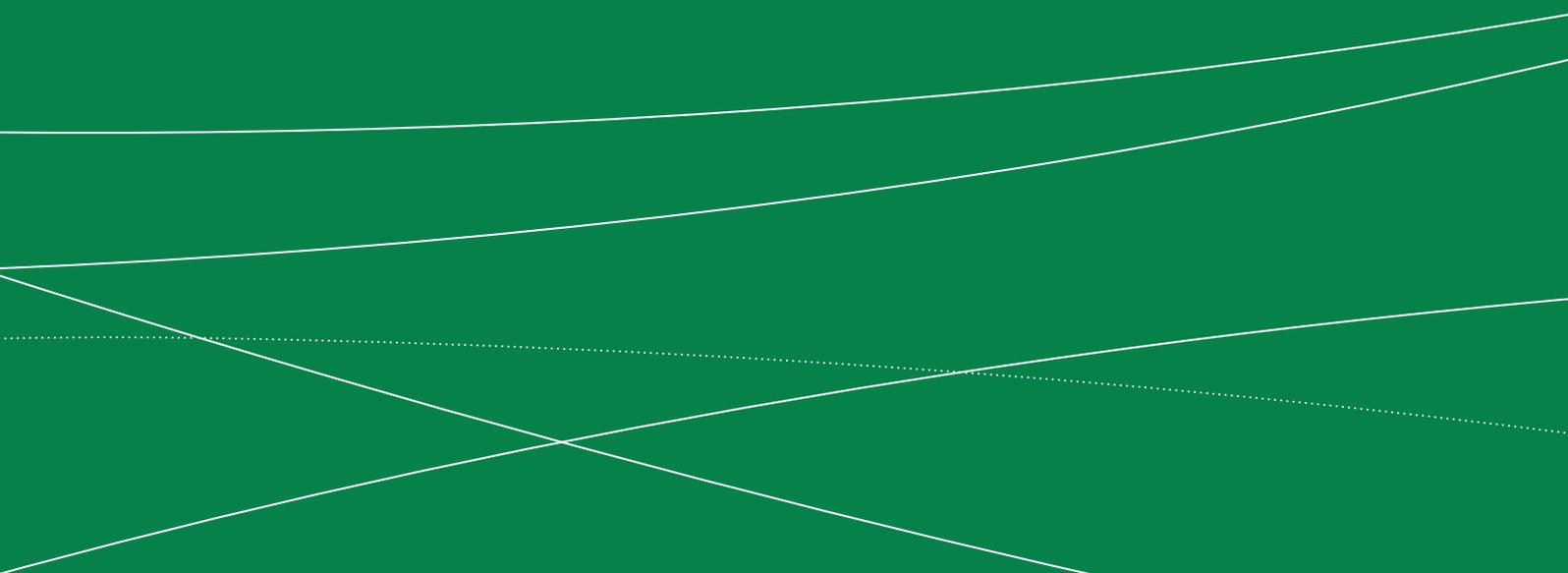




# FINANCIAL PERFORMANCE

For more than 40 years, Incarlopsa has been generating value and boosting economic activity in the areas where its production facilities are located.

Thanks to a solid business strategy and efficient resource management, it has been able to adapt to the complex environment caused by the health, economic, and social crisis resulting from COVID-19. Financial management has also contributed to strengthening economic performance by generating growth and confidence.



# OUR COMMITMENT TO QUALITY AND INNOVATION CONSOLIDATES OUR GROWTH

A commitment to quality and food safety, a commitment to innovation and a clear client focus to respond to specific needs are the firm pillars on which Incarlopsa's sustainable and long-term development model is based. This understanding of its business model and the designation of companies in the food sector as essential in accordance with Royal Decree 463/2020 dated 14 March, which declared a state of alarm for the management of the health crisis situation caused by COVID-19, and in its successive extensions, have enabled the company to face a year marked by the health, economic, and social crisis resulting from the pandemic with solvency, and guarantee the supply of food to the population.

In 2020, Incarlopsa has demonstrated its resilience and growth potential. The company closed the 2020 financial year with a turnover of 882.6 million euros, which represents an increase of +4.7% compared to the previous year, driven by the growth recorded in various product categories.

On 31 December 2020, the gross margin stood at 28.2%, a level similar to 2019.

Incarlopsa has also made significant efforts to maintain its operational activity during the pandemic, and to respond appropriately to its commitment as an essential industry, guaranteeing the continuous supply of food, which has resulted in higher operating expenses (+11.9%), both in terms of personnel and operations, associated with the implementation of measures aimed at guaranteeing the health and safety of its workforce at all its production centres.

These higher expenses had an impact on EBITDA, which stood at 78 million euros (-8.2%), representing a margin of 8.8% of revenue.

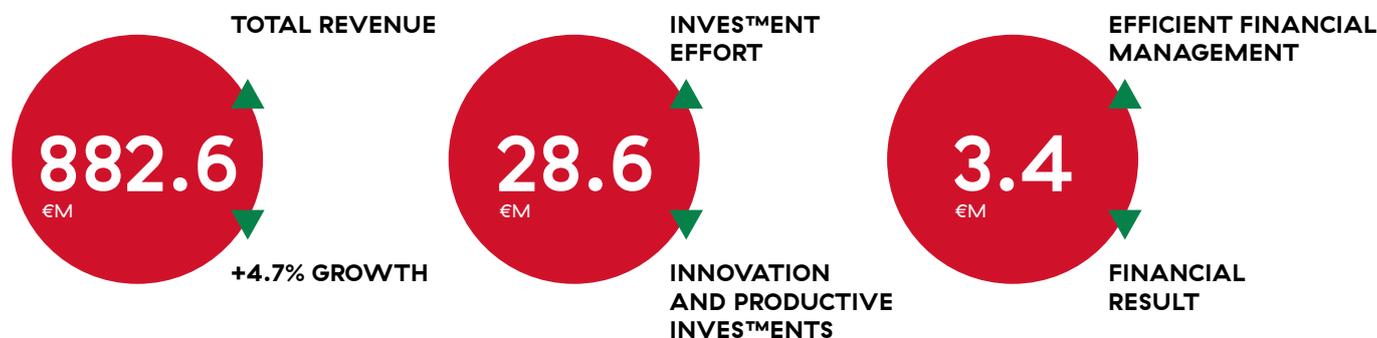
In 2020, and despite the uncertainty resulting from the pandemic, Incarlopsa has continued to promote innovation and productive investments as levers of its sustainable growth. In this sense, the company has intensified the resources allocated to R&D, allocating nearly 14 million euros in 2020, representing 1.6% of revenue and a growth of 29.9% compared to the nearly 11 million invested in 2019. It has also continued to develop its capital investment plan, allocating 28.6 million euros jointly to CAPEX and innovation. The main productive investments undertaken have focused on improving the efficiency of the production plants, including projects aimed at continuing to optimise and minimise the environmental impact of its activity.

The financial result amounted to 3.4 million euros.

Net profit stood at €36.4 million and showed a decrease of -14.8% compared to the 2019 financial year.



## SOLID RESULTS DESPITE COVID-19



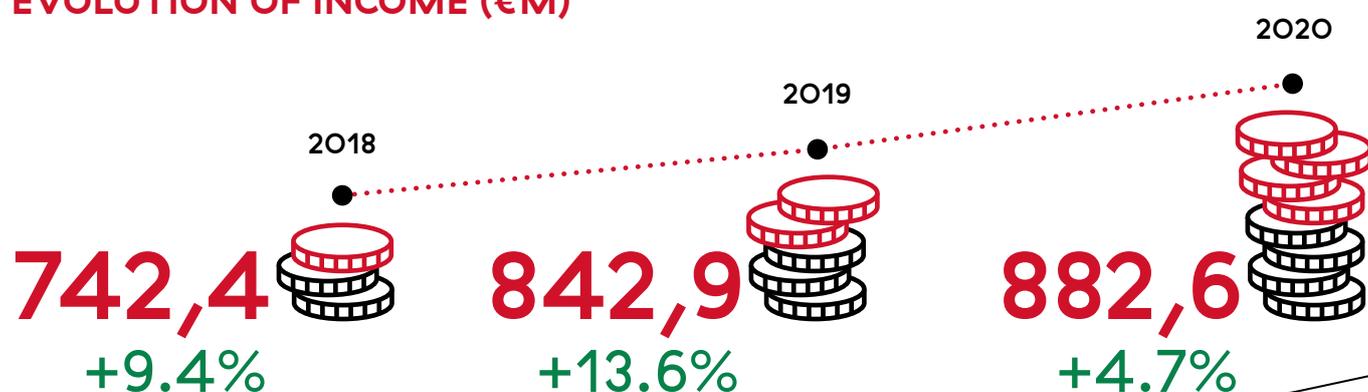
€M	2020	2019	Percent Change
<b>BUSINESS TURNOVER</b>	882.6	842.9	+4.7%
<b>EBITDA</b>	78.0	85.0	-8.2%
<b>Percent income</b>	8.8%	10.1%	
<b>NET PROFIT</b>	36.4	42.7	-14.8%
<b>Percent income</b>	4.1%	5.1%	
<b>€M TOTAL PRODUCTIVE INVESTMENT*</b>	28.6	49.3	-42%
<b>INNOVATION</b>	13.9	10.7	+29.9%
	As of December-2020	As of December-2019	
<b>TOTAL ASSETS</b>	826.0	846.5	-2.4%
<b>NET ASSETS</b>	328.5	311.4	+5.5%

\*Includes CAPEX and innovation



The consolidated accounts of Incarlopsa are detailed in Appendix III of Chapter 9.

## EVOLUTION OF INCOME (€M)



## Evolution of sales by category

In 2020, sales of fresh pork products grew by +11.6% during the year to 256.5 million euros thanks to the dynamism of the market in Spain and progressive evolution on international markets.

As such, it is the first category by income volume, surpassing the sales of ham, which in 2020 fell by -9.6% to 213.3 million euros.

Also noteworthy was the excellent performance of sales of packaged products and sausages, which recorded double-digit growth during the year. Specifically, packaged products have registered an increase of 11.5% to 180.8 million euros and already represents one fifth of total revenue.

Incarlopsa has continued to develop its diversification strategy and its commitment to internationalisation as the main drivers of its growth

Sales in the sausage category exceeded 68.8 million euros, with an increase of +11.8% in 2020.

Sales of the Iberian cured meats category grew by +3.6% to 141.2 million euros thanks to its limited exposure to the Hospitality channel (hotels, restaurants, and cafeterias), one of the channels most affected by the COVID-19 restrictions.

Tariff-free manufacturing and others accounted for the remaining 2% of total turnover, amounting to approximately 22 million euros.

## EVOLUTION OF REVENUE BY CATEGORY

	2020 (in €M)	% of total	2019 (in €M)	% of total	% CHANGE
Pork	256.5	29%	229.8	27%	11.6%
Iberian	141.2	16%	136.3	16%	3.6%
Sausages	68.8	8%	61.5	7%	11.9%
Ham	212.3	24%	236.0	28%	-10.0%
Packaged	180.8	20%	162.1	19%	11.5%
Others and tariff-free manufacturing	22.0	2%	17.2	2%	27.9%
<b>TOTAL</b>	<b>881.6</b>		<b>842.9</b>		<b>4.71%</b>

# Driving international expansion

International sales increase by 32.6% and exports to China, one of the largest consumers of pork in the world, begin

In terms of sales, Incarlopsa has continued to develop its diversification strategy and has 2,128 customers, of which 160 are international. In 2020, approximately 64.4% of sales were through a single Distribution Group, compared to 68.7% in 2019.

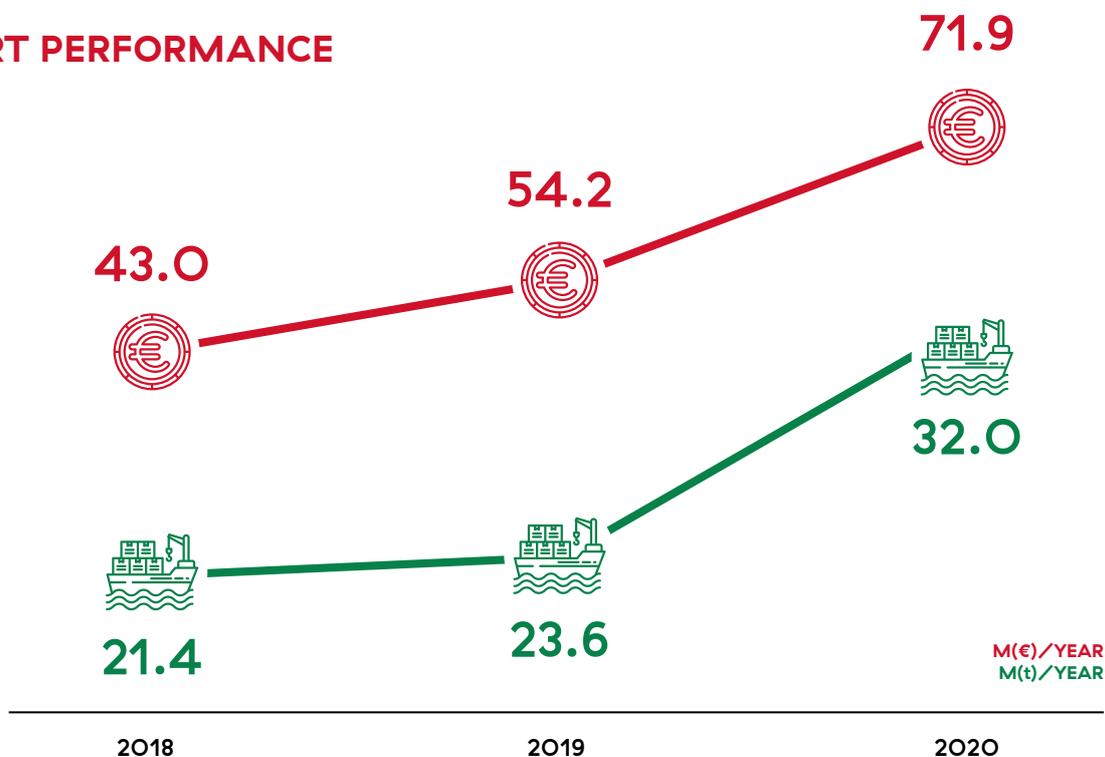
International sales increased by 32.6% to 71.9 million euros, almost three times the volume recorded three years earlier.

Incarlopsa currently markets its products in 41 countries on five continents, with Europe and Asia being the main export destinations, accounting for 25.5% and 68.1% of exports by sales volume, respectively.

In 2020, of note is the start of exports to China, once

the necessary authorisations and approvals have been obtained from the Chinese authorities. For Incarlopsa, this is an opportunity to continue its international expansion and strengthen its diversification, as the Chinese pork market accounts for more than 50% of the world's total pork consumption. It is also the leading purchaser in volume of pork and pork products from Spain, with nearly 16% of the sector's exports and the second if measured in value (9.7% of the sector's total).

## EXPORT PERFORMANCE



# Strong balance sheet and good liquidity and capital resources position for further growth

## Incarlopsa maintains good and sustainable levels of activity that allow it to undertake its planned investment plans with solvency

On 31 December 2020, Incarlopsa had a very strong balance sheet, which amounted to 826.0 million euros (2019: 846.5 million euros). In recent years, various strategic acquisitions have strengthened the Group's position as a benchmark in the ham category, increasing its production capacity and contributing to its consolidation in the Iberian ham segment. Likewise, the important capital investments made have resulted in a significant increase in production capacity in the rest of the categories, including fresh, packaged, and sausage products, in order to be able to meet the increase in demand both on the domestic and international markets.

Average collection and payment periods have remained stable. The average supplier payment period stands at 57 days (58 days in 2019).

## The company is prepared to mitigate any potential financial impact from COVID-19

On December 31, the liquidity position amounted to nearly 59 million euros, including 0.9 million euros corresponding to the cash position and 58 million euros in unused credit lines. In a context of growth, expansion, and maintenance of capital investments and innovation, Incarlopsa has good and sustainable levels of activity and operating cash flow generation.

In this sense, the 28.6 million euros earmarked in 2020 for productive investments (including 13.9 million euros for innovation), confirm the Group's commitment to growth and sustainability.

In addition to meeting its liquidity and capital needs with its own funds from its activities, Incarlopsa has external financing.

In relation to COVID-19, in 2020 the Group has taken all necessary measures and has a solvent position that has enabled it to meet its payment obligations on a regular basis. The company is prepared to respond to the needs posed by the current situation, although it continues to monitor potential impacts on its operations in order to anticipate and take all necessary measures to mitigate them if necessary.



Details of the consolidated annual accounts for 2020 are available in Chapter 9.

For more details on certifications, see Chapter 4 on Quality and Safety.

# INCARLOPSA'S COMPETITIVE ADVANTAGES

Vertical Integration  
Innovation  
Scalability  
Client Focus  
Certifications



More than 70 certifications for quality, environmental, and animal welfare, and food safety, including the BRC and IFS international certifications, ISO 14001, and IAWVS for animal welfare, among others.

Flexibility and experience to respond to our clients' needs in a way that is both agile and adapted.

Production capacity, the cutting-edge infrastructure, and experience planning for future needs to continue growing sustainably, while responding to market demands.

Pioneers in process development and collaborations with the academic sphere to drive our industry's modernisation.

Value chain controls to ensure quality, safety, and supply.

# PRODUCTIVE INVESTMENTS THAT MAKE A DIFFERENCE

Incarlopsa's Capital Investment Plan (CAPEX) has a twofold objective: to improve the efficiency of the company's production centres throughout Spain and to incorporate cutting-edge solutions to minimise the environmental impact of its activity. To this end, Incarlopsa has allocated a total investment of 28.6 million euros in 2020 and more than 209 million euros in the last five years, enabling it to position itself at the forefront of the industry with facilities that are a benchmark on the national and international level, representing a clear competitive advantage for the company.

In 2020, of particular note are the investments made in the company's facilities in the Salamanca municipality of Guijuelo, in Jabugo in Huelva, and in the Tarancón plant.

A new, more efficient refrigeration plant has been installed in Guijuelo, which is expected to reduce energy consumption by approximately 82%, helping to avoid the emission of 1,200 tonnes of CO<sub>2</sub> equivalent when it is

fully operational. In addition, the design of the new plant already includes the option for future expansions.

In Tarancón, Incarlopsa has installed six new state-of-the-art, highly-efficient freezing tunnels that increase the company's total freezing capacity by 120 tonnes. Its design has taken into account the climate of the area, and environmentally friendly materials have been used. Moreover, its dimensions allow an optimisation of the cold air circulation during the freezing process, which will be faster, more efficient, and homogeneous.

In the municipality of Jabugo, Incarlopsa has begun work on the drying room and the Iberian products factory to adapt these facilities to the company's standards of quality and efficiency.



# INCARLOPSA GENERATES VALUE AROUND ITS PRODUCTION NUCLEI

Incarlopsa is a company committed to economic development and the generation of value in the areas where its production centres are located. To this end, and as far as possible, it always opts for the contracting of local suppliers for the supply of raw materials and the provision of services.

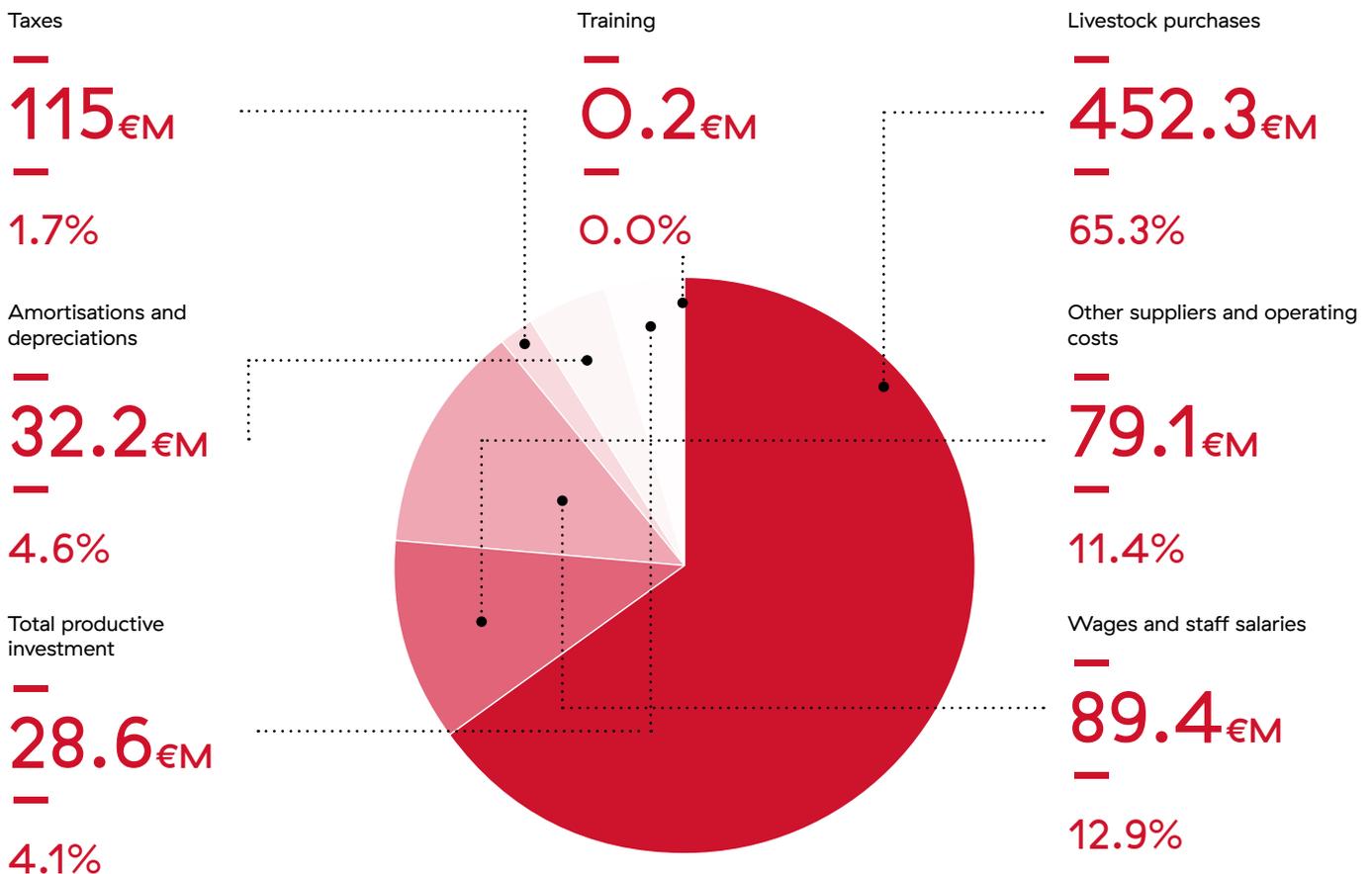
Incarlopsa allocated 452.3 million euros to the purchase of livestock in 2020, which represents an increase of +6.8% over the previous year. 100% of livestock suppliers are local.

Incarlopsa's value generation in 2020 stood at €693.3 million, an increase of +2.7% compared to 2019 (€675 million). The value generated by Incarlopsa's activity in 2020 represents 1.8% of the GDP of Castilla-La Mancha.

The value generated by Incarlopsa reaches €693.3M in 2020 (+2.7%) and represents 1.8% of the GDP of Castilla-La Mancha

## INCARLOPSA'S VALUE GENERATION IN 2020

Contribution in absolute value and % of the total value generated by Incarlopsa in 2020





### One of the world's largest and most advanced ham dryers

Incarlopsa has the capacity to produce around 8.5 million pieces per year in its dryers in Tarancón (Cuenca), Corral de Almaguer (Toledo), Olías de Rey (Toledo), and Jabugo (Huelva). Specifically, the Corral de Almaguer dryer is one of the largest and most advanced in the world, with a production capacity of more than 4.5 million hams per year, after the latest expansion carried out in 2016.



### A slaughterhouse that leads the standards in Europe, including animal welfare

The Tarancón slaughterhouse incorporates self-developed technology that makes it the most advanced in Europe. It has a slaughtering capacity of 70,000 pigs a week, with maximum guarantees of animal welfare, traceability, quality, and food safety.



### Ability to guarantee the supply of processed meat products

The Tarancón meat processing plant has a total annual production capacity of 60,562 tons of product, including more than 36,000 tons of sausages. It also has a storage capacity of 900 tons.

# Taxation



Incarlopsa maintains its commitment to contribute to economic, social, and industrial development through compliance with the tax legislation applicable in all the territories in which it operates, and pays its due share in the jurisdictions in which it creates value in line with the activity carried out in each.

Incarlopsa has no presence in territories qualified as tax havens.

Relations with the tax authorities are based on respect, transparency, and mutual trust.

## Governance

The Board of Directors is responsible for approving the risk control and management policy, which establishes the basic principles and general framework of action for the identification, evaluation, control and management of risks of all types, including tax risks.

The company's Audit Committee oversees the effectiveness of internal controls, internal audits, and risk management systems, including taxation.

## Tax contribution and subsidies

Through its fiscal contribution, Incarlopsa contributes to public expenditure through social insurance, taxes, company tax, and VAT.

The Incarlopsa Group's profit in 2020 amounts to 36.4 million euros (42.7 million euros in 2019). On a Group level, income taxes paid in 2020 amounted to €9.3 million (€10.8 million in 2019), while the figure for government grants received amounts to €0.6 million (€1.9 million in 2019).



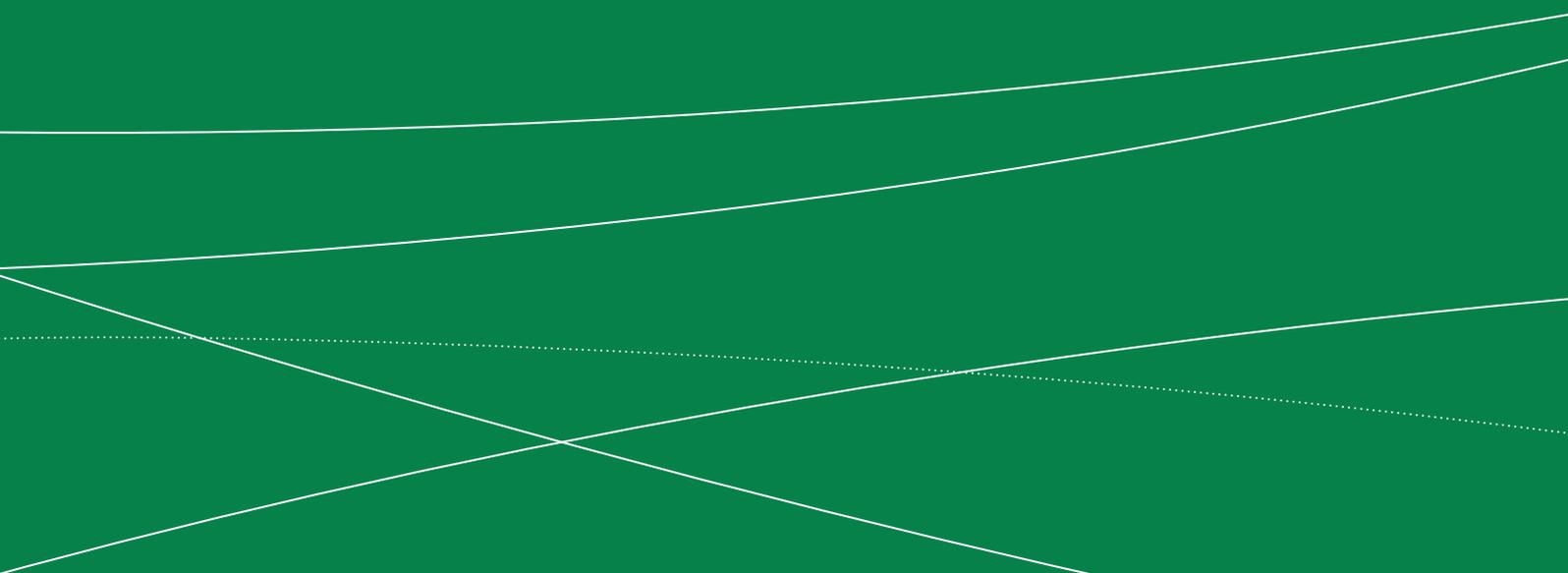




# CORPORATE GOVERNANCE

Strong and stable corporate governance is essential for building trust and creating long-term value. At Incarlopsa, we promote ethical leadership based on solid values that constitute our "family capital".

Integrity, honesty, transparency, familiarity, respect for human rights and animal welfare, regulatory compliance, and the highest ethical standards are embedded in our culture and are the basis of our business model.



# STABLE CORPORATE GOVERNANCE

Incarlopsa is a family company with 100% Spanish capital which, since its creation in 1978, has promoted ethical and responsible leadership that fosters the pursuit of excellence and the creation of value in a sustainable manner. The company understands that the expansion of its values and its "family capital" must be compatible with long-term business profit and, to this end, it has established solid corporate governance with a commitment to stability.

Integrity, honesty, transparency, familiarity, respect for human rights and animal welfare, and compliance with the highest ethical standards are part of the "family capital", permeating the culture of the organisation and serving as the basis of corporate governance that underpins its business model.

Serlopi S.L. is the parent company of the Group, 100% owner of Industrias Cárnicas Loriente Piqueras, S.A.U. (Incarlopsa). As a company incorporated in Spain, it complies with the Spanish Law on Share Capital and applicable Spanish laws.

The annual General Shareholders' Meeting is the company's highest governing body in all matters within its competence. In 2020, it was carried out remotely based on the provisions established by Royal Decree Law 34/2020 and 2/2021.

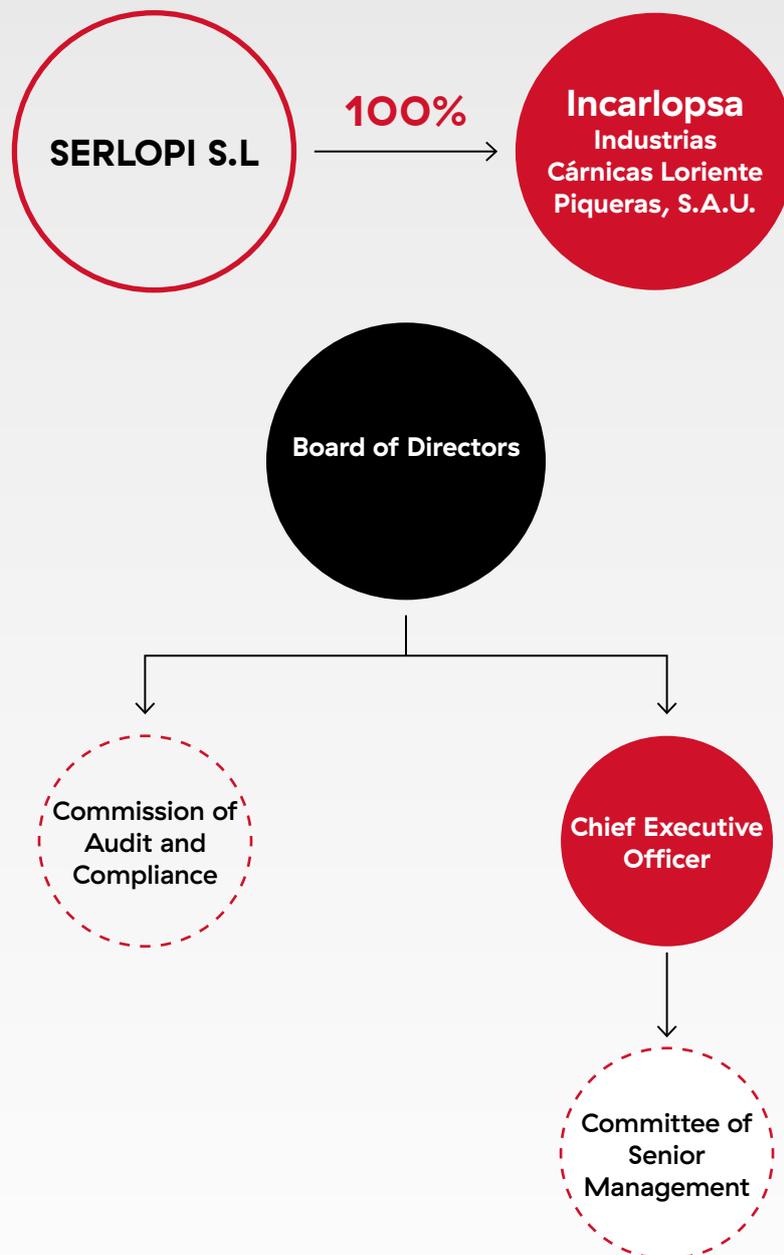
The Board of Directors is the company's highest decision-making body. Composed of eight members, its competencies include the administration, management, and representation of the company, as well as the execution of the resolutions adopted at the General Meeting. It also assumes the formulation of general policies, the company's strategy and basic management guidelines, as well as management's general function of supervision and control in order to meet the objectives set and satisfy stakeholders.

The roles of Chairman and CEO are separated in order to comply with corporate governance best practices and to help limit any potential conflicts of interest. Clemente Loriente Calonge has been the Group's Chief Executive Officer since 2013. The company has Emilio Loriente Piqueras as non-executive Chairman, who brings with him his extensive experience and strategic vision.

Incarlopsa's succession model aims to ensure and control appropriate handover to promote continuous business dynamism and continuous improvement capabilities and is not determined, therefore, by any change in the company's share capital.



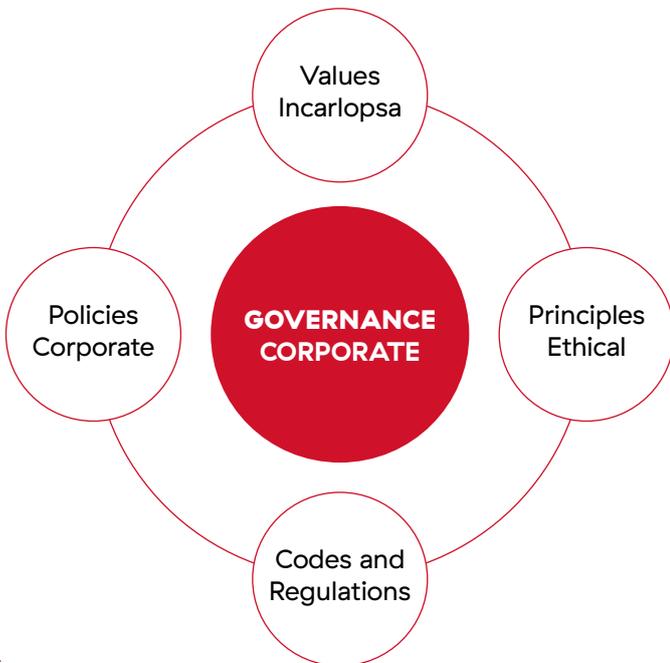
# Structure of governance



# Ethical framework of compliance and exemplarity

A strict ethical framework of compliance and exemplarity is the basis of Incarlopsa's corporate governance. Corporate values determine the identity of the organisation and the commitments to action based on ethical principles. They are materialised in codes, internal regulations, and corporate policies that ensure their proper implementation and dissemination in the company, which are mandatory.

Any breach of the Code of Conduct, of any other internal rules or policies and/or of the law when carrying out the professional duties assigned to each of us will be considered a breach of employment that may lead to disciplinary action in accordance with the provisions of the Collective Agreement.



## Incarlopsa Values

Results orientation, flexibility and adaptability, quality and food safety, company culture, teamwork, and client-focus are Incarlopsa's values.

## Ethical Principles

Integrity, honesty, transparency, familiarity, respect for human rights and animal welfare, regulatory compliance, and the highest ethical standards are principles that Incarlopsa applies to all its activities, as well as serving as a commitment to its stakeholders.

These ethical principles are part of the "family capital". The members of the Board of Directors, the Chief Executive Officer, and the members of the Management Committee promote these principles by example in all their professional actions.

## Code of Conduct

Incarlopsa's ethical principles and values are included in the Incarlopsa Code of Conduct, to which all the individuals that are part of the organisation adhere: members of the Board of Directors and the Management Committee, staff, partners, authorised representatives, and administrators.

The Code of Conduct establishes the rules and guidelines to be followed by all members of the Incarlopsa team when performing their duties and in all their professional relationships.

Incarlopsa's Code of Conduct, approved by its Board of Directors in December 2015, came into force on 1 January 2016. All the members of the aforementioned team were duly informed and their adherence thereto was confirmed in writing. All employees who join or become part of the Group must expressly accept the values and principles, as well as the rules of conduct set out in the Code of Conduct.

The code is public and accessible to all staff through the corporate website and the internal employee portal.

## Guidelines and behaviours regulated by the Code of Conduct

1. Compliance with laws, norms, and ethical values.
2. Confidentiality.
3. Transparency of information.
4. Conflicts of interest.
5. Bribery and corruption.
6. Third-party relations.
7. Equal treatment and non-discrimination.
8. Reputation, communication, and external image.
9. Use of computer programmes and protection of personal data.
10. Respect for intellectual and industrial property rights and company secrets.
11. Reporting of illegal conduct.
12. Recruitment procedures.
13. Participation in politics, collaboration agreements with political parties.
14. Collaborations and donations to third parties.
15. Environmental and health protection.

In addition, Incarlopsa also has a Supplier Code of Conduct that defines the minimum standards of ethical and responsible behaviour that must be complied with by its suppliers and the suppliers of its subcontracted suppliers when doing business with Incarlopsa, in accordance with the company's policy, based on and supported by the protection of human and labour rights.

The code applies in full to all suppliers involved in the purchasing, manufacturing, and finishing processes, and ensures compliance with all applicable industry and recruitment standards, as well as Incarlopsa's ethical standards.

Although it is the supplier's responsibility to disseminate the principles and the Code of Conduct for Incarlopsa suppliers with its collaborators, as well as to periodically evaluate compliance and knowledge thereof, Incarlopsa reserves the right to verify compliance with the code by conducting audits at any time with or without prior notice.



The Code of Conduct and Supplier Code of Conduct are available at [www.incarlopsa.es](http://www.incarlopsa.es)

## Corporate Policies

Corporate policies allow ethical principles and values to be shared and extended throughout the organisation. Some of the main policies are detailed below.

- Regulatory compliance policy.
- Corporate social responsibility policy.
- Quality, food safety, and environmental policy.
- General purchasing policy.
- Livestock purchasing policy.
- Risk management policy.
- Maintenance purchasing policy.
- Workplace risk prevention policy.
- Expenses, travel, and representation policy.
- Equality policy.



Corporate Policies that are public are available at [www.incarlopsa.es](http://www.incarlopsa.es)

# A committed Board of Directors

As a family company with 100% Spanish capital, the members of Incarlopsa’s Board of Directors continue to maintain the values and legacy passed down, generation after generation, since Incarlopsa was founded in 1978, while promoting sustainable growth, innovation, and the expansion of its activity as strategic axes.

## Board of Directors

Clemente Lorient Calonge	Chief Executive Officer
Emilio Lorient Piqueras	President
Julián Lorient Calonge	Director
Moisés Lorient Piqueras	Board Member
María Riánsares Lorient Domínguez	Board Member
Nuria Lorient de la Ossa	Board Member
Jesús Lorient de la Ossa	Board Member
Ascensión Lorient Martínez	Secretary and Chairperson of the Audit Committee
Miguel Ángel Jiménez	Vice-Secretary Non-Director



### Extensive experience:

The Board of Directors is made up of members who bring to the company their in-depth knowledge of the pork sector and production processes, as well as their extensive experience in business management, internationalisation, and finance, among others.

### Gender diversity:

**3 out of 8 Board Members are female – 37.5%**

## Experienced Steering Committee

In order to develop more effective coordination, Incarlopsa has a Management Committee whose main responsibility is to manage the company in accordance with the strategy approved by the Board of Directors.

Its tasks also focus on the pursuit of long-term growth, the creation of value for stakeholders and the maintenance of an effective risk management structure and sound internal controls.

The members of the Management Committee have extensive and proven experience in driving organic growth and in the search for and identification of business opportunities, including international expansion, which are key to the company's transformation.

In 2019, Incarlopsa created a Sustainability Committee delegated from its Management Committee as a specific body responsible for the development and supervision of the Group's sustainability strategy and policy, demonstrating the company's firm commitment to promoting environmental, social, and corporate governance (ESG) criteria as key axes of its business model.

### Steering Committee

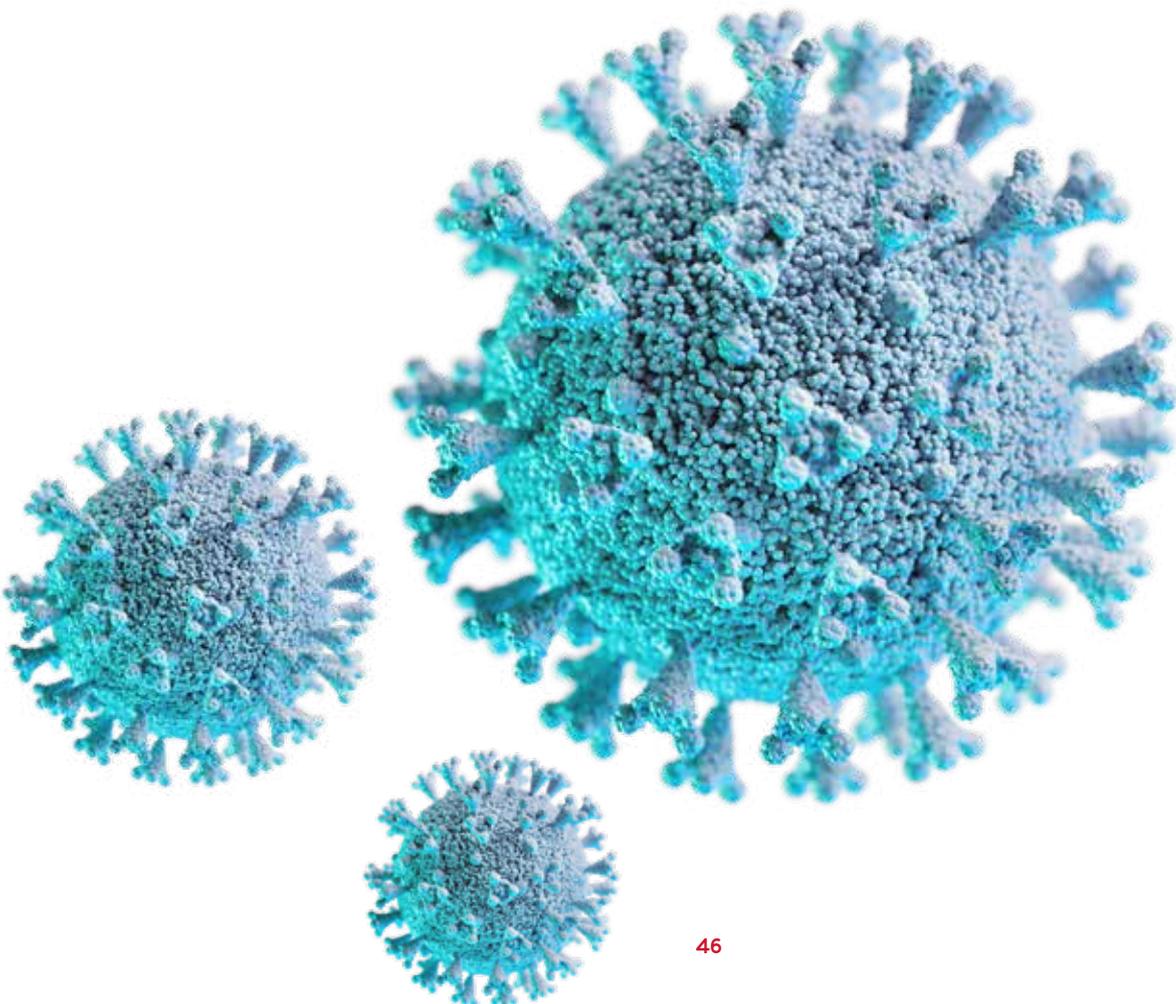
Clemente Loriente Calonge	Managing Director
Miguel Ángel Jiménez	General Director of Administration and Finance
Victorino Carabantes	General Director of Industrial
Jesús Loriente de la Ossa	General Director of Production
Jesús Fernández	General Director of Acornseekers
José Palacios	Director of Information Systems Department
Alfonso Merino	Director of HR Department
Sinesio Paniagua	Director of Management Control Department
José Ángel Lázaro	Director of Fresh Production
Jesús Fernández	Director of Livestock Purchasing Department
Montserrat García	Director of Quality, R&D, and Environment Department
José Miguel Cortés	Director of Key Accounts Commercial Department
Mikel Bernedo	Director of Marketing Department
Lorient Moses	Director of Export & Domestic

# COVID-19 Management Committee

In 2020, and before the WHO declared the pandemic, Incarlopsa set up a specific committee to monitor, evaluate, and manage the scope and impact of the coronavirus crisis on its activity, keeping the Management Committee and the Board of Directors informed at all times.

This COVID-19 Management Committee, made up of members of the Executive Committee and promoted by the company's Chief Executive Officer, has focused its activity on guaranteeing the supply of top quality meat products to homes throughout Spain, ensuring the health of the human team and contributing to providing social stability around the production centres.

Maintaining business and protecting the Group from operational risks has put contingency plans and business continuity to the test during the toughest weeks of crisis and confinement. This Committee continues to work to further strengthen the resilience of the company and the Group on the short, medium, and long term.



## Sustainability as a priority

---

Since 2019, the company has had a Sustainability Committee and a Corporate Social Responsibility Policy that sets out the principles of action, commitments, monitoring system, and supervisory mechanisms in the area of sustainability.

Incarlopsa has also developed a Master Plan which, integrated into the Group's Strategic Plan, establishes the organisation's objectives around various lines of work. Through the Sustainability Project Team, Incarlopsa coordinates and promotes actions and advances in sustainability.



### CSR Policy

---

- Defines the principles of action, commitments, monitoring system, and supervisory mechanisms for sustainability
- 

### Sustainability Committee

---

- Promotes the principles of sustainability.
  - Coordinates the actions deriving from the CSR Policy.
  - Designs, promotes, manages, and evaluates the Master Plan, which is executed through the Sustainability Project Team.
- 

### CSR Master Plan

---

- Established for the period 2019–2022.
  - Integrated in the company's Strategic Plan.
  - Allows sustainability to be integrated into the company's business model and to be extended to the entire organisation.
-

# BASIC PILLARS OF CORPORATE GOVERNANCE

## Human Rights



Respect for the dignity of the individual and the rights inherent to them is, above all, an essential requirement for Incarlopsa, which recognises and subscribes to the fundamental human rights set out in the various declarations and codes that regulate the adoption of these principles, including the Universal Declaration of Human Rights (1948), the Declaration of Helsinki (1964), and the UNESCO International Declaration on Human Rights (2005).

The company is committed to the protection of human rights in all its activities and the impact they have on society. Using the international reference frameworks (United Nations Global Compact, UN Guiding Principles for Business and Human Rights) as a starting point, Incarlopsa promotes responsibility and commitment to Human Rights in all its actions.

For this reason, the Incarlopsa Code of Conduct expressly includes respect and equal treatment as essential values for the organisation, unequivocally rejecting any form of discrimination, aggression, or violation of the rights of any worker, client, supplier, or third party related thereto, including any form of forced labour, slavery, child labour, and any others that could be contrary to the rights of individuals.

Incarlopsa extends this commitment to the respect and protection of Human Rights to its suppliers who, through the Supplier Code of Conduct and the Incarlopsa Purchasing Policy, are expressly required to comply with current laws and respect human rights. Specifically, the Incarlopsa Supplier Code of Conduct expressly prohibits any type of forced or compulsory labour, as well as child labour, among others.

Incarlopsa also has a Whistleblower Channel open to all its staff to report any possible breach of regulations or inappropriate conduct. In 2020, no complaints related to the violation of human rights have been received.



## Ethics and integrity

As part of its commitment to ethics and regulatory compliance, Incarlopsa has had its own Whistleblower Channel since 2015, so that any member of its staff can report any type of illegal or irregular behaviour or behaviour contrary to the principles of ethics and compliance that may have taken place in the organisation.

All allegations received are processed in accordance with the established procedure to ensure that they are thoroughly and properly investigated and to determine that the necessary corrective action is taken. To this end, the company has a Compliance Body.

The personal data provided through the Incarlopsa Complaints Channel are treated confidentially, complying with the requirements established by current laws on data protection.

Incarlopsa does not tolerate retaliation of any kind against those who report in good faith on the violation of laws, rules, and regulations, or non-compliance with internal policies and procedures, or for having participated in the investigation procedure. Similarly, complaints made are treated confidentially throughout the procedure, without any aspect of the complaint being disclosed.

The Incarlopsa complaints channel is operational through two channels:

- By e-mail:  
[canaldedenuncias@incarlopsa.es](mailto:canaldedenuncias@incarlopsa.es)
- By postal correspondence:  
Industrias Cárnicas Oriente Piqueras, S.A.  
A/A. Compliance Body.  
Ctra. Nacional 400, Km. 95,4  
16400 Tarancón (Cuenca)

In 2020, the Incarlopsa Complaints Channel received 5 complaints (4 allegations in 2019).

The company continues to promote its use among the workforce and encourages that conduct contrary to the law be reported, as stated in its Code of Conduct.



**Incarlopsa is committed to the protection of Human Rights in all its activities and the impact they have on society**

# Fighting corruption, bribery, and money laundering

## Compliance Policy and Crime Detection and Prevention Model

The prevention of crime and fraud within the organisation is one of the main aspects regulated by Incarlopsa's Regulatory Compliance Policy, which aims to reinforce the company's unequivocal rejection of committing offences, crimes or any unethical or unlawful behaviour, and its determination to prevent, identify, and combat them, including, among others, those related to corruption, bribery, and money laundering.

Approved by Incarlopsa's Board of Directors, the policy is mandatory for all members of the Board of Directors, members of the Management Committee, and employees without exception, regardless of their position, responsibility, or geographical location. It also applies to professionals who join or become part of the staff, who must expressly subscribe to the full content of the policy.

Likewise, within the framework of this commitment, Incarlopsa has established a specific and effective model for the management and prevention of crimes in order to reduce the risk of their being committed. Incarlopsa's Crime Prevention and Detection Model is based on the establishment of a permanent monitoring function of legal requirements, supported by various preventive and detection measures implemented and systematised in the organisation through the Crime Prevention Protocol.

For its part, the Compliance Body ensures compliance with the management and crime prevention model, as well as its continuous review and improvement. Its functions are defined and regulated in the Compliance Body's functions manual.

The implementation of this crime detection and prevention model aims to ensure before public administrations, judicial and administrative bodies, and third parties, that Incarlopsa performs effective compliance with the duties of supervision, monitoring, and control over the members that make up the organisation, staff, and other persons or dependent entities, through the establishment of appropriate measures to prevent crimes or to significantly reduce the risk of their being committed.

## A comprehensive approach to corruption and bribery

Incarlopsa does business in an open, ethical, and honest way, meeting the expectations of customers, suppliers, and society in general. In this sense, the company applies a zero-tolerance approach to acts of corruption and bribery.

Incarlopsa's Code of Conduct expressly repudiates all forms of bribery and corruption, expressly stating that no member of Incarlopsa's staff shall exert any influence on public officials or public authorities, using their personal relationship with them or such authority, in order to obtain an economic benefit for the company, or to refrain from exercising their public functions, in order to obtain or retain a contract or other irregular economic benefit. Likewise, the acceptance/delivery of gifts and hospitality from/to customers, suppliers, and third parties is limited to promotional gifts or tokens of immaterial value, and managers and staff members are not permitted, under any circumstances, to offer or grant gifts of money, or the equivalent of money, to any person or public or private institution, in order to directly or indirectly influence their decisions.

In the selection of suppliers, the principles of impartiality, transparency, and objectivity shall be applied throughout the process, so that the most suitable offer is selected based exclusively on criteria of suitability, cost, and quality.

In addition, the Crime Prevention Protocol, based on the organisation's risk map, expressly establishes measures and controls aimed at reducing the commitment of potential crimes related to influence peddling, bribery, business corruption, and fraud, among others.

Incarlopsa also makes the Whistleblower Channel available to all employees so that they can report any irregularities they detect that may affect internal rules, policies, and/or procedures.

During the 2020, 2019, and 2018 financial years, no complaints were received through the Whistleblowing Channel regarding potential situations of corruption or bribery in the development of Incarlopsa's activities.

The company also has no open legal actions for corrupt or bribery behaviour, nor has it been sued in the past for such conduct.

## Anti-competitive practices

Incarlopsa establishes an unequivocal commitment to free competition and compliance with related laws in all markets in which it operates. Engaging in agreements, oral or written, that violate antitrust laws is prohibited by the company, including among other practices: fixing prices, discounts or terms of sale; allocating customers or geographic areas; and refusing to do business with or boycotting third parties.

Within the framework of the Incarlopsa Code of Conduct on Respect for Third Parties, conduct that may impede the development and maintenance of effective competition (e.g. tied sales, predatory pricing, market restrictions, and price pressure) is prohibited. For Incarlopsa, having a dominant market position is a responsibility and not just an advantage. The Crime Prevention Protocol includes the identification and evaluation of potential risk scenarios related to anti-competitive practices. In 2020, the company had no confirmed incidents of anti-competitive practices in the markets in which it operates.

## Money Laundering

Incarlopsa has mechanisms, procedures, and policies that seek to prevent, detect, and react to any possible breaches in the prevention of money laundering that may be detected in the course of its business.

The Crime Prevention Protocol includes the identification and evaluation of potential risk scenarios for Incarlopsa related to money laundering. In this sense, the Group defines the procedures from the start of relations with its customers, including the preliminary study of financial capacity, the procedure for opening the customer file, and its follow-up.

Incarlopsa also collaborates with the competent authorities in the fight against money laundering and the financing of terrorist activities by providing, if necessary, all the information requested in accordance with the regulations in force in this area, and by reporting suspicious transactions.

Incarlopsa has a "zero tolerance" approach to corruption and bribery and had no incidents in 2020



# Vocation and promotion of transparency



Incarlopsa's commitment to transparency and its continuous efforts to further advance its financial and non-financial performance extend out to the entire organisation. The Code of Conduct and Compliance Policy set the guidelines and appropriate standards of conduct for Incarlopsa's interaction with third parties, including participation and/or collaborations with political parties, the management of public affairs and donations, and/or financial collaborations with third parties.

## Participation and/or collaboration agreements with political parties

Incarlopsa respects and considers politics essential for the proper development of the democratic system, but as a company it does not get involved in political aspects. In this sense, the Code of Conduct expressly states that:

- No employee may act as a representative of the company in political matters.
- The company's resources and reputation may not be used for any kind of political activity.
- No member of staff is permitted to use his or her status as such within the Group as an endorsement of a particular candidate or issue and may not act as a representative of the company in political matters.
- Employees must not exert any pressure, directly or indirectly, on other staff members to make political contributions or to participate in support of a political party, issue, or candidate.

In this context, anonymous, finalist, or revocable donations, and those made in the name of the entity in favour of political parties, associations, groups, federations, or political coalitions are strictly forbidden.

All of the above does not exclude the right of persons employed at Incarlopsa to express opinions of a personal nature, provided that there is an express statement that it does not represent the position of the company.

## Public affairs management

Advocacy is a legitimate activity and an important aspect of the democratic process that provides an opportunity to share perspectives and views with policy makers. For Incarlopsa, that means making it known and educating policy makers about the industrialisation of the pork sector; the boost it provides for exports and its contribution to the Spanish Brand; the implementation in Spain of a sustainable model that is setting European and global standards; the challenges, including digitalisation, facing the sector in general, and Incarlopsa in particular; the training and education of professionals needed to boost the sector, etc.

In this context, Incarlopsa allows the development of relations with public administrations, civil servants, regulators, and political representatives. Incarlopsa's Code of Conduct and Compliance Policy set the guidelines and appropriate standards of conduct for the Group's interaction with public officials. In addition, the company is a voluntary member of various industry organisations that look after the interests for the continuous advancement of the industry.

Among them:

- INTERPORC, Interprofessional White Coat Pig Agro-Food Organisation.
- ANICE, Spanish National Meat Industry Association.
- AECOC, Association of Manufacturers and Distributors.
- ASICI. The Inter-professional Iberian Pig Association



More detail on key partnerships is available in Chapter 8: Social commitment.

The management of public affairs at Incarlopsa is carried out in a transversal manner, with the departments involved being responsible for issuing their assessments and/or technical judgements depending on the subject to be dealt with and the CEO being responsible for the representative function.

## Collaborations and donations to third parties

The Incarlopsa Code of Conduct establishes the general framework of conduct that governs economic collaborations and donations to third parties.

In this sense, it specifies that all employees must scrupulously comply with the company's guidelines and under no circumstances may donations or collaborations be made without prior authorisation.

In accordance with this commitment and its values of transparency and integrity, any donation made on behalf of Incarlopsa or any of its subsidiaries must:

- Have the necessary internal and, where appropriate, external authorisations.
- Be granted in accordance with objective criteria determined in relation to the company's activities.
- Must always be made to companies/organisations of recognised moral solvency and integrity that are capable of managing the resources provided.
- Be reflected in the company's financial statements.
- Never be made in a personal, covert, or conditional manner to justify a bribe.
- In any case, the contribution made must be monitored.



Details of the contributions are available in Chapter 8: Social commitment.

1.3 €M

Total donations made  
in the last three years

We move  
forward in the  
sustainability of  
our sector



# MANAGEMENT AND CONTROL OF RISKS

Incarlopsa's risk management system applies to all the companies that make up the Group, including investee companies.

Since 2015, Incarlopsa has had a Risk Control and Management Policy which, promoted and approved by its CEO, establishes the basic principles for the control and management of the risks faced by the company.

The Risk Control and Management Policy is applied by means of an integral risk management and control system, based on the principles set out by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Specifically, it is aligned with international standards COSO II and ISO 31000.

Incarlopsa's Risk Control and Management Policy is developed and extended to the entire organisation through specific procedures and controls defined in the Risk Management Manual.

The Incarlopsa management team, led by its CEO, supervises the effectiveness of the risk management and control system and is assisted in its functions by the Risk and Internal Audit Department, which reports directly to the Audit and Compliance Committee. Risks and Internal Audits, together with the management team, are responsible for leading, implementing, transmitting, and managing the strategy and resources that make up Incarlopsa's risk management and control system. Likewise, based on the risk assessment, the company has integrated internal control devices in each business area to evaluate, mitigate, or reduce potential risks.

## Risk management and control system principles

The risk management and control system is based on the following principles:

1. Establishment of a risk tolerance framework based on a comprehensive understanding and control of these risks and their impact on the Group's activity.
2. Senior management leadership, based on its alignment with the Group's strategic objectives through the deployment of a model that optimises risk management assessment by the Management Committee.
3. Globality and harmonisation of management. All risks are managed on the basis of a common process: identification/classification and evaluation of risks, identification of control measures, and/or proposal of measures if they do not exist, evaluation of the controls, monitoring of the proposals implemented, and results on the evolution thereof.
4. Bottom-up and top-down communication between the collaborators that are part of the risk control and management model.
5. Periodic review of system efficiency.

Based on the corporate risk map, obtained from the strategic objectives, the business operations, and the analysis of the key risks of the environment and the market, Incarlopsa classifies its risks in the following categories:

- **Regulatory compliance risk:** risk of non-compliance with internal and external regulations.
- **Food quality and safety risk:** risk related to the quality, composition, and health and food safety aspects of products that may have significant economic (penalties), reputational, or operational (stoppage of activities) impacts. Risk arising from breaches of regulations concerning the protection of the health and interests of consumers.
- **Occupational health and safety risk:** non-compliance with laws and regulations on occupational risk prevention, health protection, and occupational safety.
- **Environmental, social, and governance risks:** risks that may have an impact on the organisation, including climate change, human capital, and violations of laws, regulations, internal standards, ethical values, and contracts. Corporate governance risks also include the risks of fraud and corruption.
- **Strategic risks:** impact derived from adverse business decisions, market positioning, improper implementation of decisions, or lack of responsiveness to changes in the industry.
- **Image and reputation risk:** damage to the public image of Incarlopsa in the eyes of stakeholders and the market caused by poor management of their perceptions.
- **Operational risk:** associated with the processes executed in the productive activity of Incarlopsa.
- **Purchasing and subcontracting risk:** incorrect selection of suppliers and/or production processes transferred to third parties or lack of control over the development of these transferred processes, which implies excessive costs for the company and/or loss of quality of the goods or services offered.
- **Leadership and work environment risk:** derived from the lack of commitment or motivation of personnel that may contribute to the appearance of undesired behaviour or conduct.
- **Financial risks:** uncertainty due to changes in the sector in which it operates, the impossibility of returning capital, or the instability of the financial markets.
- **Cybersecurity and information systems risks:** associated with the use of new technologies in Incarlopsa's processes.
- **Risk of criminal liability of the legal entity:** the commitment of any of the offences established in the Reform of the Criminal Code by its legal representatives, administrators, or employees in the name, on behalf and for the benefit of the Group, which may entail criminal liability for Incarlopsa, its legal representatives, and/or its administrators. (e.g., influence peddling, bribery, environmental crime, etc.).



The Control Policy and Risk Management extends to the entire organisation through procedures and controls as defined in the Risk Management Manual

# CYBER SECURITY

Incarlopsa has a management model applicable to cybersecurity based on international and national regulations, as it is aligned with ISO 27001, relating to the Certification of Information Security Management Systems.

The company puts all means at its disposal in proportion to existing threats. In this sense, the company has and adapts the necessary resources so that the organisation has an environment aligned with business objectives and established cybersecurity objectives, providing it with the tools and procedures to ensure the required level of protection in each case.

To do so, it has rigorous procedures, tools, and technology to protect the organisation's assets and users in a cyber environment.

The risk arising from the use of third-party or cloud-based services is managed through a programme of periodic reviews with defined requirements for security, privacy, and compliance with applicable regulations.



**Incarlopsa's systems guarantee levels of cybersecurity and resilience that are appropriate to the organisation**

# PRIVACY AND DATA PROTECTION

Incarlopsa ensures internal compliance with all applicable legislation on the protection of personal data. Externally, it requires its suppliers and collaborators to offer sufficient guarantees and measures in this area.

To this end, and with the Group's proactive responsibility prevailing at all times, Incarlopsa provides its team members with periodic and specific internal training, also formalising their adherence to the Data Protection and Confidentiality Policy and the Code of Conduct. In this way, the entire workforce has received training on the importance of complying with the obligation of confidentiality and data protection.

Likewise, as part of the commitment to compliance with this aspect that affects the personal sphere, the code prohibits disclosing or transferring the data of customers, suppliers, employees, or third parties, except in those cases covered by the applicable regulations, or with the express authorisation of the owners of said data.

Incarlopsa has a Data Protection Officer (DPO) in charge of monitoring compliance with the regulations.

Incarlopsa makes a form available to any interested party whose data is processed, for the proper exercise of the rights recognised by law (access, rectification, deletion, opposition, limitation of processing, portability, not to be subject to an automated decision, and to withdraw their consent).

The company has numerous processes and systems in place to protect against the loss, unauthorised access, misuse, and alteration of personal information, including reviewing compliance with applicable privacy regulations.



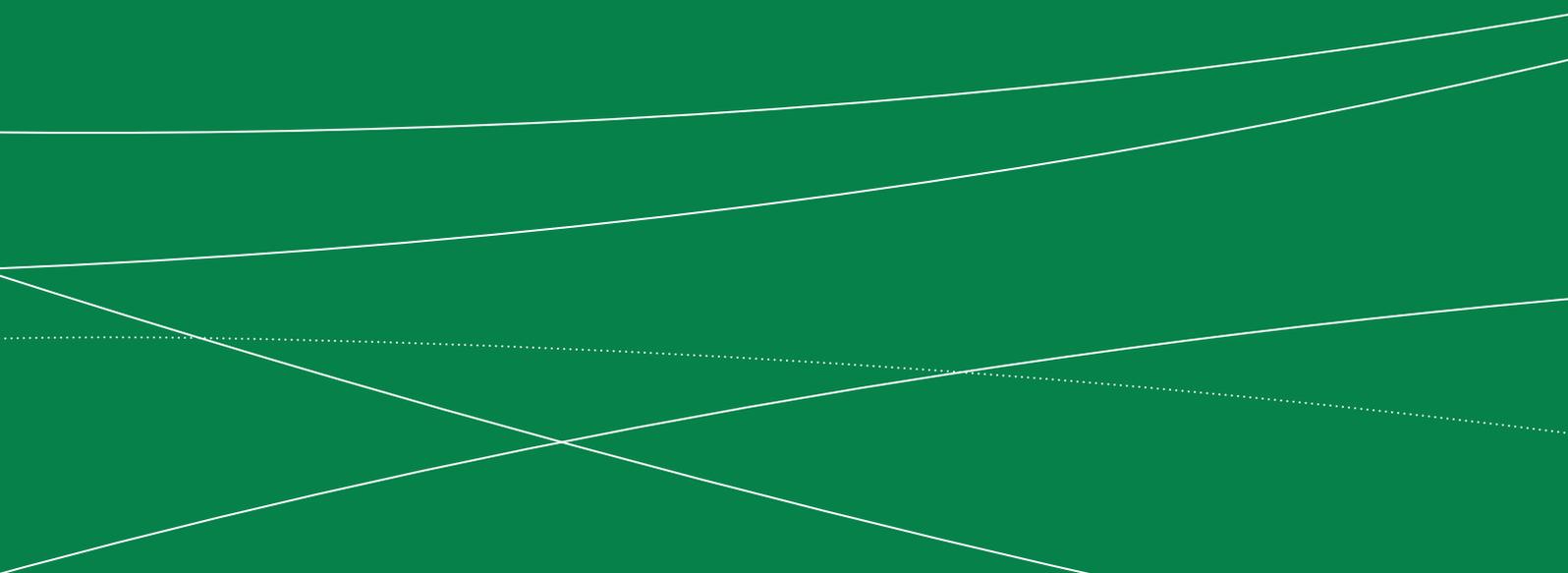
All staff who handle  
personal data have  
received training  
on the obligation of  
confidentiality and  
data protection





# QUALITY AND SAFETY

A responsible and certified value chain ensures that quality and safety standards that go beyond regulatory requirements are met from the farm to the consumer's home. The result of the 52,756 controls, audits, and inspections carried out in 2020 reflect this commitment to safety and quality, which are a priority for Incarlopsa.



# FOOD QUALITY AND SAFETY ARE OUR UNWAVERING COMMITMENTS

As a benchmark company in the meat industry operating in the food sector, consumers are at the heart of Incarlopsa's activity. Guaranteeing the maximum quality and safety of food products, and contributing to a healthy and balanced diet is part of Incarlopsa's commitment which, driven by senior management, is extended to the whole organisation through the Code of Conduct.

**For Incarlopsa, food quality and safety goes beyond compliance with strict regulatory requirements. Therefore, all processes are subject to the highest quality and safety standards.**



In addition, Incarlopsa's vertical integration model allows for greater control of all production processes. The company understands that achieving the highest standards of quality and food safety in its products must be done in a sustainable way and with the least possible impact on the environment.

This vocation to converge towards a business model of minimum impact and maximum quality and safety is reflected in the Quality, Food Safety, and Environment Policy which, revised in 2020, establishes the framework of action for the development and implementation of its Quality and Environment System, the continuous improvement of its efficiency and compliance with the specific regulations established for food safety in all the countries and geographical areas in which it operates.

Likewise, in this context, it determines the commitment to establish and review specific quality and environmental strategies and objectives in order to progressively orient all components towards customer satisfaction; complying with the legal and regulatory standards related to health and hygiene, the environment, quality, and food safety aspects applicable to all the company's activities; promoting the commitment to sustainability and environmental protection, generating economic well-being, acting responsibly towards society, and continuously improving the efficiency of processes and services, as well as preventing pollution as a standard of conduct.

Regarding subcontracted activities, Incarlopsa is committed to requiring a similar approach to quality and the environment from third parties, incorporating selection criteria for suppliers according to this policy.

Likewise, the company undertakes to involve all personnel in the effective application of the Quality and Environment System, as well as to provide the human and material resources necessary to guarantee their adequate training in these matters.

Incarlopsa's vertical  
integration model  
allows for greater  
control of all  
production processes



## Quality and food safety system

Incarlopsa's quality and food safety system encompasses all the company's operations, including skill acquisition and continuous training of the human team, so that they can perform the functions assigned to them in compliance with the highest standards of quality and safety. Incarlopsa's Annual Training Plan develops and details the specific actions that are implemented for this purpose.



The Group also makes use of various resources and strategies to reduce risk and further ensure food safety. Specifically, it has Pre-Requisite Programmes (PRP) and procedures based on the principles of Hazard Analysis and Critical Control Points (HACCP), with a team in charge of risk assessment and critical control points in each production centre that analyses each of the stages of the production process in order to determine potential physical, chemical, and microbiological risks associated with each one.

### Incarlopsa's quality and food safety system encompasses all of the company's operations

On the other hand, the Group periodically evaluates its quality systems and processes in various quality committees where, among other issues, key performance indicators (KPIs) and quality indicators are monitored, in addition to the state of compliance with applicable regulations and additional standards imposed by certain customers. In this sense, Incarlopsa monitors the objectives related to excellence in manufacturing and the availability of a product of adequate quality to be distributed on time.

The 52,756 internal quality controls carried out, as well as the results of audits and inspections carried out by external certifiers, regulatory bodies, or customers, reflect the Group's commitment and compliance with food quality and safety.

During the 2020 financial year, Incarlopsa did not identify any incidents or record any monetary losses related to regulatory non-compliance, fines, notifications, or voluntary certifications to which it adheres. Incarlopsa includes all significant open legal and regulatory proceedings in its Consolidated Annual Accounts.

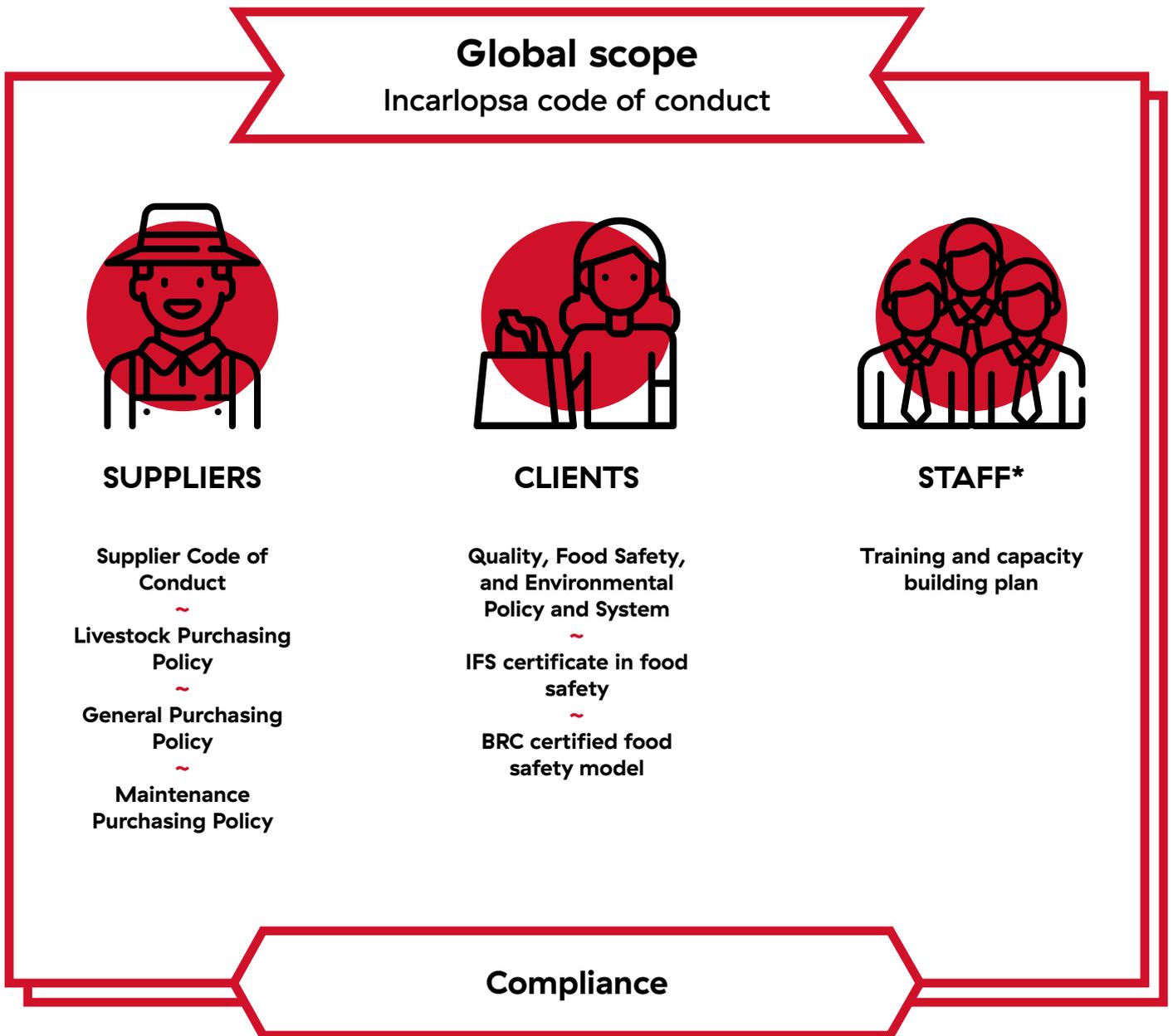


The Quality, Food Safety, and Environmental Policy is available at [www.incarlopsa.es](http://www.incarlopsa.es)

\*See Chapter 7 for more details on the 2020 Training Plan and other staffing issues.

Our commitment to quality and food safety goes beyond regulatory compliance

52,756 checks, audits, and inspections in 2020 reflect our commitment to quality and safety



# A RESPONSIBLE AND CERTIFIED VALUE CHAIN

**44 livestock suppliers**  
**1,582 livestock farms**  
**100% national**

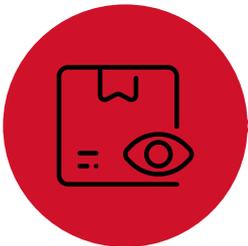
**189 vehicles** subcontracted for the transport of animals under maximum animal welfare conditions



## 1. PROVISIONING

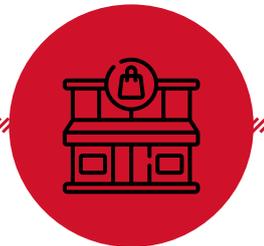
- Incarlopsa only uses meat from approved suppliers in accordance with the required technical and quality specifications.
- In 2020, 10 new livestock suppliers were approved, which is 29.4% more than in 2019.
- 88.9% of white pigs are supplied by approved suppliers with animal welfare certification in 2020, while the approval is extended to 100% of suppliers in 2021.
- 11 transport providers linked to the company according to technical, financial, and compliance criteria.
- Before moving the pigs, it is essential to have a sanitary movement document associated with the identification of the animals with the Rega number of the farm of origin.
- Special compliance with animal welfare conditions in transport in accordance with the internal protocol for verification of animal welfare conditions audited annually on the basis of Welfare Quality by an external accredited company (AENOR).
- 100% of transport providers approved.

**100% product traceability**  
**100% of complaints satisfactorily resolved**



## 5. PRODUCT TRACKING AND TRACEABILITY

- Traceability throughout the production process: from the farms to the slaughterhouse and final product.
- Active food waste management: 96,000 kilos of savings in 2020.
- Ratio: 0.39% claims/tonne sold.



**10 production plants** in Spain.  
**347,204 tonnes** of meat products and around **5.4 million** pieces of ham produced in 2020



## 2. PRODUCTION

- Incarlopsa has implemented strict quality and safety standards that go beyond legal requirements.
- Controls during the slaughter, dressing, and quartering processes are carried out in accordance with current legislation and voluntary procedures including: a system (HACCP) in accordance with the Global Standard for Food Safety (BRC) and the International Food Standard (IFS), customer audits, and ISO 14001 certifications.
- The slaughterhouses are approved on the basis of Welfare Quality and work is being done to extend the commitment to animal welfare to the entire value chain.

**14 brands** through which white ham, Serrano ham, Iberian ham, shoulder ham, sausages, and cold meats are marketed

**2,128 customers, including 160 international**, ensure Incarlopsa's products reach millions of households

An owned distribution fleet of **22 vehicles**

## 4. COMMERCIALISATION

- +308,000 tonnes commercialised.
- +32,000 tonnes exported.
- Commercialisation of products in the strict Chinese market, after obtaining the homologation as established by the National Certification and Accreditation Administration (CNCA) of China, which is accredited through the CCC (China Compulsory Certificate) system.



## 3. LOGISTICS AND DISTRIBUTION

- The S.A.E. certificate (Specific Self-Control System) ensures compliance with Royal Decree 993/2014, which establishes the requirements for official veterinary certification for export and which is essential to qualify for export to third countries. Each production centre must have its own accreditation.

# 6 New certifications obtained in 2020 bring the number of Incarlopsa value chain accreditations to more than 70

In 2020, Incarlopsa incorporated six new certifications for its production plants. Including the renewal of the accreditations it already held, the company has more than 70\* certifications in animal welfare, commitments to the environment, and commitments to quality and food safety in its 10 production centres located in Castilla-La Mancha, Castilla y León, and Andalusia.



## In the area of food safety

Incarlopsa has the two benchmark international certificates in this field: the Global Standard for Food Safety (BRC) and the International Food Standard (IFS).

Specifically, 7 of the Group's 10 owned plants have IFS Food 6.1 (superior level), a food safety certification recognised by the Global Food Safety Initiative (GFSI) that focuses on processed products. IFS Food is important for all food manufacturers, especially for those who produce private label and are a guarantee for the consumer.

For its part, the BRC Global Standard for Food Safety is an internationally accepted Food Safety model to help distributors comply with legal food safety obligations and guarantee the highest level of consumer protection. Having a food safety certificate is a requirement for entering the large-scale distribution market, as well as for accessing export markets and improving access to national markets and large supermarkets.

Among other aspects, both standards ensure compliance with the requirements of a HACCP system (Hazard Analysis and Critical Control) and require a documented quality management system, control of the environmental conditions of facilities, processes, personnel, and products, as well as the commitment of senior management of companies in the food sector that wish to have both certifications in relation to their responsibility in the management of these processes.

\*Includes certifications of owned and operated plants.

## In terms of quality

Incarlopsa has up to six different certifications applicable to the different types of products and the facilities where they are produced. As such, it has the Traditional Speciality Guaranteed (TSG) Serrano Ham certification. Only certain manufacturers can use the registered designation 'Serrano ham' and the Community stamp that accredits it, which recognises the intrinsic quality of this product.

It is also S.A.E. certified (Specific Self-Control System), which ensures compliance with Royal Decree 993/2014, which establishes the requirements for official veterinary certification for export and which is essential to qualify for export to third countries. Each production centre must have its own accreditation, so in 2020, Incarlopsa accredited the Jabugo and Tarancón dryers according to the S.A.E. Certificate.

In line with this commitment to quality, all the Group's production centres are accredited according to the Iberian standard, which guarantees compliance with Royal Decree 4/2014 dated January 2014, and is essential in order to be able to label products under this protected designation. In addition, the centres located in the Huelva municipality of Jabugo are certified under the Protected Designation of Origin (D.O.) in accordance with Regulation No. 1151/2012 of the European Parliament and the Council of the European Union.

In addition, the factory of processed products located in Tarancón is accredited with the V-Label seal, an internationally recognised symbol for the labelling of vegan and vegetarian products and services, in response to the demand for this type of product.

## Environmental commitment

Most of Incarlopsa's production centres are certified according to the ISO 14001 Environmental Management Systems (EMS) standard, accrediting the Group's environmental commitment. It has managed and obtained certification for the new Tarancón dryer. In addition, for the second consecutive year, in 2020 the company accredited its carbon footprint following the guidelines of the UNE-EN ISO 14064-1:2012 standard.

## In terms of sustainability

In 2020, Incarlopsa also obtained organic production accreditation for the Tarancón slaughterhouse and the Corral de Almaguer dryer. This production model is a system of agricultural management and food production that combines best practices in terms of environment and climate, a high level of biodiversity, the conservation of natural resources and the application of high animal welfare and production standards, according to Regulation 848/2018 of the European Parliament and of the Council of the European Union.

## Summary of certifications in Incarlopsa's own plants in 2020:

		ISO 14001	RD 4/2014	ETG	IFS FOOD	BRC	D.O. JABUGO	S.A.E.	PRODUCC. ECOLOG.	V-LABEL VEGAN	ANIMAL WELFARE	CARBON FOOTPRINT
Tarancón	Slaughterhouse	✓	✓	✓	✓	✓	N/A	✓	✓	N/A	✓	✓
	Cutting and packaging plant	✓	✓	N/A	✓	✓	N/A	✓		N/A	N/A	✓
	Processed products factory	✓	✓	✓	✓	✓	N/A	✓		✓	N/A	✓
	Packaging / Delivery		✓				N/A			N/A	N/A	✓
	Dryers	✓	✓	N/A	✓	✓	N/A	✓		N/A	N/A	✓
Oñas del Rey	Dryer	✓	✓	✓	✓	✓	N/A	✓		N/A	N/A	✓
Corral de Almaguer	Dryer	✓	✓	✓	✓	✓	N/A	✓	✓	N/A	N/A	✓
	Dryer		✓	N/A			✓			N/A	N/A	
Jabugo	Iberian cold meat dryer and factory		✓	N/A			✓	✓		N/A	N/A	
	Iberian cold meat factory	✓	✓	N/A	✓	✓	N/A	✓		N/A	N/A	✓

# Animal welfare: driving standards



Ensuring that the animals have good food, good health, good housing, and appropriate conditions is part of Incarlopsa's commitment. To this end, the Group has an internal protocol for verifying animal welfare conditions audited annually by an accredited external company on the basis of Welfare Quality. This protocol describes the stages and establishes the animal welfare requirements for pigs arriving at the Group's facilities for slaughter, including conditions at the farms, transport, and slaughterhouse.

In this sense, the company allocates significant human and economic resources to certify its facilities and production stages with the strictest approvals in terms of animal welfare, providing its facilities with all the mechanisms within its reach to promote compliance and encourage innovation.

In 2020, the company extended the certification of its Tarancón slaughterhouse, one of the most innovative, and at the forefront also in terms of animal welfare. AENOR's Welfair™ animal welfare accreditation, homologated by IRTA and NEIKER, and based on the European benchmarks Welfare Quality® and AWIN®, has been added to the Interporc Animal Welfare Spain (IAWS) certification.

In order to obtain the IAWS seal, in addition to the EU legal regulations on animal welfare, other more demanding requirements must be fulfilled, which represent an additional plus in matters relating to animal health and sanitation, biosecurity, animal housing, food safety, traceability, and the environment.



The IAWS Animal Welfare and Biosecurity Technical Regulations ensure compliance with the five principles of animal welfare established by the World Organisation for Animal Health (OIE): freedom from hunger, thirst, and malnutrition; freedom from fear and distress; freedom from physical or thermal discomfort; freedom from pain, injury, or disease; and freedom to express one's own behavioural patterns.

Obtaining this certification is completely voluntary, although it is necessary to comply with the criteria established in an exhaustive audit that includes a review by an independent scientific committee and by animal protection associations.

As part of this firm commitment to animal welfare, since April 2020, Incarlopsa has video surveillance cameras in its slaughterhouse in Tarancón to facilitate absolute control of each animal. This initiative has been carried out more than a year before its installation is regulated in Spain by Royal Decree, whose approval is scheduled for the end of 2021, and three months before the Spanish Agency for Food Safety and Nutrition under the Ministry of Consumer Affairs submitted the project to public exposure.

Incarlopsa also works to strengthen its commitment to animal welfare throughout its value chain. To this end, it set a target for the year 2021 for 100% of white pig suppliers to be certified under IAWS certification. At the end of the 2020 financial year, 84.7% of the animals supplied came from suppliers certified under IAWS, and 4.2% from suppliers certified under some other animal welfare benchmark. At the time of the publication of this report, 100% of suppliers are certified.



For more details on IAWS certification see [www.bienestaranimalcertificado.com](http://www.bienestaranimalcertificado.com)

88.9% of white pigs sourced from approved suppliers with animal welfare certification

We look after animal welfare in an integral way



#### FARMS

- Businesses/staff
- Food Industry
- Environment
- Health
- Behaviour

#### SLAUGHTERHOUSE

- Businesses/staff
- Food Industry
- Environment
- Health
- Behaviour

#### TRANSPORTATION

- Company
- Personnel
- Teams
- Accommodation

# MANAGEMENT FROM THE SOURCE: SUPPLIER RELATIONSHIPS

Incarlopsa has the desire to work with the best suppliers, prioritising, as far as possible, that provisions come from nearby suppliers to promote the development of the locations and environments in which the company is present, with 100% of livestock suppliers being national.

Likewise, proper management and active involvement of partner-suppliers in the value chain contributes to guaranteeing maximum quality and food safety, providing greater production efficiency, and favouring the expansion of the Group's sustainability strategy.

The Supplier Code of Conduct defines the ethics and responsibility standards that Incarlopsa requires of all its suppliers, including the adoption of environmental, social, transparency, and corporate governance (ESG) criteria.

In 2020, Incarlopsa worked with a total of 1,494 suppliers, representing an 18% increase over 2019. 13% of total suppliers are local. The Group segments its suppliers according to their contributions to the value chain and has specific policies through which it establishes the framework for its relations: the Livestock

Purchasing Policy, the General Purchasing Policy, and the Maintenance Purchasing Policy.

In 2020, the number of livestock suppliers increased by nearly 30% to 44 suppliers and 1,582 livestock farms, compared to 34 suppliers and 1,487 farms worked with in 2019.

In this way, the Group has diversified its procurement portfolio to expand its contribution to local development.

The number of general and maintenance suppliers increased by 17.7% to 1,450 suppliers in 2020.

	% of total procurement		No. of suppliers	
	2020	2019	2020	2019
<b>LIVESTOCK SUPPLIERS</b>	65.25%	63.08%	44	34
<b>OTHER SUPPLIERS</b>	34.75%	36.92%	1,450	1,232
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>1,494</b>	<b>1,266</b>

## Livestock suppliers:

100% of Incarlopsa's livestock suppliers are national

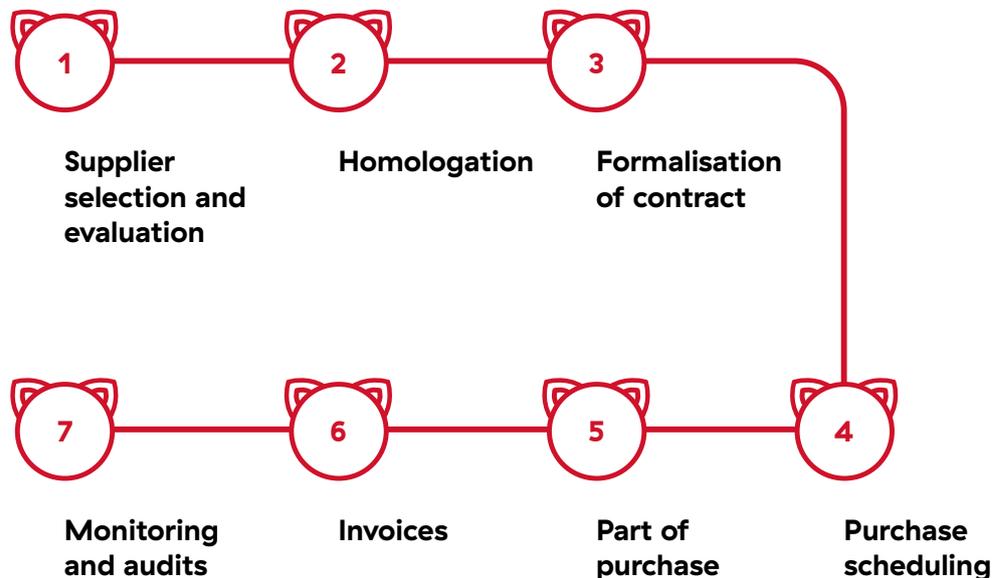
The Livestock Purchasing Policy establishes the guidelines that govern the purchases of livestock destined for the slaughterhouse to ensure timely supply in compliance with technical specifications, health regulations, and quality and hygiene requirements established by Incarlopsa. These purchases are managed through the Livestock Purchasing Department.

The Livestock Purchasing Policy states that all livestock suppliers must be approved. Incarlopsa's homologation process makes it possible to evaluate its financial, technical, and compliance viability, which must be recorded in the corresponding evaluation report and includes the supplier's acceptance of a specific quality agreement.

Likewise, at least once a year, a visit is made to the supplier to check the suitability of the production processes, compliance with standards, etc., and this assessment is also reflected in the report.

Incarlopsa approves its livestock suppliers annually. The annual evaluation of livestock suppliers is conducted by technical staff and supervised and validated by the Director of Livestock Purchasing. Incarlopsa establishes single and exclusive purchase contracts with its approved suppliers on the basis of a weekly purchase schedule adapted to the company's supply needs at all times.

### Livestock purchasing management process →



# General and maintenance suppliers

The General Purchasing Policy and the Maintenance Purchasing Policy apply to all other purchases from other suppliers. They establish the guidelines under which these purchases are oriented to ensure the timely supply of goods and services according to the real needs of the organisation by its General Purchasing Department.

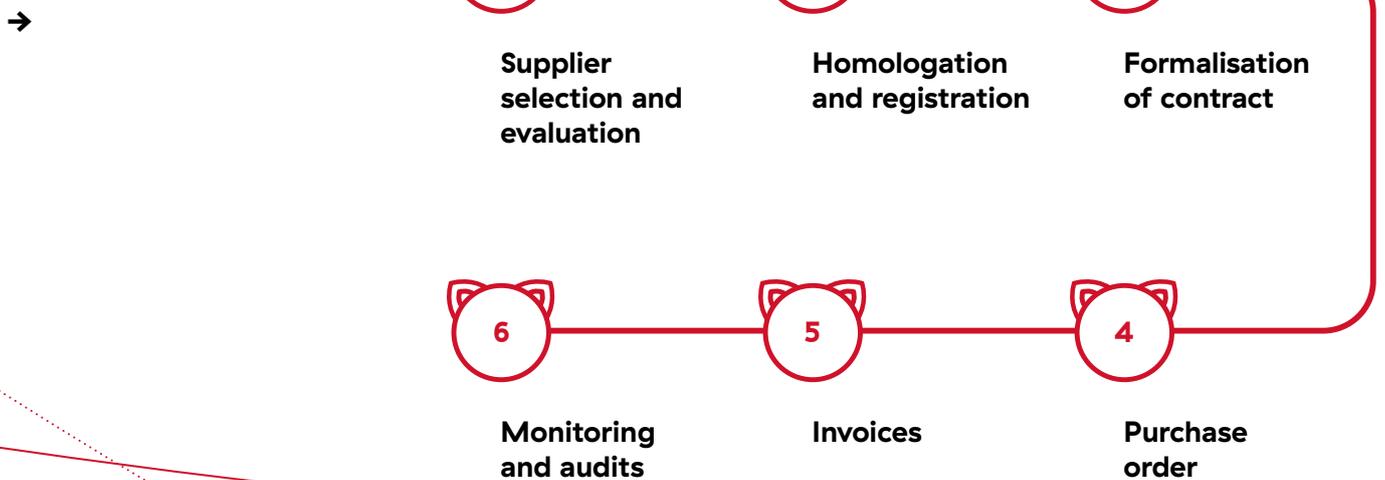
Suppliers representing more than 80% of the volume of purchases in the supply of each good or service required by the Group are selected on the basis of a rigorous selection process that evaluates their financial, technical, and compliance viability. On an annual basis, an evaluation of these suppliers is carried out, which may include a visit to identify the suitability of the production processes, among others. The Quality Department together with the General Purchasing Department are responsible for the initial approval and annual evaluation of suppliers that provide auxiliary material that may have direct contact with food.

The company has standardised its approval process for this type of supplier, which is mainly managed through its Supplier Portal.

The Portal is the means through which documentary communication with suppliers is articulated, allowing the monitoring, control, and verification of the documentary record associated therewith.

Likewise, the General Purchasing Policy establishes the possibility of visits to the supplier's facilities or audits, as well as adherence to the Group's quality protocol when purchasing additives or any other product that is incorporated into the Group's production process.

## Other purchases management



# Continuous supplier evaluation

In addition to their approval as established in the respective purchasing policies, the evaluation of the performance of all suppliers is a continuous process that assures the Group that suppliers are applying the requirements demanded.

Although Incarlopsa evaluates most of its suppliers, the control, monitoring, and evaluation of livestock suppliers, which represent more than 65% of the Group's total procurement costs, is essential to maintaining the commitment to quality from the source.

The result of the audits carried out on livestock suppliers during the 2020 financial year was favourable in 100% of cases, although exceptionally, 14 incidents related to non-conformities or improvements have been included, which have been rectified in all cases.

Incarlopsa keeps a record of incidents with both supply and transport. It also requires all its suppliers of livestock transport to provide copies of their respective liability policies.

Environmental aspects are included in the initial approval process and in the subsequent annual assessments, including issues related to proper compliance with environmental law and the possession of an environmental management system, among others.

2020	Livestock suppliers
Total No. of audits carried out	85
Favourable result	100%
Not favourable	0

# CUSTOMERS AT THE HEART OF OUR BUSINESS

## A differential offer

Always starting from the highest quality, Incarlopsa has a wide variety of meat products that cover different nutritional needs through about fifteen brands depending on the product, destination, and elaboration.

### PRODUCTS

- Serrano Ham
- Ham/Shoulder (white and Iberian)
- Iberian Cebo
- Iberian Bellota
- Sausages
- Iberian/Cebo/Bellota Sausages
- Fresh pork products
- Processed white coat pork products



## Ham experts

Serrano ham is the first Spanish product to be recognised as a Guaranteed Traditional Speciality. With 5 plants dedicated to curing and boning hams, Incarlopsa has an annual production capacity of around 8.5 million pieces per year in its drying rooms. The company produces a wide range of Serrano ham with a wide range of flavour, aroma, and texture possibilities that it markets under its brands *Loriente*, *Sierra Món*, *Félix de Múrtiga Sabor Noir*, *Terra Dómine*, *Herencia Serrana*, and *Noble Ibérico*, among others.

Incarlopsa also produces Jabugo Denomination of Origin ham, well known for its texture, aroma, and unique flavour. It is produced in the Sierra de Aracena and Picos de Aroche Natural Park in unique microclimatic conditions, from Iberian pigs raised free-range in the pasture, and fed exclusively on acorns and natural grasses during fattening.

The ham manufactured by Incarlopsa, in addition to being starch-free, is suitable for the gluten-intolerant. It is rich in unsaturated fatty acids, mainly oleic acid, being a heart-healthy product.

These qualities are only achieved through a long curing process that includes salting, drying, maturing, and ageing, which must comply with certain innate physical-chemical and organoleptic characteristics that are fundamental for its certification. For this reason, the consistency of its fat, its drying index, and its salinity are analysed. These factors will determine its colour, aroma, flavour, and texture, and will ensure a quality final product.

Around

5.4

million pieces of  
ham produced in  
2020



# Healthy products

Incarlopsa, maintaining and respecting its commitment to the highest quality, promotes healthy eating and continues to work on improving and offering its customers and consumers a broad portfolio of products with high nutritional value.

Since 2016, the company has stepped up its efforts to help reinforce a healthy lifestyle and has launched a range of products aimed at meeting the needs of all audiences.

Likewise, part of its innovative commitment is focused on continuing to promote the development of healthy, safe, and sustainable products, as well as improving its current range by reducing additives and improving its nutritional profile, which includes the reduction of fat and salt, among others.

## Reduction of additives in sausages

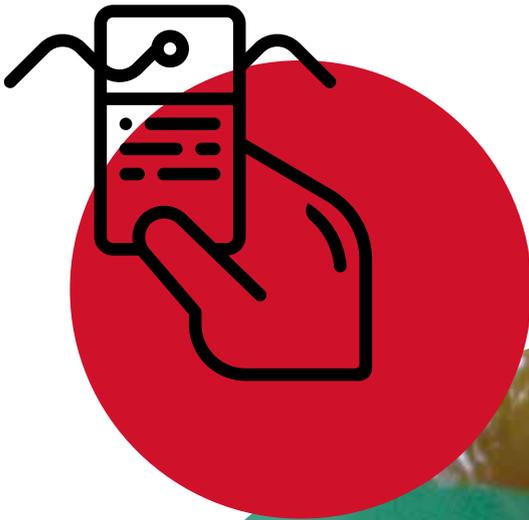
Product	No. of initial additives	No. of additives currently (2020)	Reduction
Bocata	9	3	66.6%
Bocata Cheese	13	5	61.5%
Bratwurst	7	1	85.7%
Chicken Turkey Cheese	14	5	66.2%
Vienna Cheese	10	4	60.0%
Vienna Ham	8	6	25.0%
Frankfurt Cheese	5	4	20.0%
Frankfurt	5	3	40.0%
Vienna	5	3	40.0%
Chicken Turkey 200	10	4	60.0%
Chicken Turkey 400	10	4	60.0%



More detail on healthy product innovation in chapter 5.

## Labelling

Incarlopsa's Code of Conduct establishes that the information provided to customers and/or the end consumer of the Group's products must always be sufficient, truthful, timely, and appropriate. Under no circumstances may customers be provided with misleading, ambiguous, or insufficiently rigorous information which may mislead them and which contravene current regulations, including labelling and consumer and user regulations.



## Complaints and customer service system

In 2020, Incarlopsa responded to 108 queries made through its customer and consumer service.

In addition, it has managed and satisfactorily resolved 100% of the 1,203 complaints received during the year. In 2020, the number of claims increased by 57.2% compared to the 765 recorded in 2019, and the ratio stood at 0.39% claims/tonne sold compared to the 0.26% claims/tonne sold recorded in 2019.

The Group has not incurred any legal non-compliances in health and safety matters, nor has any deviation related to these aspects been detected in the inspections carried out by the competent authorities. Similarly, there have been no substantiated complaints regarding breaches of customer privacy and loss of customer data.

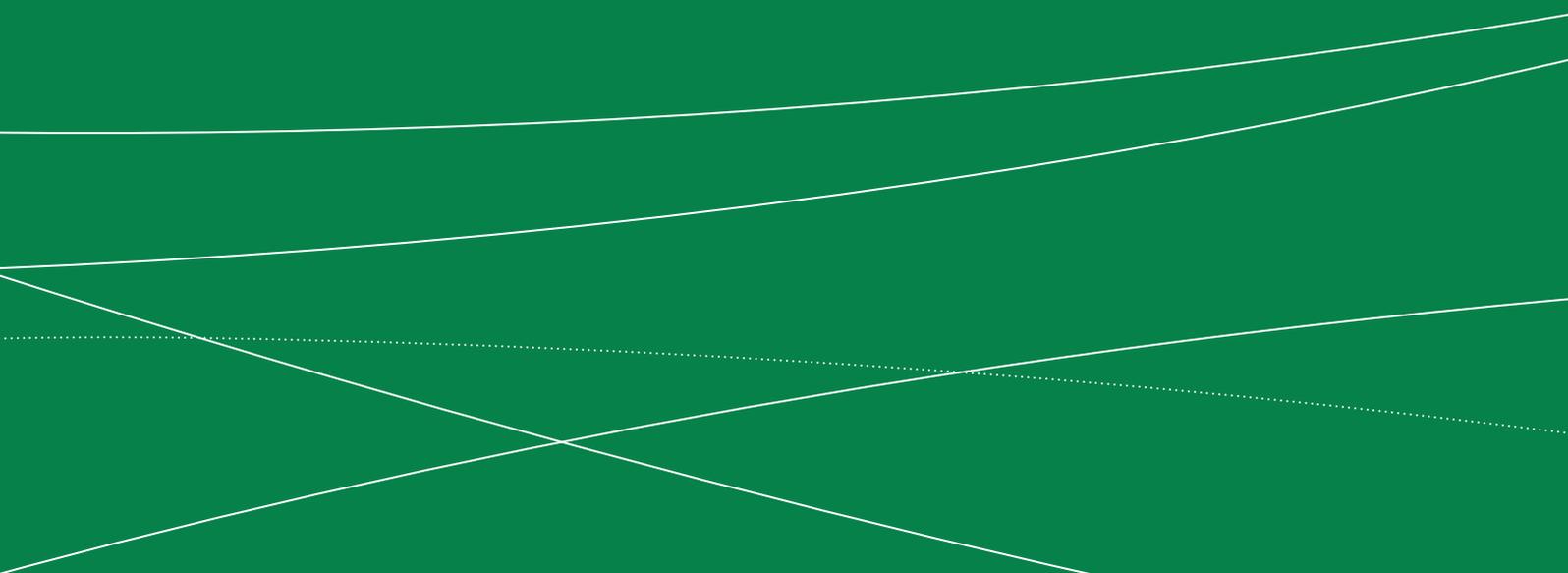






# 5 INNOVATION

Innovation is part of our DNA. At Incarlopsa, we are committed to innovation at the service of quality. Innovation that, based on the development and modernisation of our production processes, allows us to maximise efficiency and achieve the highest quality in our products. To achieve this, Incarlopsa promotes a comprehensive long-term strategy through continuous investment in R&D.



# INNOVATION AT INCARLOPSA

The R&D strategy is based on an integral approach that includes our own projects and collaborations on research projects with third parties that complement the company's activity.

In this sense, agreements with benchmark technology centres and universities are an extension of Incarlopsa's R&D.

The integrated R&D strategy, which includes internal and external projects, aims to drive the highest quality standards, continue to strengthen traceability, and innovate in food safety. This strategy is aligned with the objectives of quality, safety, and respect for the environment that articulate the sustainable management model of the company and allow it to be a benchmark in its sector.

In the field of internal R&D, Incarlopsa has launched the TIS Project, a cross-cutting initiative that will lay the foundations for the future development of the company, covering and including aspects related to Digital Transformation, Innovation, and Sustainability. The TIS project is structured along four lines of action: analysis, improvement, innovation, and efficiency, with a clearly defined objective: to increase competitiveness.

Product innovation at Incarlopsa is managed through an Innovation Committee that reports to the CEO.

In 2020, the company allocated nearly 14 million euros to innovation and has numerous projects underway, including 14 active projects currently supported by the CDTI, 13 successfully completed in the last 5 years and 5 new ones approved in 2020.

Incarlopsa invests in various R&D initiatives and continues to make progress in developing and implementing state-of-the-art technology in its 10 production plants; placing new products on the market and/or improving existing ones; and mainly integrating new materials and more sustainable packaging. It also promotes projects aimed at animal wellbeing as part of its commitment to ethics and quality.

Currently, the company has a specific multidisciplinary R&D department made up of 19 qualified professionals, including 4 PhDs, among which there are chemists, agricultural engineers, veterinarians, food technologists, and nutritionists, among others.

## LINES OF ACTION IN INNOVATION:



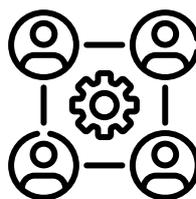
# RESOURCES ALLOCATED TO R&D



INVESTMENT  
IN R&D

13.9 €M

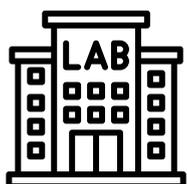
1.6% OF INCOME



HUMAN  
RESOURCES

19 PEOPLE DEDICATED  
TO R&D

15 GRADUATES  
4 DOCTORS



CENTRES

2 PILOT PLANTS IN  
CORRAL DE ALMAGUER  
AND PROCESSING  
FACTORY (TARANCÓN)

5 SPECIALISED  
LABORATORIES WITH  
A PANEL OF TRAINED  
TASTERS IN CORRAL  
DE ALMAGUER,  
GUIJUELO, AND THREE  
IN TARANCÓN.



PROJECTS

+30  
OUR OWN PROJECTS AND ONGOING  
COLLABORATIONS

14 ACTIVE CDTI  
PROJECTS

5 NEW PROJECTS  
APPROVED IN 2020

# OUR INNOVATION DRIVES SECTOR STANDARDS

## Innovation at the service of quality

---

### Biofat

---

- Prototype developed internally that allows instantaneous determination of the amount of subcutaneous fat in hams and shoulders, segregating the pieces that do not meet the standard defined by the client so that they do not go to market.
- 

### Biosalt

---

- Prototype developed internally that allows instantaneous determination of the amount of salt in hams and shoulders, segregating the pieces that do not meet the limit defined by the client so that they do not go to market.
- 

### Ham CAT

---

- New technology, used so far in human medicine, which the company is evaluating for the potential detection of internal defects in parts.
- 

## Innovation to respond to consumers

---

Incarlopsa is committed to healthy, safe, and sustainable food. Therefore, part of the innovation and research efforts are focused on reducing additives in products and improving their nutritional profile, which includes reducing the fat and salt content. As a result of this innovation, it now has a range of natural products in which no additives are used, and the use of additives in products such as sausages has been progressively reduced.

In addition, the development of new products to respond to the new demands of consumers and society is a constant for Incarlopsa. Fruit of this commitment:

- In 2020, three high quality "ready-to-eat" V range products were launched for the first time, in addition to two coarsely minced sausages tailored to the specific needs of customers in the Portuguese market.
- In 2019, we developed specific high-quality processed products that are easy and quick to prepare and consume.
- In 2018, the first vegan sausage made from pea protein was launched.

## Innovation as part of our environmental commitment

We promote and work on projects that allow us to develop and use more environmentally friendly packaging while maintaining the highest standards of quality and food safety in our products.

Among the projects underway in 2020 are the following:

- Ecodesign of all our packaging, reducing the amount of plastic material as much as possible.
- Introduction of the use of mono-materials in packaging to facilitate recycling.
- Inclusion of recycled materials in packaging.

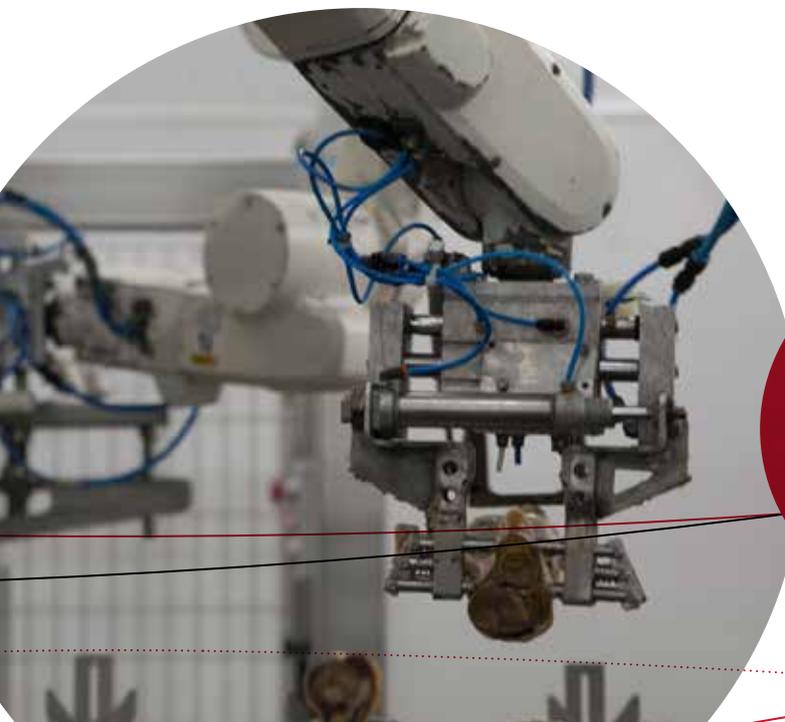
This innovation has allowed Incarlopsa to save 3,909 t of CO<sub>2</sub> equivalent emissions to the atmosphere in 2020 certified by Ecoembes.

## Innovation in animal health, nutrition, and wellbeing

R&D at Incarlopsa begins with the animals, studying their genetics, nutrition, and wellbeing with the aim of guaranteeing that unique products are obtained, both for their sensory and nutritional qualities and for their reduced content of components such as sodium.

Incarlopsa collaborates with the Department of Animal Production of the Complutense University of Madrid promoting a specific project aimed at generating knowledge on the effect of different management strategies and feeding of piglets, from gestation to weaning.

Also, we are working together with the National Institute of Agricultural and Food Research and Technology, the Complutense University of Madrid, and the Polytechnic University of Madrid on a research project on nutrigenetics aimed at detecting candidate genes that are predisposed (associated SNPs) to intramuscular fat, oleic acid, weight gain, and consumption in purebred Iberian pigs.

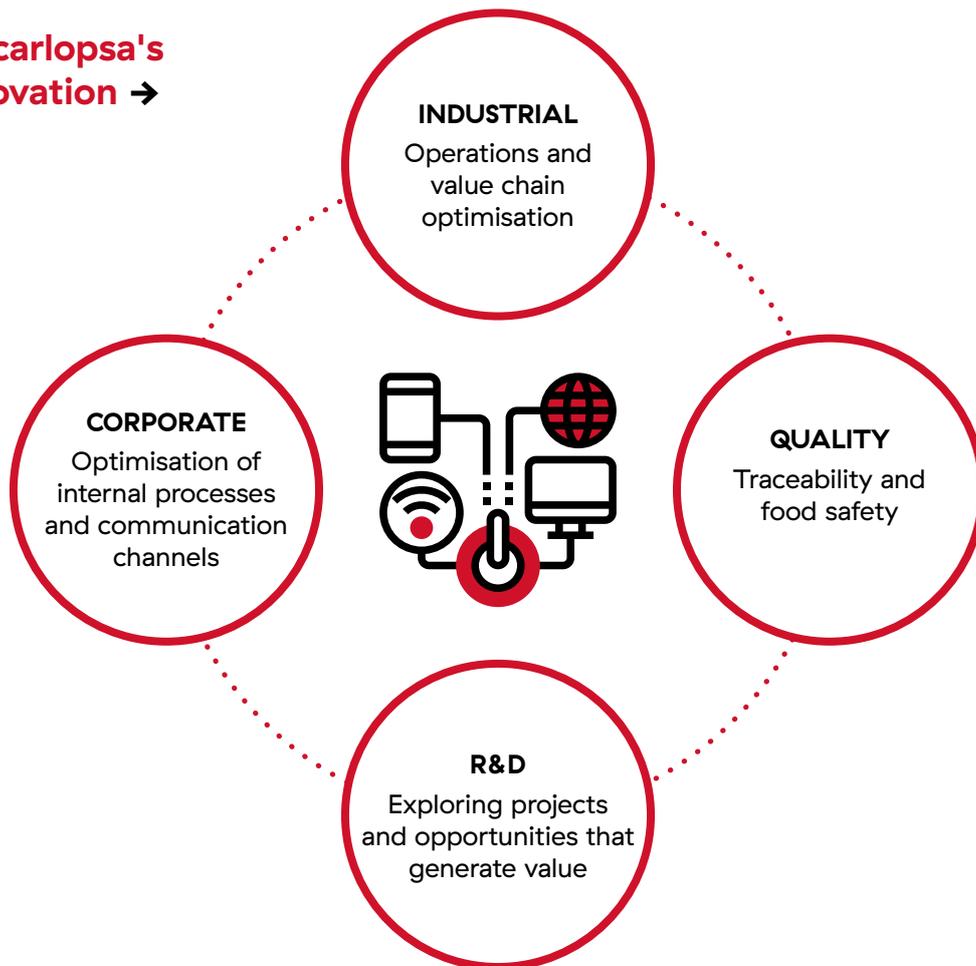


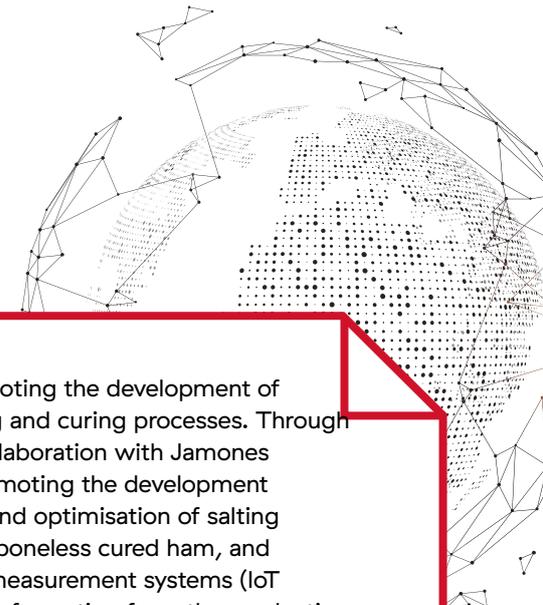
# Digital innovation

The organisational environment and the company's growth opportunities continue to make digital innovation a transversal axis for Incarlopsa.

In order to explore, consider, and promote digital tools that add value to the business model, the company has a Digital Transformation Department, whose main mission is to develop and implement the Group's strategy in this field.

## Axes of Incarlopsa's digital innovation →





**PIONEERS IN APPLYING BIG DATA AND MACHINE LEARNING TECHNOLOGIES TO MEAT PROCESSES:**

**THE SMART MEAT SYSTEMS PROJECT**

At Incarlopsa, we are pioneers in promoting the development of intelligent tools in meat product salting and curing processes. Through the Smart Meat Systems project, in collaboration with Jamones Segovia and Cecinas Pablo, we are promoting the development of intelligent tools for the monitoring and optimisation of salting and curing processes of Serrano ham, boneless cured ham, and meat snacks, by incorporating online measurement systems (IoT technologies) that provide all kinds of information from the production process to the application of Big Data and Machine Learning technologies. The project is being developed at Incarlopsa's facilities located in Corral de Almaguer (Toledo) between August 2018 and July 2021.

**The digital transformation at Incarlopsa is articulated around 4 main axes:**

<b>Data</b>	<b>Industry</b>	<b>Digital business</b>	<b>Infrastructure</b>
↗ Regulatory compliance	↗ Automatic data capture and centralisation	↗ CRM	↗ Network segmentation
↗ Methodology and safety	↗ Stock management	↗ BPM	↗ Life cycle
↗ Unique brand	↗ Fleet Management	↗ Cultural transformation	↗ Capacity
↗ Analysis and reporting tools	↗ AGV pallet movement	↗ Mlean	↗ Information security
	↗ Traceability	↗ Shopping platforms	↗ DFS Services
	↗ MES systems	↗ Logistics planning	

# BOOSTING INNOVATION THROUGH COLLABORATIONS

In order to carry out R&D projects, Incarlopsa formalises collaboration agreements with different entities and organisations.

Of particular note are active collaborations with different departments of the Complutense University of Madrid, University of Extremadura, Polytechnic University of Madrid, Institute of Agrochemistry and Food Technology (IATA-CSIC), National Institute of Agricultural Research (INIA), Institute of Agri-Food Research and Technology (IRTA), and the Association of Food Industry Research (AINIA), among others.

It has also signed long-term agreements with the University of León, the University of Murcia, and the University of Castilla-La Mancha with which, in 2020, it launched the "Incarlopsa-UCLM Open Innovation Partnership".

## Incarlopsa-UCLM Open Innovation Partnership

In October 2020, Incarlopsa and the University of Castilla-La Mancha (UCLM) presented the "Incarlopsa-UCLM Open Innovation Partnership" under a collaboration agreement.

Through this partnership, research and transfer, training, and scientific dissemination activities will be promoted to enhance the nutritional and healthy properties of fresh meat and cured ham, as well as the communication and transmission to society regarding Incarlopsa's dimension as a responsible company, both in the environmental field –referring to its production processes–, and its involvement and socio-economic importance in the context of the Castilla-La Mancha business landscape.

In this sense, more than 80% of the total budget of this new university-business partnership will be allocated to research projects developed by UCLM researchers, responding to two major challenges: promoting research excellence and knowledge transfer to society.

The 'Incarlopsa-UCLM Open Innovation Partnership' has already defined its roadmap for the year 2021, which is summarised in six initiatives and will address four research projects that encompass Incarlopsa's entire value chain. There are also plans to award two prizes for the best final degree and master's degree projects for UCLM students, together with the development of a summer course in the regional university's 2021 programme.

In addition, contact has been initiated with new research groups from the UCLM to continue exploring other opportunities for innovation and knowledge transfer in areas of interest.

The Monitoring Committee is made up of the partnership's management, with two members from the University of Castilla-La Mancha and two members from Incarlopsa.



Incarlopsa promotes research of excellence in the agro-food sector to offer top quality products to society

13 CDTI projects successfully completed in the last 5 years

Incarlopsa collaborates and participates in initiatives and research projects with universities in Castilla-La Mancha, León, Madrid, Extremadura, Zaragoza, and Murcia, among others

# Main research projects

## Partnerships

TYPE OF COLLABORATION/ RESEARCH PROJECT	ENTITY AND OBJECTIVE
Genetic approach to the selection of crossbred Iberian pigs	<b>WITH PIC, CAROMETEC, THE POLYTECHNIC AND COMPLUTENSE UNIVERSITY OF MADRID, AND IRTA</b> Achievement of Iberian products with a high and guaranteed organoleptic quality.
Modulation of gene expression in pigs through nutrition	<b>WITH THE NATIONAL INSTITUTE OF AGRARIAN RESEARCH AND THE COMPLUTENSE UNIVERSITY OF MADRID</b> Improving the quality of the cured product.
Technological advances	<b>SELF-DEVELOPED</b> Improving the sensory quality of long-cured Iberian products.
Technological advances	<b>WITH THE UNIVERSITY OF EXTREMADURA AND IRTA</b> Improving the curing process and the uniformity of the final product through the design and validation of an automatic classification system for hams and shoulders according to the content of different types of fat.
New production process for cured pork products	<b>SELF-DEVELOPED</b> Designing new processes for the production of raw cured meat products free of nitrates by substantially modifying the technological variables corresponding to current curing conditions.
Natural alternatives for the elimination of nitrifiers in the processing of meat products	<b>WITH LUCTA</b> Promoting healthy products and obtaining a range of cooked sausages free of nitrifying agents.
New curing process	<b>WITH THE UNIVERSITY OF EXTREMADURA AND IRTA</b> Designing new high-performance curing processes that allow the evaluation of hams with low technological aptitude for traditional curing.
New curing process	<b>SMART MEAT SYSTEMS PROJECT</b> Developing intelligent tools for the monitoring and optimisation of salting and curing processes of meat products, through the incorporation of online measurement systems, providing all kinds of information on the production process and the application of Big Data and Machine Learning technologies.
Method for more sustainable packaging production	<b>WITH THE UNIVERSITY OF ZARAGOZA, AIR LIQUIDE, AND INNOVATION FISH</b> Testing new technologies applied to freezing and/or thawing.



## Partnerships

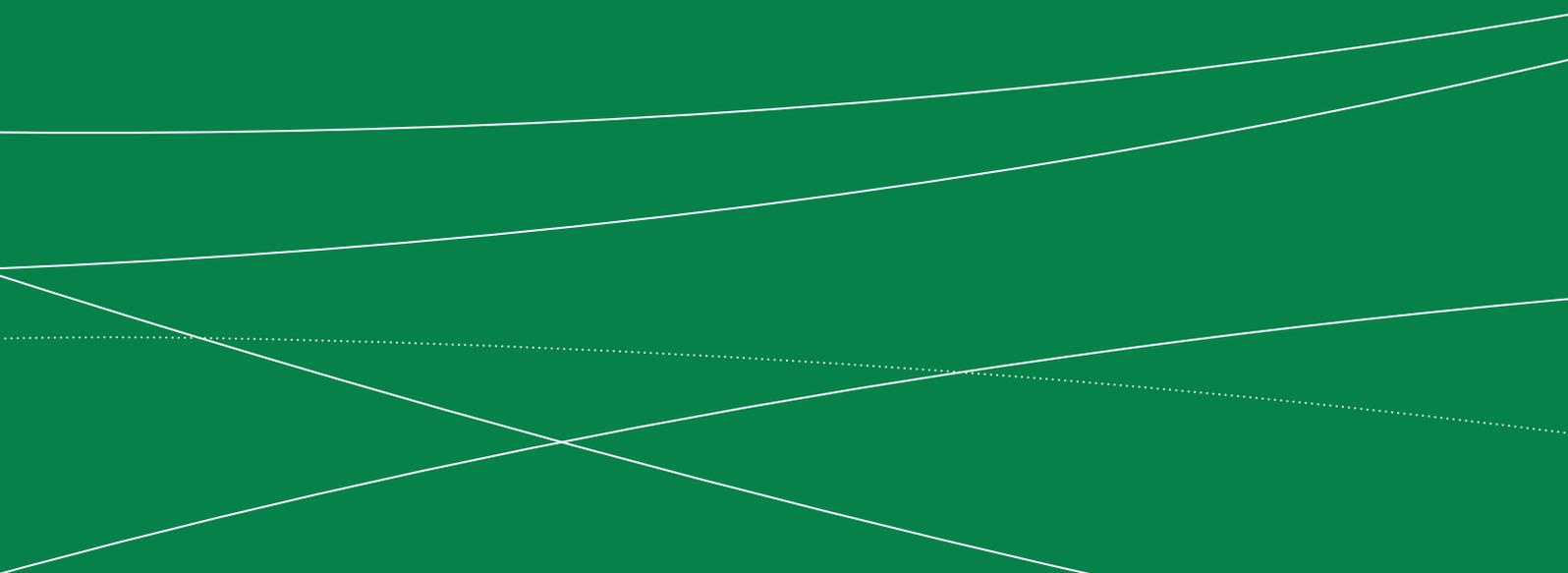
TYPE OF COLLABORATION/ RESEARCH PROJECT	ENTITY AND OBJECTIVE
Development of new additives of natural origin	<b>SELF-DEVELOPED</b> Providing valid alternatives to the use of synthetic additives in the production of Iberian sausages in response to current consumer trends.
Design of new packaging systems	<b>WITH THE UNIVERSITY OF ZARAGOZA, GASN2, AND ABELLÓ-LINDE</b> Designing new packaging systems with low CO <sub>2</sub> atmosphere for the preservation of fresh meat.
Bacterial biodiversity in the value chain	<b>WITH A CONSORTIUM OF MEAT INDUSTRIES</b> Producing innovative strategies aimed at increasing productivity, quality, and food safety, reducing environmental impact and the use of antibiotics in the meat sector.
New cooling systems	<b>WITH THE DEPART<sup>TM</sup>MENT OF ANIMAL PRODUCTION OF THE COMPLUTENSE UNIVERSITY OF MADRID, THE POLYTECHNIC UNIVERSITY OF MADRID, AND THE UNIVERSITY OF ZARAGOZA</b> Improving the butchering of pig carcasses.
Magnetic induction technology for the determination of Iberian pig carcass quality	<b>WITH THE COMPLUTENSE UNIVERSITY OF MADRID</b> Developing a new process of Iberian pig carcass classification, in real time, integrated into the slaughtering chain, by means of magnetic induction technology.
Minimising the effect of on-farm heat stress on the quality of fresh ham from fatty pigs	<b>WITH THE COMPLUTENSE UNIVERSITY OF MADRID</b> Designing new strategies based on management and feeding to improve productive parameters and carcass quality in situations of heat stress.
Early piglet actions on its vitality and the homogeneity of the carcass	<b>WITH THE DEPART<sup>TM</sup>MENT OF ANIMAL PRODUCTION OF THE UNIVERSIDAD COMPLUTENSE DE MADRID</b> Generating knowledge on the effect of different management and feeding strategies from piglet gestation to weaning.
Study of nutrigenetics applied to the Iberian pig	<b>WITH THE NATIONAL INSTITUTE OF AGRARIAN AND FOOD RESEARCH AND TECHNOLOGY, THE COMPLUTENSE UNIVERSITY OF MADRID, AND THE POLYTECHNIC UNIVERSITY OF MADRID</b> Generating knowledge on nutrigenetics for the detection of candidate genes and SNPs associated with GIM disposition, oleic acid, weight gain, and consumption in purebred Iberian pigs.





# ENVIRONMENTAL DIMENSION

At Incarlopsa, we are committed to the environment and climate change. Without a firm commitment in this area, it is not possible to generate value on the short, medium, and long term. For this reason, we promote a business model that, based on the circular economy, promotes responsible management of raw materials, energy resources, and waste to minimise the environmental impact generated by our activity.



# ENVIRONMENTAL MANAGEMENT AT INCARLOPSA

Incarlopsa works to minimise the potential impact of its activities on the environment. To ensure efficient resource management based on its commitment to sustainable development, the company has several standardised policies and guidelines shared with the entire organisation through which it defines its environmental management.



## Quality, Food Safety, and Environmental Policy

Establishes the principles and commitments to ensure proper environmental management.



## Environmental Plan

Establishes the criteria and objectives for advancing the Group's commitments to sustainable sourcing, efficient production, more sustainable packaging, optimising the management and elimination of food waste, and reducing our carbon footprint.



## Scraps and Waste Plan

Establishes and defines the mechanisms for control and management of scraps and waste generated in the different production processes.

## A FAR-REACHING POLICY

**THE QUALITY, FOOD SAFETY, AND ENVIRONMENTAL POLICY SPECIFIES COMPLIANCE WITH LEGAL AND REGULATORY STANDARDS RELATED TO ENVIRONMENTAL ASPECTS, APPLICABLE TO ALL THE COMPANY'S ACTIVITIES.**

- Establishes the commitment to sustainability and environmental protection to generate economic welfare, responsibility towards society, and continuous improvement of the efficiency of processes and services, as well as the prevention of pollution as a standard of conduct, maintaining an ethical and personal commitment to the values of the organisation.
- Establishes a commitment to require a similar approach from suppliers.
- Provides the human and material resources to guarantee adequate training for all personnel that contributes to promoting Good Environmental Practices.
- Ensures proper environmental management that includes the integral control of all the variables that affect the environment: waste management, natural resource consumption, and the prevention of air, water, and soil pollution.

## Risk management

Annually, Incarlopsa carries out an evaluation of all the environmental aspects related to its activity and its environmental impact. This risk assessment is carried out by applying the precautionary principle in environmental matters, with the aim of taking measures that reduce the possibility of suffering serious environmental damage without taking into account the precise probability of it occurring.

Based on its internal risk management procedure, the most environmentally sensitive functional areas or activities include:

ACTIVITY	PRO-ACTIVE MANAGEMENT
Emission of gases into the atmosphere.	✓
Dumping into public watercourses.	✓
Management and storage of substances hazardous to health and pollutants to the environment, such as ammonia, oils, and refrigerants.	✓
Waste generation, storage, and treatment.	✓
Waste removal tasks by the authorised external waste manager.	✓

## Environmental certifications

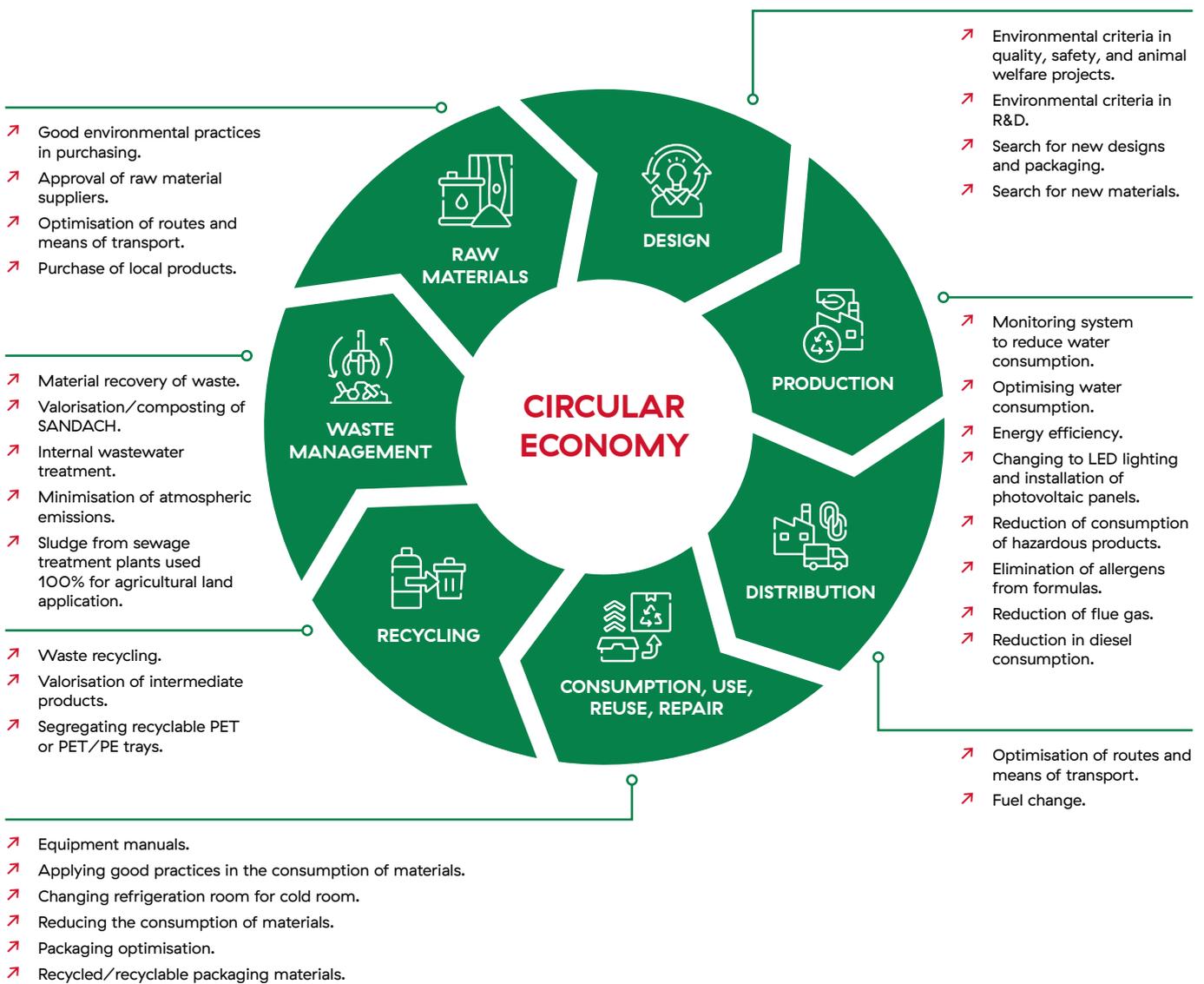
Incarlopsa has an environmental management system certified according to the international standard ISO 14001 in 7 of the 10 plants. The company continues to work on obtaining ISO 14001 certifications in all its facilities, as it has prioritised the certification of the largest plants and has progressively certified those of smaller size or lesser environmental impact. At the end of 2020, around 97% of Incarlopsa's total production was manufactured in ISO 14001 certified plants.

In addition, Incarlopsa has recently certified the company's carbon footprint for the third consecutive year, following the guidelines of the UNE-EN ISO 14064-1:2012 standard, under the supervision of an independent entity and in line with the company's environmental commitment.



# Circular economy

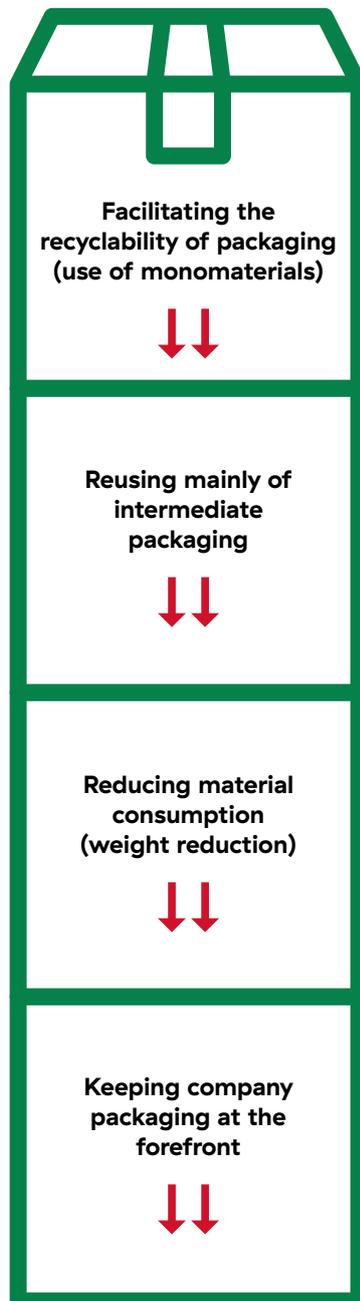
Incarlopsa's environmental management is developed based on the concept of circular economy through a responsible and integrated management of energy resources, waste, and raw materials.



## We are committed to increasingly sustainable packaging

Incarlopsa's commitment to innovation involves continually try to reduce the materials used in our packaging while seeking to incorporate more sustainable materials and the integration of circular economy criteria in their design.

### Objectives →



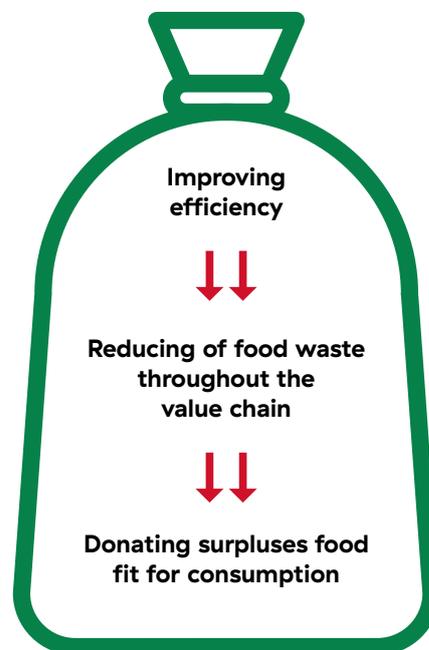
## We work to reduce food waste

Incarlopsa works on establishing a roadmap to achieve the elimination of food waste, either through improvements in efficiency, or reuse for productive or social purposes, thus achieving the most efficient use of resources.

Improving the efficiency of products and processes in order to reduce food waste is a fundamental pillar in the company, with the aim of advancing continuous improvement throughout the entire value chain.

The strategy implemented by the company has resulted in food waste savings of 96,000 kilos in 2020.

96,000 kg of food waste savings

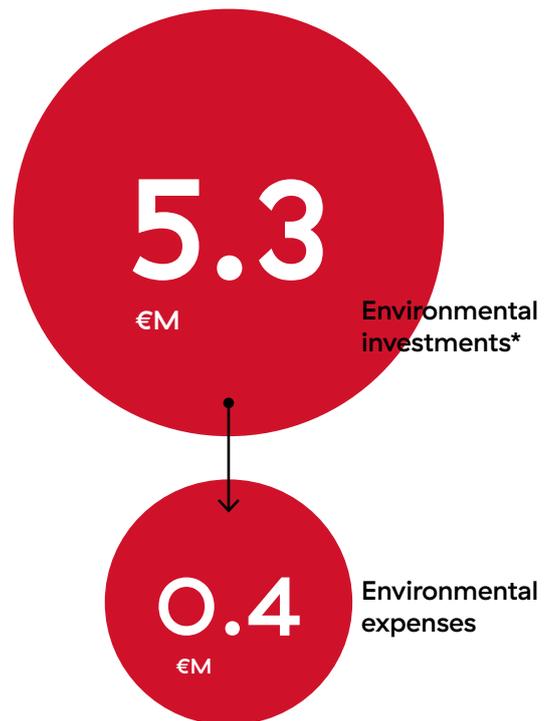


# RESOURCES TO MINIMISE ENVIRONMENTAL IMPACT

Within the framework of its "Vision 2020", Incarlopsa makes all the necessary investments to minimise the environmental impact of its activities, ensuring the protection and improvement of the environment.

The total cumulative value of investments in facilities for environmental improvement at the end of 2020 amounted to 5,300 euros (5,200 euros in 2019). The expenses amounted to 454,700 euros (389,300 euros in financial year 2019) and are mainly related to waste management.

The Group is committed to the continuous improvement of its environmental performance. To this end, it dedicates significant resources to environmental protection and has a specific quality and environmental department that maintains this commitment actively. The organisation has had environmental liability insurance since 2019.

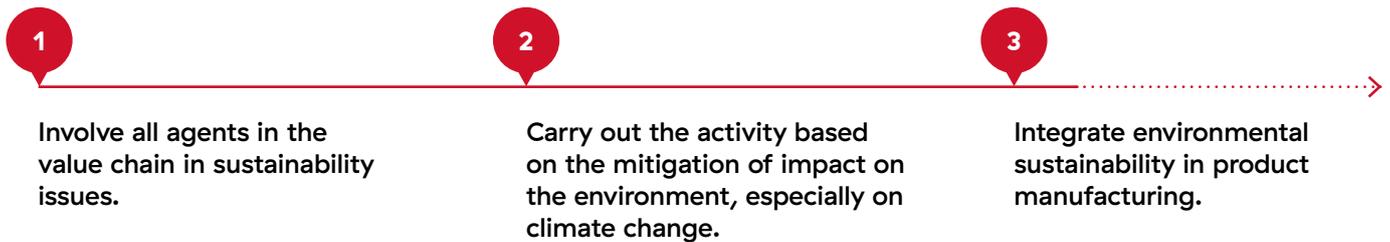


\* Total accumulated value of environmental investments at the end of 2020.



# OUR ROADMAP

## Vision 2022



## 2019–2022 Objectives

### EMISSIONS REDUCTION

- Reducing the impact derived from greenhouse gas (GHG) emissions by 3% in 2021 based on financial year 2019 indicators, through the generation and purchase of renewable energy, as well as the exploration of new sources of energy generation.
- Reducing the carbon footprint by 3,500 t of CO<sub>2</sub> per year from 2021, once the project to install solar panels has been completed.

### REDUCING WATER CONSUMPTION

- Reducing water consumption by 5% per tonne produced by 2021, compared to 2020, through the implementation of efficiency measures, osmosis systems, and the optimisation of good practices.

### ENERGY EFFICIENCY

- Reducing electricity consumption by 5% per tonne produced in 2021 with respect to 2020 through the installation of solar panels, the implementation of energy recovery systems, and the optimisation of good practices, among others.
- Reducing gas consumption by 5% per tonne produced in 2021 compared to the previous financial year by optimising heat recovery systems.
- Reducing diesel consumption by 5% per tonne produced in 2021 compared to 2020 by optimising heat recovery systems.

### CIRCULAR ECONOMY

- Integration of circular economy criteria in the design of containers and packaging, improving their recyclability, reducing the consumption of materials, and increasing the recycled material to 80% for that 2021–2022 period.

### WASTE MANAGEMENT

- Reduction in the generation of waste and increase in the percentage recovery of non-hazardous waste.

# CLIMATE CHANGE AND CARBON FOOTPRINT

## Emissions

Incarlopsa calculates its carbon footprint to identify the greenhouse gas (GHG) emissions generated by its operations and their impact on climate change following the ISO 14025 standard and using the tools of the Spanish Ministry for Ecological Transition and Demographic Challenge of Spain (MITECO)

Incarlopsa considers the fight against climate change

a priority, one of the greatest global challenges facing humanity in order to combat global warming and its effects, and is working to reduce its GHG emissions. To this end, through the procedure for the identification and evaluation of environmental aspects, it carries out an inventory of emission sources and/or emissions from each plant, their typology and the need to carry out measurements or not. Incarlopsa has also had an Environmental Management System in place since 2006 (ISO 14001). Existing information management procedures ensure consistency with future GHG use. Routine and consistent reviews of the information are now performed, errors detected are documented and addressed, and procedures for the management of GHG reporting are in place.

The Group is aware that the continuous increase in its activity leads to an increase in CO<sub>2</sub> emissions and is working to progressively reduce the volume of CO<sub>2</sub> emissions within the framework of its sustainable development strategy, in which the commitment to innovation plays an important role.

### EMISSIONS ARE CLASSIFIED INTO 3 SCOPES



SCOPE 1  
-  
**DIRECT EMISSIONS**

Associated with the consumption of natural gas and diesel. Emissions derived from the combustion of fossil fuels in boilers and from company cars and own vehicles are contemplated. Emissions associated with possible leaks from refrigeration equipment are considered.



SCOPE 2  
-  
**INDIRECT EMISSIONS**

Those associated with the generation of electricity acquired and consumed by the organisation. Mainly electricity consumption of the installations and heat generation.



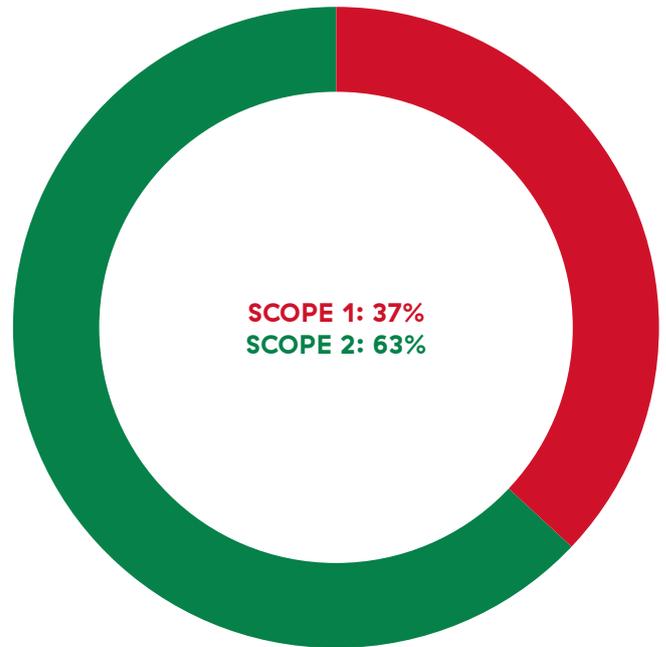
SCOPE 3  
-  
**OTHER INDIRECT EMISSIONS**

Those associated with transport, waste treatment, and recovery.

## THE CARBON FOOTPRINT IN FIGURES

Total emissions in 2020 amounted to 48,160.9 tonnes of CO<sub>2</sub> equivalent, a decrease of 14.6% compared to 2019 and 11.6% over the last two years, taking into account that in 2020 the total volume of reported emissions has been extended to 80% of Incarlopsa's production facilities, compared to the 60% scope in 2018 and 70% in 2019, which highlights the efforts being made by the company to progressively reduce its environmental impact.

## Incarlopsa reduces its GHG emissions by 14.6% in 2020



EMISSIONS IN T CO <sub>2</sub> E)	2020***	2019**	2018*
Scope 1	17,827.41	17,559.94	21,376.91
Scope 2	30,333.52	38,815.12	33,115.56
<b>TOTAL EMISSIONS</b>	<b>48,160.93</b>	<b>56,375.06</b>	<b>54,492.47</b>

\* 2018: pig slaughterhouse, processing plant, cutting and packaging plant (Tarancón); Iberian sausage factory (Gujuelo); ham drying rooms in Corral de Almaguer and Olías del Rey (Toledo). Calculation of emissions from 60% of the Group's production facilities.

\* 2019: the Senda de los Pastores (Tarancón) ham dryer is included in the calculation. Calculation of emissions from 70% of the Group's production facilities.

\*\*\* 2020: emissions associated with the activities of the Tarancón packaging and distribution plant are included. In total, 80% of the Group's production facilities are taken into account for the calculation. Emissions associated with the activities of the Jabugo and El Repilado (Huelva) facilities are excluded from the calculation, which will be incorporated into the calculation in 2021.

It should be borne in mind that the emissions that contribute the greatest amount to the value of Incarlopsa's carbon footprint are those generated by fuel consumption in the boilers and electricity consumption in the facilities, including the dryers.

Scope 1 emissions remain at similar levels to 2019, despite the increase in production and the addition of a new plant to the emissions calculation. For their part, Scope 2 emissions decrease by almost 22% compared to 2019 due to the reduction of the CO<sub>2</sub>e emission factor of the electricity supply company.

With regard to emissions of NO<sub>x</sub>, SO<sub>2</sub> or other similar emissions produced by Incarlopsa's plants that affect atmospheric pollution, strict control is carried out in terms of emissions, based on what is established by the regulation itself and on the limits set by the integrated environmental authorisation.

In 2020, emissions of these compounds in all production plants were below the limits set by the relevant environmental authorities.

## KEY INITIATIVES TO REDUCE CARBON FOOTPRINT

- Incarlopsa has launched a project with which it aims to reduce its carbon footprint by some 3,500 tonnes of Co<sub>2</sub>e per year by incorporating one of the most innovative technologies in this type of energy: adhesive solar panels that are attached directly to the roofs of buildings. The Group has entrusted Endesa with the construction of one of the most important self-consumption projects in its sector and in Spain: 9.6 MWp of power and 14.2 GWh of annual production, which will allow it to cover a very significant part of the energy required in its production processes with clean and renewable energy.
- Practically 100% of the energy generated by the 21,000 photovoltaic modules will be self-consumed by the 3 ham dryers that Incarlopsa has in Castilla la Mancha: Corral de Almaguer, Olías del Rey, and Tarancón.



Incarlopsa is promoting one of the most important solar energy projects for self-consumption in its sector and in Spain to reduce its carbon footprint in the following areas

**3,500**

T/year of Co<sub>2</sub>e once installed

# SUSTAINABLE USE OF RESOURCES

## Water cycle



### Water consumption

Incarlopsa has several production centres, which makes it essential to control water consumption. Water is a transversal resource integrated in a large part of the production processes carried out in all the Group's facilities. For this reason, Incarlopsa's plants have reuse and recirculation systems that make it possible to extend the options for using water as much as possible, in addition to applying various measures aimed at reducing water consumption.

100% of Incarlopsa's water consumption comes from the general network. In 2020, the total water consumption used in the Group's production process was 1.3 million m<sup>3</sup>, showing an increase of 9% compared to 2019. This increase is due to the increase in activity and the increase in built-up area.

However, the company is able to rationalise its water consumption in an environment of business growth. In this regard, water consumption associated with production stood at 3.72 m<sup>3</sup>/t produced, with a slight increase compared to the 3.54 m<sup>3</sup>/t produced in 2019.

### MAIN MEASURES TAKEN TO REDUCE WATER CONSUMPTION

- Hourly control of the cleaning water pumping groups.
- Continuous monitoring of areas or sections in certain plants and implementation of corrective actions.
- Unification of water basins of evaporative condensers.
- Sanitation or replacement of hoses in certain plants.
- Reduction of water consumption in intermediate cleaning of tools, washing of aprons and knives with the incorporation of a washing machine designed for cleaning these, to the detriment of the use of pressure equipment in these cases, as well as the use of good practices in cleaning tasks.



Details of consumption can be found in the tables available at the end of the chapter.

## Wastewater / effluents

Incarlopsa complies with the applicable regulations and authorisations for the disposal of wastewater from all its facilities.

In addition, in 2020, the Group carried out a Water Footprint Declaration (WFD) and Assessment in accordance with the requirements of the standard: UNE-EN ISO 14046:2016. The WFD includes in its analysis 80% of the organisation's facilities over the course of a year, as well as the environmental impacts directly and indirectly associated with the manufacture and use of the materials and consumables used by the company to carry out its activity, applying a "control approach" in this study. Indirect water emissions due to natural gas, diesel, and gasoline extraction and production are included in the environmental impacts reported in the WFD.

Specifically, the analysis covers the following facilities: pig slaughterhouse, cutting and packaging plant, processing factory, packaging and distribution plant, and ham dryer at Senda de los Pastores, all in Tarancón; dryer at Corral de Almaguer; dryer at Olías del Rey; and dryer and Iberian sausage factory at Guijuelo. The company is working to incorporate the plants located in Jabugo in future years with the aim of covering 100% of the facilities in the WFD calculations.

Incarlopsa has four industrial wastewater treatment plants (EDARI) that serve five plants (pig slaughterhouse, cutting and packaging plant, processing plant (Tarancón), Iberian ham factory (Guijuelo), and drying plant in Corral del Almaguer). Projects are being carried out to extend this type of purification centre to the rest of the Group's plants, as envisaged in the 2020-2022 Environmental Programme.

The use of our own wastewater treatment plants means a 99% reduction in the emission of toxic substances or substances with environmental impacts on water. In addition, the calculation of the "Water Use" impact carried out by the WFD estimates that 95% of the water consumed directly at the Incarlopsa plants is returned to the water circuit after passing through the corresponding treatment plant. Likewise, the manager of the collection and removal of the sludge generated in the treatment plants uses it 100% for its application on agricultural land, so in the calculation of Incarlopsa's water footprint there are no direct emissions to water from the treatment of sludge.

In 2020, a total of 882,881 m<sup>3</sup> of wastewater was discharged into the public sewer, which represents a decrease of 1.9% compared to 2019, despite the increase experienced in production. In this regard, the discharge in relation to production decreases in 2020 to 2.5 m<sup>3</sup>/t produced compared to 2.7 m<sup>3</sup>/t produced in 2019.

All of the Group's water discharge is discharged into municipal sewage systems, so there is no impact on water bodies or related habitats. In all the Group's plants, periodic analyses of the discharge are carried out to verify compliance with the discharge parameters established in the municipal ordinance, or in the Integrated Environmental Authorisation, as appropriate.



Details of consumption can be found in the tables available at the end of the chapter.

Incarlopsa reduces by

**7.4%**

the discharge of wastewater relative to its production in 2020



# Energy consumption

## Electricity, natural gas, and diesel

The growth and evolution of our productive capacity demands greater intensity in the use of energy resources. However, every year the company makes progress in optimising its processes, which results in greater energy efficiency.

Incarlopsa's energy consumption comes from various conventional energy sources such as electricity, natural gas, and diesel. However, the company is studying the feasibility of various projects that allow the generation of energy from renewable sources.

In 2020, the Group's total electricity consumption amounted to 152.3 million kWh, showing an increase of 3.4% in value relative to production, which stood at 439 kWh/t produced compared to 424 kWh/t produced in 2019.

Natural gas consumption increased in absolute terms to 70 million kWh. However, in relation to production, the higher efficiencies achieved have allowed for a slight decrease of 0.8% to 201.9 kWh/t produced relative to the 203.6 kWh/t produced reported in 2019. Diesel consumption has increased by 33.9%.

## MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY IN 2019 AND 2020

- Installation of flow meters and installation of management systems for monitoring.
- Installation of LED technology in lighting.
- Modification of the check valve system in certain dryers.
- Installation of lithium batteries in certain forklifts.
- Air renewal of the premises taking into account humidity-enthalpy values.
- Agreement with Endesa for the installation of photovoltaic self-consumption in certain plants, promoting the use of clean energy.
- Replacement of old air compressors.
- Implementation of systems that allow for the optimisation of chamber operating schedules.
- Replacement of static starters by inverters, in dryers and warehouses.
- Installation of pipes that allow the supply of hot water for recovery or the supply of steam in certain installations.
- Installation of compressed air piping in one of the installations.
- Renewal of copper batteries for stainless steel batteries.
- Energy audits in steam and compressed air installations, with the aim of identifying and correcting leaks in the installation.
- Periodic checks and maintenance.

# Raw material consumption

The Group's main raw material is pork for industrial processing and subsequent sale in fresh, frozen, or cured form.

This activity generates by-products that Incarlopsa treats and manages as such, taking into account that many by-products generated in primary activity (agriculture and livestock) and in the associated transformation industries (such as the meat industry) are no longer considered to be worthless waste, but rather a source of high added-value products.

Plastics and paper/cardboard are used in the packaging and wrapping of the products manufactured in the plants.

The cardboard used is recycled, as is 50% of the composition of the rigid plastics, with the exception of some of the packaging used.

## MAIN CONSUMPTION AT INCARLOPSA:

### CONSUMPTION OF RAW MATERIALS PRODUCTION

	2020	2019
Pigs (in millions of euros)	452.37	423.20

### CONSUMPTION OF RAW MATERIALS PACKAGING\*

	2020	2019
Plastic	4,520 t.	4,109 t.
Paper and cardboard	2,013 t.	2,493 t.

\*Includes product destined for consumption in Spain, which represents 89.6% of the total volume of production marketed by Incarlopsa.

# ANIMAL BY-PRODUCTS NOT INTENDED FOR HUMAN CONSUMPTION (SANDACH)



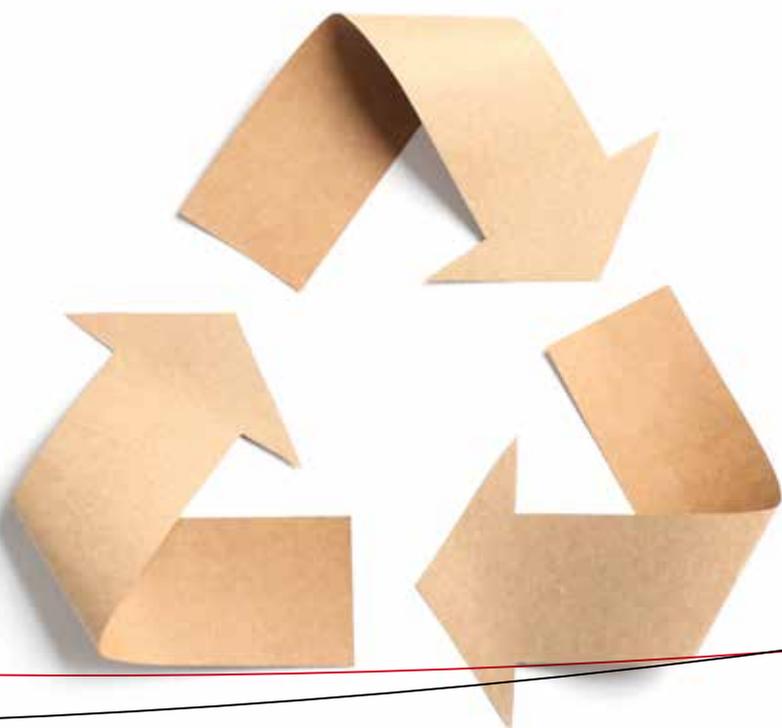
**SANDACH, the main by-product produced by Incarlopsa, is valorised or composted.**

To this end, throughout the production process, the personnel in each of the sections segregate each by-product according to the type of waste and its category for its subsequent transformation, composting, or disposal.

The management of animal by-products (SANDACH) from the moment they are generated until their final use, recovery, or destruction is regulated to ensure that no risks to human health, animal health, or the environment are generated, and especially to ensure the safety of the food and feed chain.

Regulation (EC) No. 1069/2009 of the European Parliament and of the Council dated 21 October 2009 lays down health rules for animal by-products and derived products not intended for human consumption by establishing, among other things, controls for the collection, transport, processing, use, and disposal of animal by-products, including animal waste. In Spain, Royal Decree 1528/2012 established the conditions for the application of EU regulations on SANDACH. For its part, the National Integral Plan for SANDACH is the management tool that defines the strategic lines of action to achieve an effective application of the regulations on by-products.

The disposal and collection of all by-products generated is carried out by authorised waste managers. Regarding the documentary management of SANDACH transport, Incarlopsa complies with current legislation and has a computer platform through which it centralises the list of data and all the necessary documentation for greater control and registration.



For more information on all applicable legislation see <https://www.miteco.gob.es/es/calidad-y-evaluacion-ambiental/temas/prevencion-y-gestion-residuos/flujos/sandach/>

# WASTE MANAGEMENT

Incarlopsa's Scraps and Waste Plan establishes a flow and control diagram by sections that delimits and specifies the different types of scraps that are generated in each phase of the productive process for their proper management in order to eliminate and/or minimise their polluting potential.

The company promotes the 4 "R" Rule with the aim of minimising waste generation:

- REDUCE
- REUSE
- RECOVER
- RECYCLE

In 2020, a total of 12,340 tonnes of waste was generated, 1.1% less than in 2019. 99.8% of the waste generated by Incarlopsa is non-hazardous and 68.3% of this waste is recovered, i.e. destined for recycling, reuse, composting, etc.

Incarlopsa has avoided the emission of 3,909 t of CO<sub>2</sub>e thanks to the recycling of its packaging.

The main waste generated and managed by the Group includes:

- **Animal health products**
- **Manure:** produced when the animals are in the stables and their subsequent cleaning, and during the washing of the vehicles used to transport them.
- **Municipal solid waste (MSW):** including all waste generated in the different sections of a non-organic nature, such as paper, plastics, or cardboard.
- **Hazardous waste (HWW):** waste having one or more of the following hazardous characteristics: explosive, oxidizing, highly flammable, flammable, irritant, harmful, toxic, carcinogenic, corrosive, infectious, toxic for reproduction, mutagenic, sensitising, and ecotoxic. They represent 0.2% of total waste.



99.8% of the waste generated by Incarlopsa is non-hazardous and more than 68% was recovered in 2020.

All waste generated in the Group's plants is managed by authorised waste managers, with appropriate containers for the segregation of each type of waste. For hazardous waste (RTPs), there is a specific warehouse in each of the plants.

The manure from the excrement or urine of the animals generated both in the stables and in the trucks in which they are transported from the farm to the slaughterhouse, are conducted through pipes to "desander" equipment that dehydrates it as much as possible to reduce its volume. It is then stored until it is removed by a management company.

In relation to urban solid waste (USW), the Group is adhered to the Business Plan for the prevention of packaging waste 2018-2020. Annually, measures are taken to reduce packaging waste. In this regard, in 2020 Ecoembes certified that Incarlopsa has contributed to the protection of the environment by avoiding the emission of 3,909 t of CO<sub>2</sub>e thanks to the recycling of its packaging.

GENERATED WASTE	TYPE OF WASTE	2020 (tonnes)	2019 (tonnes)	2018 (tonnes)
Non-hazardous waste	Paper, cardboard, plastic, sludge, metal waste, wood, glass, etc.	12,320	12,460	10,930
Hazardous Waste	Used oils, aerosols, contaminated absorbents, obsolete batteries, cartridges and toners, solvents, etc	19.7	16.6	21.7
<b>Total</b>		<b>12,339.7</b>	<b>12,476.6</b>	<b>10,951.7</b>



# TABLES

## RESOURCES FOR ENVIRONMENTAL ACTIVITIES

In €M	2020	2019
Investments*	5.2	5.2
Expenses	0.4	0.3

\* Total accumulated value of investments at year-end.

## TOTAL EMISSIONS

T CO <sub>2</sub> e (equivalent)	2020	2019	2018
Scope 1	17,827.4	17,559.9	21,376.9
Scope 2	30,333.5	38,815.1	33,115.5
<b>Total scope 1+2</b>	<b>48,160.9</b>	<b>56,375.0</b>	<b>54,492.4</b>

## TOTAL WATER CONSUMPTION

m <sup>3</sup>	2020	2019	2018
<b>TOTAL</b>	<b>1,293,157.0</b>	<b>1,173,541.0</b>	<b>1,163,321.0</b>

\*100% of consumption coming from the general network.

## WATER CONSUMPTION RELATIVE TO PRODUCTION

m <sup>3</sup> /t produced	2020	2019
<b>TOTAL</b>	<b>3.7</b>	<b>3.5</b>

## TOTAL VOLUME OF WATER DISCHARGE

m <sup>3</sup>	2020	2019	2018
<b>TOTAL</b>	<b>882,881.0</b>	<b>899,966.1</b>	<b>638,903.8</b>

\*100% discharge to public sewer

\*100% of discharged water treated internally (WWTP) and/or with subsequent treatment by municipal services.

## DISCHARGE VOLUME RELATIVE TO PRODUCTION

m <sup>3</sup> /t produced	2020	2019
<b>TOTAL</b>	<b>2.5</b>	<b>2.7</b>

## TOTAL ELECTRICITY CONSUMPTION

kWh	2020	2019	2018
<b>TOTAL</b>	<b>152,269,993</b>	<b>140,590,180</b>	<b>129,245,209</b>

\*100% from conventional sources

## VALUE RELATIVE TO PRODUCTION

kWh/t produced	2020	2019
<b>TOTAL</b>	<b>439.6</b>	<b>424.1</b>

## NATURAL GAS CONSUMPTION

kWh	2020	2019	2018
<b>TOTAL</b>	<b>70,096,208</b>	<b>67,485,982</b>	<b>63,197,368</b>

## VALUE RELATIVE TO PRODUCTION

kWh/ t produced	2020	2019
<b>TOTAL</b>	<b>201.9</b>	<b>203.6</b>

## WASTE GENERATED BY CATEGORY AND TREA<sup>TM</sup>MENT IN RELATIVE VALUE

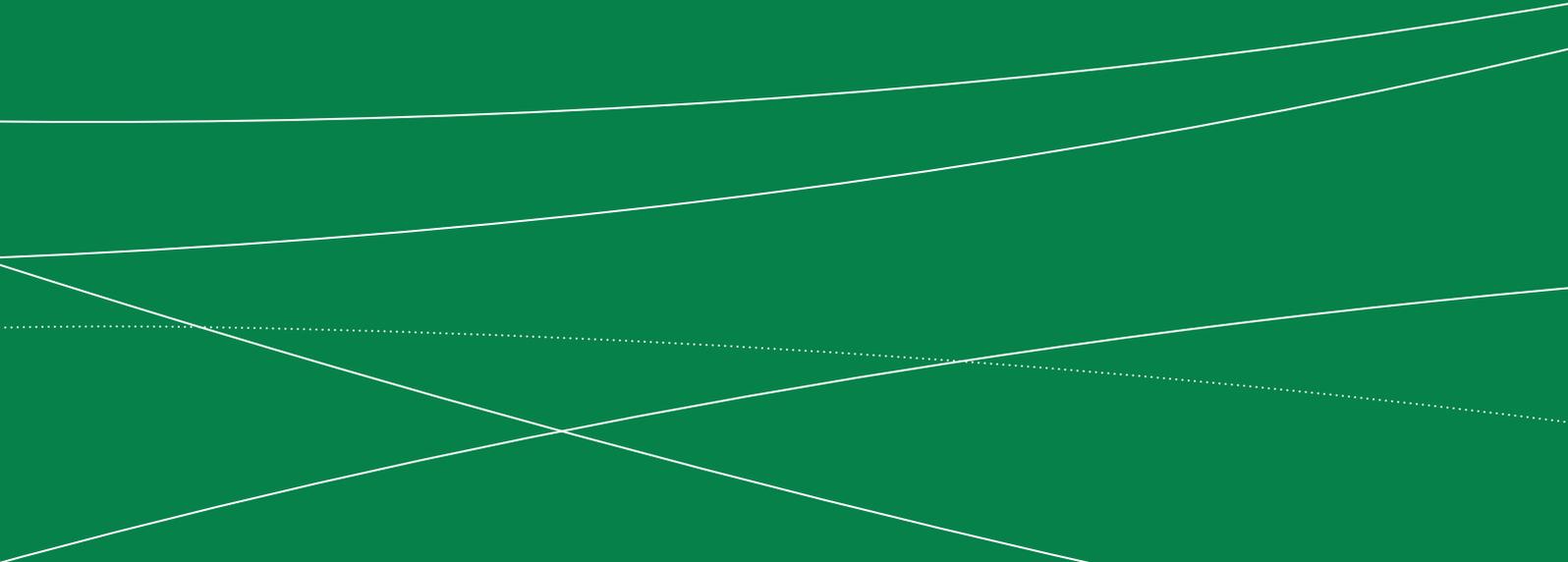
%	2020	2019
<b>Non-hazardous waste</b>		
NOT destined for disposal – recovered	68.3%	86%
Destined for disposal – incineration/landfill	31.7%	14%



# OUR TEAM



Incarlopsa's main asset is its 2,440 professionals who, with their dedication and commitment, contribute every day to providing thousands of families with top quality meat products, promoting a healthy and balanced diet. The effort made by all of them during the COVID-19 pandemic has made it possible to guarantee supply at all points of sale. Furthermore, in such an exceptional year, the company has continued to make progress in its commitments to diversity, training and promotion of talent, equal opportunities and parity, while promoting safe and healthy environments.



# PEOPLE MANAGEMENT

Incarlopsa's human team is key to its growth as a responsible, sustainable company committed to society. In a particularly difficult year due to the COVID-19 pandemic, they have once again demonstrated their solid commitment by ensuring the supply of meat products to thousands of families and points of sale throughout Spain in a particularly complex situation in terms of production and logistics.

The company fosters equality, values diversity, and promotes the talent and professional development of its human team, ensuring prevention, safety, and health of its people. Incarlopsa's commitments to its workforce apply to the entire organisation and are shared through policies, guidelines and other management tools.

The management of people at Incarlopsa is led by the Human Resources Area, whose director is part of the Management Committee and reports to the General Director of Administration and Finance. With a horizontal structure, it is distributed in the following sub-areas: Management, Selection, Development, Prevention, and Internal Communication.

## Policies, guidelines, and management tools

People management at Incarlopsa goes beyond the application of current regulations. In recent years, the company has worked hard to standardise its corporate human resources policies in order to align them with the Group's strategic plan. In 2020, it continued to drive the

adoption and implementation of measures, as well as the extension of its scope to 100% of the organisation.

Key policies include:

### Remuneration policy

- In accordance with market wage levels, it seeks the principles of external and internal equity and gender equality.
- According to the principle of equal opportunity, the salaries offered to new recruits are equal, regardless of gender, race, religion, age, sexual identity, or sexual orientation.
- Job evaluation, linked to remuneration.

### Recruitment Policy

- Adaptation to current legislation and to the new needs of the organisation to respond to the expansion and growth of Incarlopsa.

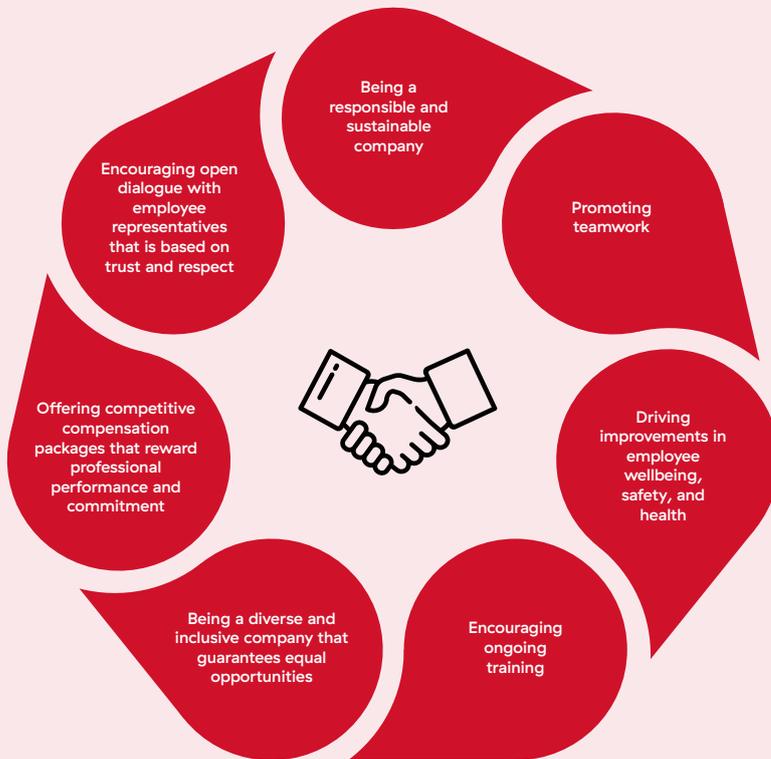
### Equal Opportunity Policy and Plan

- This includes and specifically establishes the necessary mechanisms to prevent any situation of sexual harassment and harassment based on sex.

### Workplace Risk Prevention Policy

- Established for the Group and based on a firm commitment to Health and Safety in the workplace.
- It guarantees the provision of human resources, material and technical means, and the organisation of the work required in accordance with the Prevention Plan, which is updated annually.

## Commitments to our human team



## COVID 19: our people as a priority

The human team has always been a priority for Incarlopsa which, as a family company, has maintained and continues to maintain its full commitment to employment. The pandemic has changed the way we work and is accelerating changes in the way we manage teams and talent. At Incarlopsa, with the encouragement of the highest management bodies, the support of the workers' legal representatives (RLT) and through the COVID-19 Management Committee, priority has been given to the safety, physical and emotional well-being of the teams and, since the beginning of the pandemic, the priorities have been: the health and safety of the workforce, ensuring the continuity of the business and maintaining the supply of meat products, guaranteeing supply to thousands of Spanish families. From the Human Resources Area, all decisions taken have prioritised the welfare of our employees, ensuring their jobs and giving them support at all levels.

## Incarlopsa priorities during the pandemic

### ENSURING THE HEALTH AND SAFETY OF THE WORKFORCE

- Social distance, hygiene measures, canteen shifts, disinfectant gel, special protective equipment.
- Temperature control in accesses to the production plants.
- Installation of protective screens to comply with safety measures if necessary.
- Assessment of specific risks related to COVID-19 on an ongoing basis.
- Limitation of external visits.
- Reinforcing cleaning in common areas.

### COMMITMENT TO EMPLOYMENT

- Flexibility of schedules, shifts, and mobility to adjust to production.
- Agreements with the organisations legally representing workers in Spain to facilitate the continuity of production.
- Encouraging remote working whenever possible.

### SUPPORT AND CARE OF THE STAFF

- Emotional support service.
- Virtual training sessions.

# EVOLUTION OF THE WORKFORCE

On 31 December 2020, Incarlopsa's workforce was comprised of 2,440 people, which, compared to 2,404 in 2019, represents an increase of 1.5% and demonstrates the company's full commitment to employment even during the COVID-19 pandemic. In this sense, the human team remains a priority for Incarlopsa and no temporary lay-off plans (ERTEs) have been presented.

In 2020, 66.8% of the workforce was made up of men and 33.2% were women, which represents an increase in percentage terms in relation to the 26% they represented

in 2019, and shows the company's commitment to progressively advance towards parity, while reflecting the results of positive action with regard to selection, recruitment, and promotion processes so that, with equal skills, abilities, and suitability of candidates, the incorporation of people of the under-represented sex is favoured in the corresponding areas and professional groups.

Taking into account direct and indirect employment, Incarlopsa generated 4,181 jobs in 2020.

## TOTAL STAFF 2020



## WE ARE WORKING TO ADVANCE EQUALITY BETWEEN MEN AND WOMEN



## BOOSTING INTERNAL TALENT



# COMMITMENT TO EQUALITY AND INCLUSION

## Equal opportunities

As part of its commitment to equal opportunities between men and women, Incarlopsa launched its Equal Opportunities Plan for Women and Men in 2009, which applies to all people who are part of the Group's workforce, which is in line with article 5 of Organic Law 3/2007 dated 22 March. The plan was developed with the collaboration and negotiation of the Company Committee and approved by the company's Board of Directors.

The Incarlopsa Equality Plan is periodically reviewed and updated to adapt to the reality and growth of the company.

The Equal Opportunities Commission, also known as the Monitoring Commission, is the permanent monitoring body that ensures compliance with the plan. Composed of 6 members (3 members of the company, 3 members of the works council), it meets at least quarterly and as often as necessary when expressly required for reasons of urgency.

In 2020, the company provided 100% of its employees with specific training on equality through capsule training.

## Maternity protection and work-life balance

The Equality Plan has undergone several updates and adaptations aimed at protecting and promoting, specifically, maternity and the reconciliation of work and family life of its staff. In addition, specific measures have been taken to protect workers, both men and women, who have been considered victims of gender-based violence.

In relation to maternity, the company has specific measures in place to avoid risks during pregnancies, facilitate breastfeeding periods and favour the care of each child with periods of leave for both maternity and paternity.

The measures for maternity protection and reconciliation of work, family, and personal life include important reconciliation mechanisms depending on the different areas of Administration or Production, depending on the industrial casuistry of the company.

In 2020, Incarlopsa has also implemented various reconciliation measures in addition to those already in place. Measures to protect the workforce from COVID-19, mobility restrictions, and lockdowns have helped to accelerate the implementation and development of many. Among the measures, we can highlight flexible start and finish times, shift flexibility, and the promotion of remote working.



Details on employment indicators are given in the tables at the end of this chapter.

## Principles and actions against discrimination and harassment

Incarlopsa subscribes to the principles of the International Labour Organisation (ILO) aimed at promoting social justice, human rights, and the recognition of core labour standards. In this context, the principles of equal opportunities and non-discrimination recognised by the Spanish Constitution inspire the Equal Opportunities Plan for Women and Men, with which all the Group's professionals must comply; they prevail in the selection and hiring of new people joining the company; and they underpin the Group's Remuneration Policy.

Likewise, the Incarlopsa Code of Conduct promotes and ensures the equality of all people in the organisation. It expressly prohibits and prosecutes any action that involves sexual or moral harassment or harassment based on sex, religion, ethnicity, race, nation, illness, disability, or any other personal, family, or social circumstance. Any of these behaviours would constitute a labour infraction, with the imposition of the corresponding disciplinary sanction.

The company has a specific Harassment Prevention Protocol, and through the Whistleblower Channel, any member of staff can report any behaviour or conduct to this regard.

Incarlopsa is committed to a zero tolerance level regarding any type of discrimination and harassment. To this regard, the company's efforts to maintain a work environment free from discrimination with the aim of achieving zero discrimination have continued to be noted. In 2020, there were no complaints or incidents of discrimination out of a base of 2,440 employees.

## Integration for disabled people

The company prioritises the direct hiring of people with disabilities and, only in cases where this is technically or organisationally not possible, adopts alternative measures, as established in the General Disability Act applicable to Spanish public and private companies.

In 2020, 23 people with disabilities were part of the Incarlopsa workforce, although the company works to integrate people with disabilities into the workplace by collaborating with special employment centres (CEE).

The company is committed to the progressive increase, whenever possible, of the quota of people with disabilities in its workforce with the aim of expanding the group with these characteristics.

In 2020, no discrimination complaints were recorded out of a base of 2,440 employed persons



# TALENT MANAGEMENT

Attracting, incorporating, and retaining talent is key to continuing to drive Incarlopsa's long-term growth, leading the standards in its sector. Therefore, the company gives priority to the qualification and training of its human team; to the management, professional development planning, and motivation of its staff; and to the identification and management of new talent, including new approaches both in the selection processes and in the implementation of procedures for joining the Group.

## Training as the key to sustainable company growth

Training provides the staff with key knowledge for the development of their skills, regardless of the area in which they work.

The Group's training policies are based on a prior needs analysis according to 4 key groups in the organisation: executives; middle management; technical and administrative staff; and operators. On an annual basis, Incarlopsa develops a specific training plan for each year in which the specific training actions are specified and specified according to the position, taking into account the map of critical positions and the succession plan. Its implementation is developed in two periods per year in an evolutionary way, and quantitative studies of the pedagogical efficiency index are carried out to contrast the efficiency of the plan.

In general, the company develops its training activities around 4 main axes:

1. **Operational training and skill acquisition** to maintain the highest standards of quality, safety, and excellence.
2. **Training in transversal competences:** development of leadership skills, stress management, etc.
3. **Sustainability training:** improving staff training in aspects related to sustainability, providing specific training in environmental, social, and equality issues, among others.
4. **Training in occupational health and safety compliance and prevention:** first aid, training to avoid and mitigate specific risks, etc.



## 2020 training plan

In 2020, the company implemented a training plan that will run until the first quarter of 2021. Its main objectives are focused on:

- **Establishing and reinforcing the culture of leadership.**
- **Driving the company's digital transformation project.**
- **Developing specific skills.**
- **Establishing a culture of prevention, quality, and continuous improvement.**
- **Eliminating risks due to lack of training or legal accreditation.**
- **Focusing on specific training for the development of the job.**
- **Promoting sustainability and equal opportunities.**

Furthermore, in line with the advance of online training, in 2020 we were committed to e-learning and new technologies, gamification, the implementation of tools for automating specific training request processes, as well as recovering and strengthening the figure of the internal trainer at the plant.

→

The plan also includes the adoption of specific indicators to evaluate the quality of the training, including the participants' degree of satisfaction, the degree of knowledge assimilated, and the degree of transfer to the performance of their functions and competencies.

Incarlopsa already has a new Training Plan for financial year 2021, with a continuity and expansion of the objectives set for 2020.

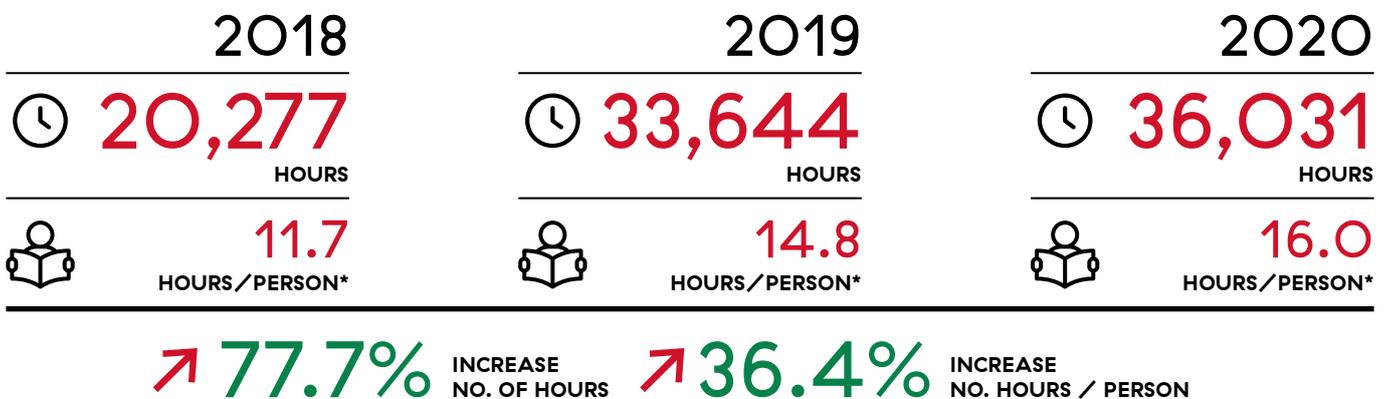
## Fulfilling our training commitments

In 2018, the Group undertook to increase the number of training actions to be carried out in 2019 and 2020 by 65% based on the training hours for the 2018 financial year. From 2018 to 2020, the number of Incarlopsa training hours increased by 77.7%.

The company offers face-to-face and online courses that empower its staff both in the performance of their duties and in the development of their professional careers. In 2020, due to the pandemic, online training became more important and was adapted to the needs of workers through training portals such as Moodle, through which a significant number of courses were developed to facilitate learning and complement face-to-face solutions.

In 2020, 82% of the training actions were carried out remotely.

### TRAINING IN FIGURES:



\*CALCULATED ON AVERAGE HEADCOUNT.

## Professional development plan

Talent promotion is one of the keys to Incarlopsa's commitment to its human team at all levels. In 2020, the company promoted 2 initiatives: a project for the development of career and succession plans for all the company's professionals; and a MOD (direct labour) Promotion Plan, especially aimed at operators: assistants, 1st and 2nd category officers.

The career and succession plan development project allows the company to evaluate all human potential thanks to a process structured in 3 phases which, upon completion, will facilitate the establishment of personalised career plans, once the stages of evaluation of potential and elaboration of a talent matrix have been developed.

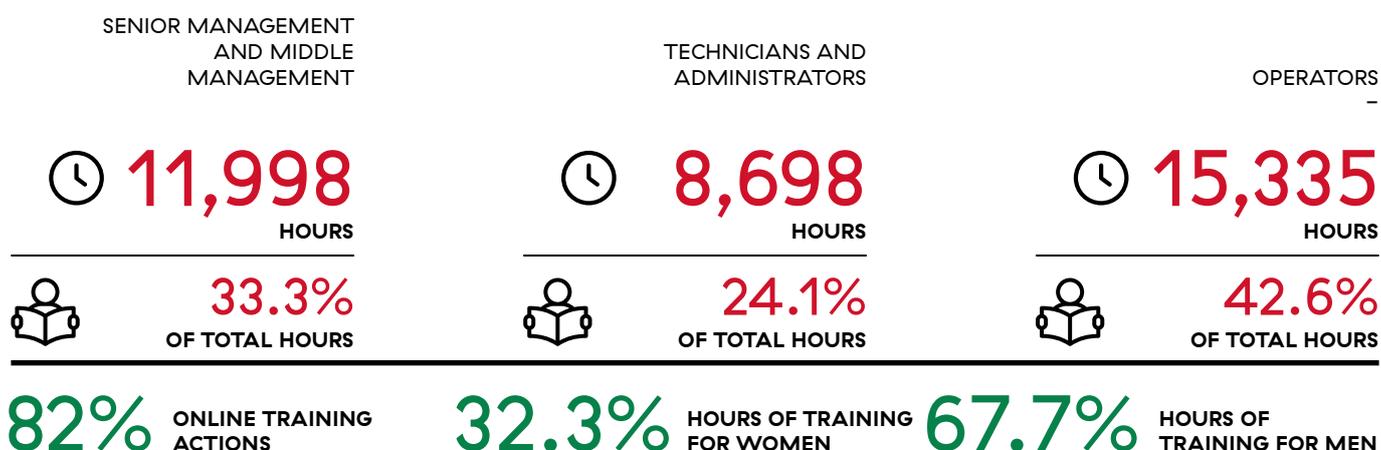
On the other hand, one of the objectives of the MOD Plan is to enable a career plan for this category of professionals. This plan establishes 2 calls per year that allow the candidate to change category, knowing in advance the criteria required for promotion.

## Strengthening the Incarlopsa culture and team building

Incarlopsa promotes the development of actions aimed at reinforcing its corporate culture, building community, and strengthening relationships among the staff. These initiatives contribute to generating a positive working environment. As an example of this commitment to its team, especially during the pandemic, the company held a contest involving employees' children: "Incarlopsa Superheroes", as well as a video to recognise the work of the human team of all the production plants.

In 2020, due to the pandemic, it was not possible to carry out most of the face-to-face actions, although some have been maintained, such as the Christmas greetings competition, which in 2020 celebrated its 4th edition. We have also participated in Forética's Give & Gain initiative by collecting food. In total, Incarlopsa employees collected and donated 1,820 kilos of food.

### TRAINING ACTIONS CARRIED OUT IN 2020:



# EMPLOYMENT QUALITY

Incarlopsa is committed to the generation of quality employment in the communities where it is present. To this end, its labour relations framework is based on its Corporate Social Responsibility (CSR) Policy, which favours and promotes its model of a sustainable and responsible company.

## Wage gap



Incarlopsa reaffirms its commitment to effective equality, providing equal opportunities and equal pay, without distinction of gender, for jobs of equal value as contemplated in the Equality Plan and in the Group's Remuneration Policy, which establishes salary levels linked to the position occupied in the organisation, regardless of sex, race, religion, or other factors.

From a salary point of view, gender has not had an impact in 2020 when it comes to making decisions on the salary to be determined. The salary is established on the basis of the State Collective Agreement of Meat Industries, not considering gender for such salary determination, but instead the market bands depending on the position in question.

The gross or unadjusted pay gap is calculated as the percentage difference between men's and women's gross pay per hour worked.

According to the World Economic Forum's (WEF) Global Gender Gap Report 2020, gender parity worldwide stands at 68.6%, so although it is progressively improving, it is still estimated that on average (weighted by population) there is still a 31.4% gap to close.

Incarlopsa's unadjusted pay gap in 2020 was 6.2%, placing it at similar levels to 2019 (6.0%) and 2018 (6.3%).

Compared to the pay gap in Spain, which stands at 44.2% unadjusted, the gap reported by Incarlopsa in 2020 is below the average pay gap to close in Spain according to the World Economic Forum's Global Gender Gap Report 2020, and highlights the work the company is doing to ensure that pay policies ensure that men and women have the same conditions when performing the same role.

The 2020 analysis shows that the pay gap has stabilised in recent years, although the differences observed highlight the need to continue working on this aspect. Aware that historically the nature of the production process has led to a lower attraction of women, the company is developing actions to improve the integration of women in the organisation in order to continue advancing towards parity.

### WAGE GAP 2020:

#### EQUAL PAY FOR SIMILAR JOBS / % OF GAP TO BE CLOSED

SPAIN*	INCARLOPSA 2020
42.2%	6.2%

\*SOURCE: WEF\_GGGR\_2020.PDF (WEFORUM.ORG)

## Compensation

A fair and equitable remuneration policy, adjusted to market salary levels regardless of sex, race, or religion, is part of Incarlopsa's commitment to its human team. To this end, the company's Equality Plan expressly includes this commitment, acting as an additional effective tool that promotes a remuneration philosophy based on offering competitive remuneration packages and compensating employees who contribute to the sustainable development of the company and demonstrate significant individual and professional performance.

Staff compensation is in accordance with the State Collective Agreement for Meat Industries and is established on the basis of the different areas of work. It is made up of an appropriate combination of fixed compensation, variable compensation where applicable, and social benefits paid over time. In 2020, the company made private medical insurance available to its entire workforce free of charge for Incarlopsa employees.

## Social dialogue and collective bargaining

Incarlopsa subscribes to the Declaration of the International Labour Organisation (ILO), concerning the fundamental principles and rights at work and its framework of action around eight fundamental conventions that develop them. Among them, the company respects the right of employees and employers to form and join their own organisations as an integral part of a free and open society as reflected in the "Freedom of Association and Protection of the Right to Organise Convention" 1948 (No. 87) and the "Right to Organise and Collective Bargaining Convention, 1949 (No. 98).

For Incarlopsa, social dialogue with workers' representatives is essential to address cross-cutting issues that require collective bargaining in a unique way in the different workplaces. In addition, the company is committed to fluid and transparent communication with those who represent the people who work in the company. For this purpose, monthly meetings are held with the Company Committees, in which 3 trade union sections participate.

Significant operational changes in the organisation that may substantially affect the workforce are notified sufficiently in advance in compliance with applicable legislation and collective bargaining agreements.

100% of the workforce is covered by the National Meat Industry Agreement, guaranteeing working conditions, freedom of association, and collective bargaining, among other aspects.

**In 2020, Incarlopsa made private medical insurance available to its entire workforce at no cost to employees.**



## Representation on committees

In Spain, the representative bodies in the company are established by law. Incarlopsa has the corresponding representatives in the committees, including people in charge of the prevention of health and safety risks represented therein. In 2020, 100% of the workforce was represented by a joint committee of employees and managers and occupational health and safety officers.

Furthermore, in the context of the current pandemic and as a result of the sum of efforts, Incarlopsa and its union representatives in Spain have reached and extended

various agreements since March to address the state of alarm decreed by the Spanish government due to the coronavirus, and to respond to health needs.

The agreements include various measures that have contributed to ensuring the continuity of the company's activity and the supply of its essential products to points of sale and, by extension, to families, while also guaranteeing the safety and health of the human team.

In general, and with the aim of promoting health and disease prevention, Incarlopsa works in the Meat Industry Prevention Group, which is made up of technicians from public administrations (including INSST technicians) and ANICE (technicians from different companies in the meat sector).

# OCCUPATIONAL HEALTH AND SAFETY

The prevention of occupational hazards and the establishment of preventive and protective measures guarantee that Incarlopsa's professionals carry out their work in a healthy, motivating, and safe way.

The company develops preventive plans that cover both continuous training and awareness-raising. The internal body in charge of developing these plans is the Joint Prevention Service. Its management allows the development of procedures and preventive work instructions, risk assessments, health surveillance, management of PPE, review of work equipment in accordance with current applicable legislation, provides training and transfers information, carries out the coordination of business activities, and attends consultation and participation committees. They are playing a key role in managing the pandemic.



# Comprehensive management

---

## Workplace Risk Prevention Policy



- Applicable to 100% of the Group
- Follows the guidelines set out in the INSST Technical Guide "For the integration of occupational risk prevention"
- It is backed by the advice of the Joint Prevention Service
- Approved by the Chief Executive Officer in 2019
- It establishes and guarantees the human resources, material and technical means, and the organisation of work for the fulfilment of its objectives:
  - Compliance with regulations
  - Ensuring the physical integrity, safety, and health of the workforce
  - Promoting training and permanent information
  - Having the participation of the prevention delegates in all decisions of a preventive nature
  - Conducting external and internal audits

## Prevention plans



- The company considers a basic pillar the integration of prevention at all hierarchical levels of the company, including risk assessment and planning of preventive action, in order to establish a comprehensive preventive culture within the organisation.
- Annual.
- They establish the specific measures to be addressed, including continuous training and staff awareness through specific programmes.
- They are developed and disseminated among all the agents involved in the organisation, allowing for the trend in occupational safety indicators and the real effectiveness of the control processes implemented to be objectified, showing whether additional corrective measures are necessary.

## Health and wellness programmes



- Aimed at promoting the development of healthy lifestyle habits.
- Various initiatives have been developed in this regard, such as the inclusion of fruit and other healthy foods in vending machines.

## Accident analysis and control system



- By identifying operations and potential risks which, once documented, are transferred to specific training and information plans aimed at reinforcing routines and minimising accident rates.

## Health and safety performance

**Healthy workers is a priority for Incarlopsa and a prerequisite for sustainable development and social well-being.**

A healthy workplace is one in which everyone works together to implement a continuous improvement process to protect and promote the health, safety, and well-being of all, contributing to the sustainability of the workplace. To this end, the company actively addresses: health and safety in the physical work environment; health, safety, and well-being in the psychosocial work environment, including work organisation and work culture; personal health resources in the workplace; and ways to participate in the community to improve the health of workers, their families, and other members.

In order to analyse and control the accident rate, the Group classifies accidents/incidents into 3 types: declared occupational illnesses, accidents with sick leave, and accidents without sick leave.

Incarlopsa investigates all accidents, including accidents with sick leave, without sick leave, incidents and accidents en route and on call. Incarlopsa's centres do not have a high incidence of declared occupational illnesses, as all work processes, including those involving the handling of meat, follow a rigorous protocol and technical, organisational, and personal prevention measures are taken at all times. In 2020, 5 occupational illnesses were recorded.

## Absenteeism

The health, safety, and well-being of the people who work at Incarlopsa has a direct impact on absenteeism rates. The company works with an absenteeism management model that includes defined indicators and allows us to know the derived costs. In order to minimise some of the main causes of absenteeism, the company has implemented various actions aimed at reducing it and is currently evaluating new measures to facilitate the comprehensive management of the health of the people who work at Incarlopsa.



**Incarlopsa has not had to mourn any death due to COVID-19 in 2020**

## Health and COVID-19: main actions taken

### IN HEALTH

- Creation of COVID-19 protocols for positive, probable, and possible cases.
- Follow-up of suspected, probable, and confirmed cases.
- Home follow-up to ensure a safe return.
- Assessment of vulnerable personnel to determine their sensitivity.
- Notification to health authorities.

### IN SECURITY

- Risk assessment.
- Specific COVID-19 information

### CRITERIA FOR ACTION AND PROTOCOLS

- Temperature control in production centres
- Specific action plan in case of infection and/or contact with positive, probable, and possible cases
- Logistics protocol
- Self-cleaning points

### COMMUNICATION AND INFORMATION TO STAFF

- Centralised coordination and communication through the COVID-19 Crisis Committee and the Joint Prevention Service
- Constant communications through internal communications, mailings, emails, SMS, web, and employee portal
- Periodic follow-up meetings on health and safety actions with the prevention delegates of each plant

# TABLES

## AVERAGE ANNUAL WORKFORCE

	2020	2019	2018
Men	1,515	1,566	1,123
Women	733	707	602
<b>Total</b>	<b>2,248</b>	<b>2,273</b>	<b>1,725</b>

## FINANCIAL YEAR CLOSING WORKFORCE

	2020	2019	2018
Men	1,630	1,789	1,244
Women	810	615	624
<b>Total</b>	<b>2,440</b>	<b>2,404</b>	<b>1,868</b>

## DISTRIBUTION OF THE WORKFORCE AT THE END OF THE YEAR BY GENDER AND AGE

	2020			2019			2018		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<30	183	408	591	152	441	593	126	316	442
31-50	538	914	1,452	395	982	1,377	435	688	1,123
>50	89	308	397	68	366	434	63	240	303
<b>Total</b>	<b>810</b>	<b>1,630</b>	<b>2,440</b>	<b>615</b>	<b>1,789</b>	<b>2,404</b>	<b>624</b>	<b>1,244</b>	<b>1,868</b>
%	33.2%	66.8%		25.6%	74.4%		33.4%	66.6%	

## DISTRIBUTION OF THE WORKFORCE AT YEAR-END BY GENDER AND PROFESSIONAL CATEGORY

	2020			2019		
	Women	Men	Total	Women	Men	Total
Managers	2	13	15	2	13	15
Middle management	30	71	101	37	85	122
Technical and administrative	144	148	292	118	361	479
Operators	634	1,398	2,032	458	1,330	1,788
<b>Total</b>	<b>810</b>	<b>1,630</b>	<b>2,440</b>	<b>615</b>	<b>1,789</b>	<b>2,404</b>
	33.2%	66.8%		25.6%	74.4%	

## AVERAGE DISTRIBUTION OF THE WORKFORCE BY GENDER AND TYPE OF CONTRACT\*

	2020			2019		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Women	468	265	733	408	299	707
Men	1,118	397	1,515	1,070	496	1,566
<b>Total</b>	<b>1,586</b>	<b>662</b>	<b>2,248</b>	<b>1,478</b>	<b>795</b>	<b>2,273</b>
%	70.6%	29.4%	100.0%	65.0%	35.0%	100.0%

\*Calculated on average number of contracts

## AVERAGE DISTRIBUTION OF THE WORKFORCE BY GENDER AND TYPE OF WORKING DAY\*

	2020			2019		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Women	520	213	733	617	90	707
Men	1,448	67	1,515	1,491	75	1,566
<b>Total</b>	<b>1,968</b>	<b>280</b>	<b>2,248</b>	<b>2,108</b>	<b>165</b>	<b>2,273</b>
%	87.5%	12.5%	100.0%	92.7%	7.3%	100.0%

\*Calculated on average number of contracts

## AVERAGE DISTRIBUTION OF THE WORKFORCE BY PROFESSIONAL CATEGORY AND TYPE OF CONTRACT\*

	2020			2019		
	Permanent**	Temporary	Total	Permanent	Temporary	Total
Senior Management	15	-	15	15	-	15
Middle management	91	2	93	105	15	120
Technical and administrative	208	74	282	246	173	419
Operators	1,272	586	1,858	1,112	607	1,719
<b>Total</b>	<b>1,586</b>	<b>662</b>	<b>2,248</b>	<b>1,478</b>	<b>795</b>	<b>2,273</b>
%	70.6%	29.4%		65.0%	35.0%	

\* Calculated on average number of contracts

\*\* The percentage of employees with permanent contracts as a percentage of the total workforce at the end of the year was 73.9%

## AVERAGE DISTRIBUTION OF THE WORKFORCE BY PROFESSIONAL CATEGORY AND TYPE OF WORKING DAY\*

	2020			2019		
	Full time	Part-time	Total	Full time	Part-time	Total
Senior Management	15	-	15	15	-	15
Middle management	92	1	93	120	-	120
Technical and administrative	37	245	282	393	26	419
Operators	1,824	34	1,858	1,580	139	1,719
<b>Total</b>	<b>1,968</b>	<b>280</b>	<b>2,248</b>	<b>2,108</b>	<b>165</b>	<b>2,273</b>

\*Calculated on average number of contracts

# TABLES

## TRAINING HOURS BY OCCUPATIONAL CATEGORY AND GENDER

	2020			2019		
	Women	Men	Total	Women	Men	Total
Senior Management and Middle Management	3,853	8,145	11,998	3,242	7,836	11,078
Technical and administrative	4,407	4,291	8,698	3,399	3,205	6,604
Operators	3,377	11,958	15,335	4,141	11,821	15,962
<b>Total</b>	<b>11,637</b>	<b>24,394</b>	<b>36,031</b>	<b>10,782</b>	<b>22,862</b>	<b>33,644</b>
%	32.3%	67.7%	100.0%	32.0%	68.0%	100.0%
Average workforce	733	1,515	2,248	707	1,566	2,273
Ratio	15.88	16.10	16.03	15.25	14.60	14.80

## ACCIDENT AND ABSENTEEISM RATES

	2020	2019	2018
<b>Accident frequency rate*:</b>	<b>70.77</b>	<b>67.33</b>	<b>70.01</b>
<b>Seriousness index**</b>	<b>2.73</b>	<b>2.37</b>	<b>1.48</b>
<b>Occupational illness:</b>	<b>5</b>	<b>10</b>	<b>7</b>
Women	3	3	5
Men	2	7	2
<b>Total number of accidents:</b>	<b>549</b>	<b>450</b>	<b>494</b>
<b>Total number of occupational accidents with sick leave:</b>	<b>315</b>	<b>238</b>	<b>195</b>
Women	100	71	51
Men	215	167	144
<b>Total no. of absence hours***:</b>	<b>288,320</b>	<b>210,680</b>	<b>146,100</b>
No. of absence hours (TI)	228,992	210,680	146,100
No. COVID* hours	59,328	-	-

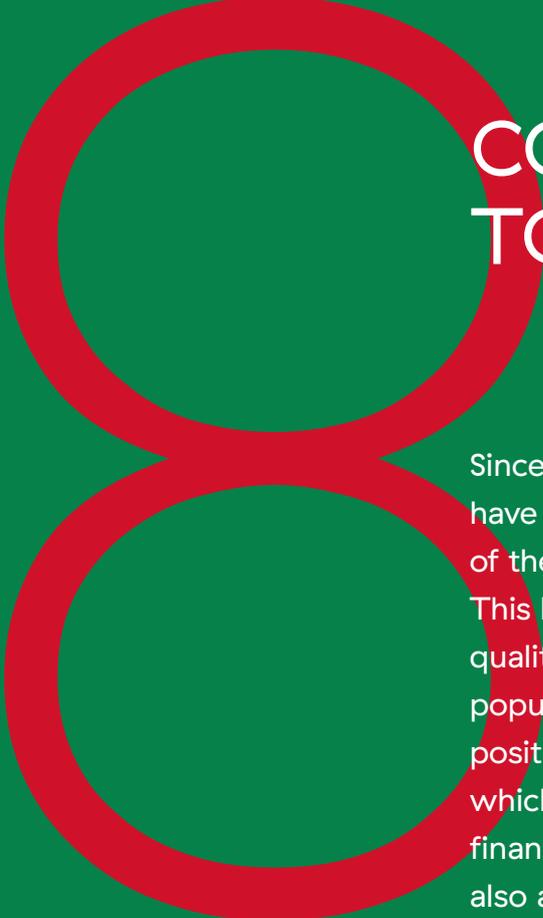
\* No. of accidents at work/total number of actual hours worked \*10<sup>6</sup>

\*\* No. of days not worked due to accidents at work not including covid/ total no. of hours worked \*10<sup>3</sup>. The days lost are counted as the difference between the calendar days (without deducting public holidays and vacations in the calculation) between the entry date and the leaving date.

\*\*\* COVID considered as absence. This includes working days due to infection, contact, or exposure and those relating to particularly sensitive workers.

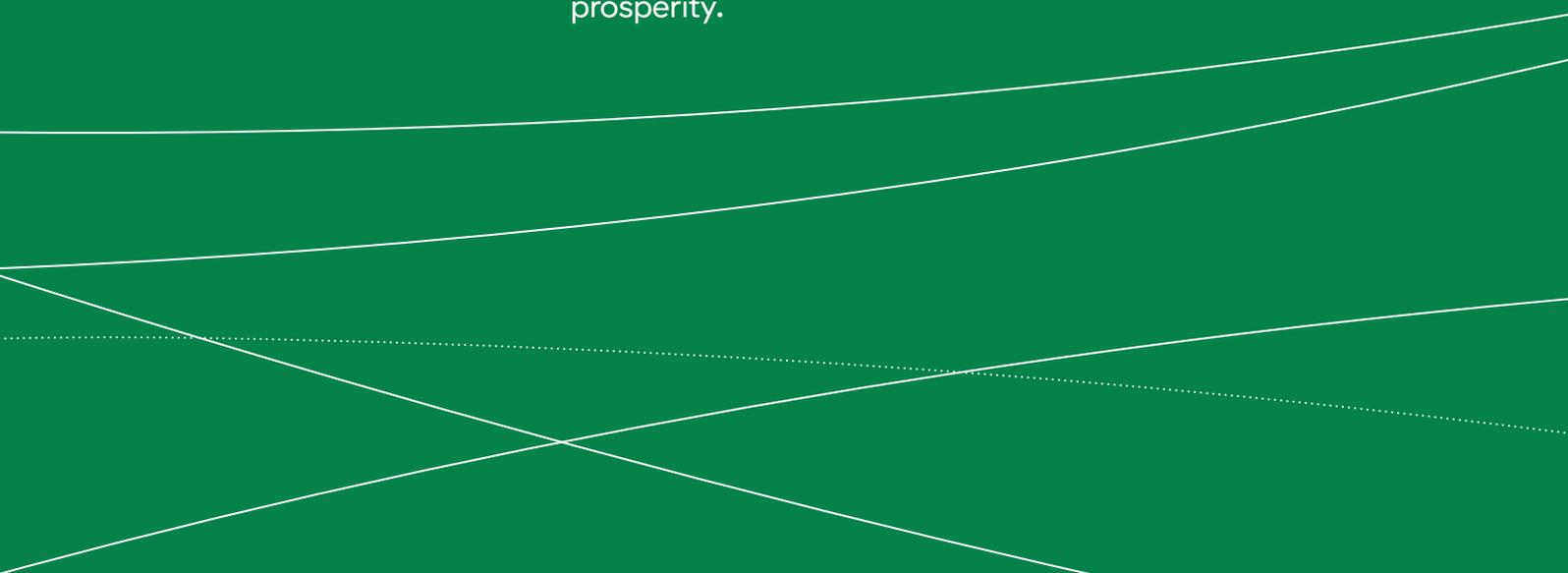






# COMMITMENT TO SOCIETY

Since the creation of Incarlopsa in 1978, we have been committed to the development of the communities in which we operate. This linkage is reflected in the creation of quality employment, which helps to retain populations in rural areas and generate positive social impact. Our social actions, which include collaborations and both financial and product-based donations, are also aimed at promoting social development as a mechanism for cohesion, growth, and prosperity.



# INCARLOPSA'S COMMITMENT TO SOCIETY

As a family company rooted for more than 40 years in Castilla-La Mancha, Incarlopsa's commitment to society is strongly linked to the development of actions and initiatives in the local communities in which it operates, and is articulated around 3 axes: social action, promotion of employment and local development, and strategic alliances.

Incarlopsa's social initiatives are part of its Corporate Responsibility Policy, the purpose of which focuses on bringing together key CSR actions under a single approach, aligning them with the corporate mission and the Group's principles and commitments. This policy sets out the principles that apply to all the company's activities, including those that make up its social commitment.

## → Incarlopsa's commitment to society

### Social action

In a year marked by the pandemic, Incarlopsa has focused a large part of its social action on providing food as well as social and healthcare materials to the groups that needed it most.

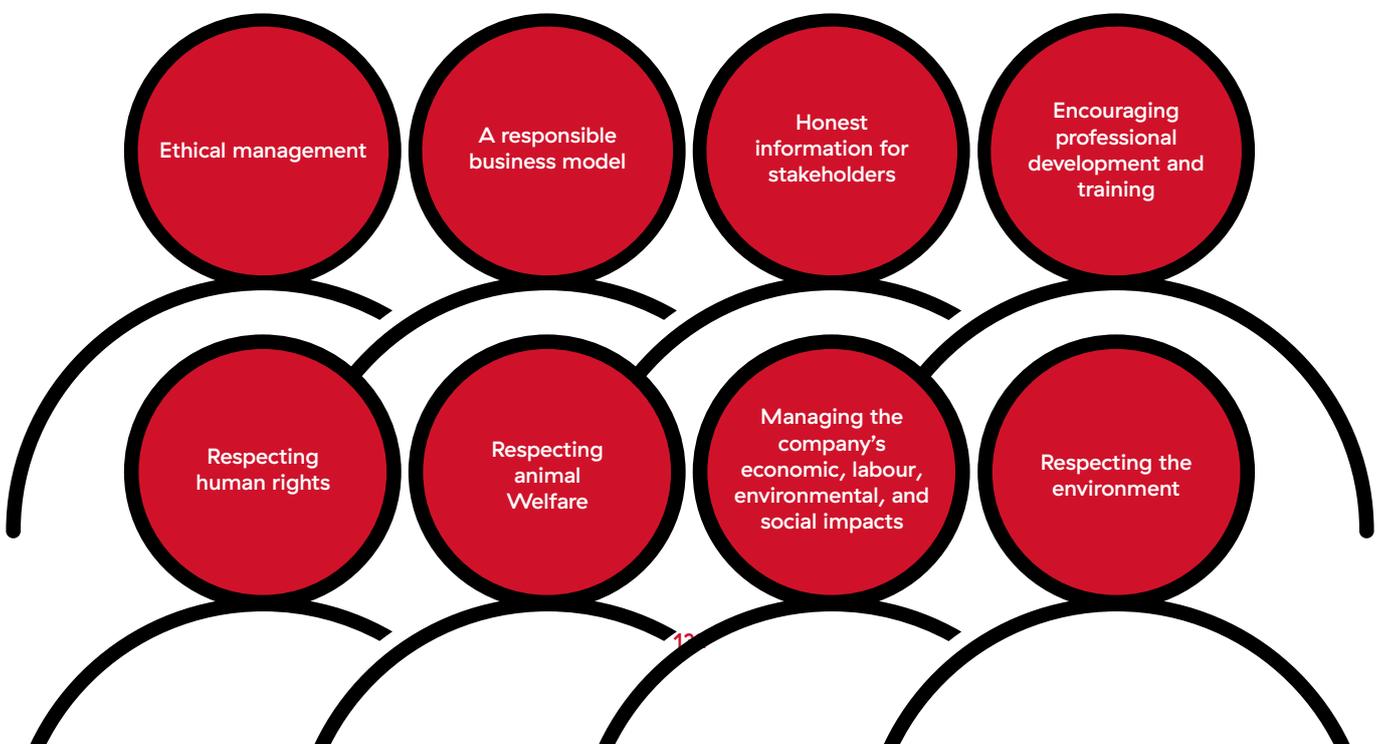
### Promoting employment and local development

Significant efforts aimed at promoting and creating deep-rooted employment in the areas where the company operates, encouraging permanent employment, and contracting with local suppliers.

### Strategic alliances

Support and collaboration with various entities to work together in the development of society, including the promotion and improvement of essential sectors such as the agro-food sector, a fundamental economic driver.

## → Principles governing Incarlopsa's social commitment



# SOCIAL ACTION DURING THE PANDEMIC

Incarlopsa and its entire workforce have made a remarkable effort to respond to the needs of society during the pandemic. The company has launched its own initiatives and has collaborated with other institutions to meet this objective.

---

## Donation of medical supplies



85,000 units of donated sanitary materials including masks, gloves, gowns, and disinfectant gel, among others, which have been distributed among public and private institutions, including city councils, hospitals, retirement homes, etc.

---

## Donation of an ambulance



Donation of 1 ambulance to the Red Cross to serve 700 patients in 80 municipalities in Castilla La Mancha.

---

## Food donations



54,116 kilos of food donated to the most vulnerable groups through institutions and organisations such as the Spanish Federation of Food Banks (FESBAL), the Red Cross, Caritas, Messengers of Peace, and the Food4Heroes initiative, among others. Also through collaborations with entities such as the KPMG Foundation. In addition, food collection has been promoted among workers at all of the Group's plants to support initiatives such as Forética's *Give & Gain* campaign.

# SOCIAL ACTION

Incarlopsa develops its social action around 3 axes: promoting sport, alleviating the situation of people at risk of exclusion, and providing social and healthcare support.

Incarlopsa's Code of Conduct specifically includes the guidelines and procedures established for donations and collaborations, which include having the necessary internal and external authorisations; being granted in accordance with objective criteria; or being made to entities of recognised moral solvency and integrity that are capable of managing the resources contributed. This must also be reflected in the company's financial statements, and the contributions made must be monitored.

## We doubled the resources dedicated to our social action

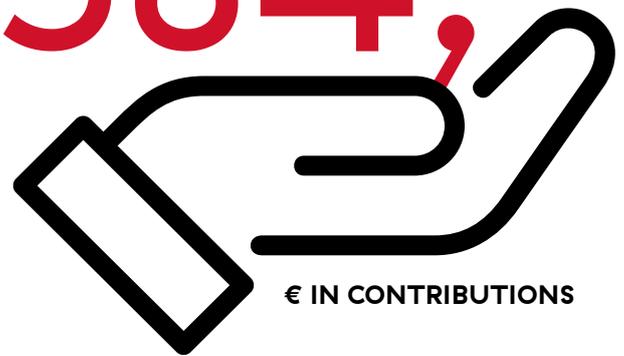


During 2020, Incarlopsa launched various health, social, and sports initiatives that have had an impact, especially in the communities where its production plants are located.

In 2020, the company allocated 584,036 euros to its social actions, which is double the contribution made in 2019.

Since 2016, Incarlopsa has allocated more than 2 million euros to its social actions, which has contributed to boosting local development in the areas where its production centres are located.

# 584,036



€ IN CONTRIBUTIONS



# 54,116

KILOS OF DONATED FOOD



# 1

AMBULANCE



# 85,000

MEDICAL SUPPLY UNITS

## Axes of collaboration in social action

<b>Sport</b> →	Incarlopsa has reinforced its commitment to the region by supporting initiatives that promote healthy lifestyles associated with practising sports.
<b>Support for people at risk of exclusion</b> →	To alleviate the basic needs of the most needy people through donations to food banks and NGOs.
<b>Social and healthcare initiatives</b> →	In a year marked by the pandemic, Incarlopsa was involved in providing healthcare and protection materials from the beginning of the crisis.

### Sport

In the field of sport, Incarlopsa has made financial contributions of 209,000 euros to 4 local entities, with which it has contributed to promoting healthy lifestyles and encouraging values associated with sport from the grassroots to professional level.

**In 2020, Incarlopsa signed the following collaboration and/or sponsorship agreements:**



#### Unión Balonpédica Conquense

Collaboration agreement to support 30 teams from the Under 10s, Under 11s, Under 13s, and Cadet categories. In addition, this agreement includes the support of ADOCU and the UB CONQUENSE initiatives to promote inclusive sport for people with Down Syndrome, among others.



#### Club Deportivo Tarancón

Football team from the town of Cuenca that plays in Group XVIII of the Third Division of the national league championship. Incarlopsa has signed a collaboration agreement for the 2020/2021 season, which can be extended for another year.



#### Ciudad Encantada Cuenca Handball Club

Until 2022, Incarlopsa will be the main sponsor of the club that plays in the Asoba League. Until then, the club will be called Incarlopsa Cuenca.



#### Jesús de la Ossa Football School

Incarlopsa renewed the collaboration agreement with this school based in Tarancón that promotes grassroots football.

## Support for people at risk of exclusion

In a year particularly marked by the pandemic, Incarlopsa has carried out multiple actions to help people with more difficulties, mainly focused on food donations.

The company has promoted and participated in numerous initiatives through which it has donated 54,116 kilos of food worth more than 325,000 euros, including collaborations with third parties such as Forética or the KPMG Foundation in food collection and donation

campaigns. It has also actively collaborated in solidarity initiatives with its customers, including one carried out by Rempart de Bonnieux, in which Incarlopsa provided access to 55,318 kilos of food.

In addition, it has renewed its collaboration agreement with the Tarancón City Council to help mitigate the social impact of COVID-19. As part of this agreement, it has donated 36,000 euros to the Compartir Programme, aimed at Caritas, San Vicente de Paul, and the Red Cross.

### Key initiatives to support people at risk of exclusion

BENEFICIARY INSTITUTION	TYPE OF COLLABORATION
FESBAL	16,724 kilos of food
CARITAS, MESSENGERS OF PEACE, RED CROSS, FOOD 4HEROES, AND OTHERS	20,797 kilos of food
FORÉTICA, GIVE & GAIN CAMPAIGN	1,820 kilos of food
KPMG FOUNDATION	14,775 kilos of food
<b>TOTAL DIRECT DONATIONS*:</b>	<b>54,116 kilos of food</b>
SHARING PROGRAMME – TARANCÓN CITY COUNCIL	36,000 euros
SUPPORT AND COLLABORATION WITH THE REMPART DE BONNIEUX PROGRAMME	55,318 kilos of food

\* Sum of the amounts listed above.



## Social and healthcare initiatives

The pandemic has marked Incarlopsa's activity in the social and healthcare field. The company has donated sanitary protection materials such as masks, gloves, plastic and paper gowns, shoe covers, sleeves, suits, caps, splash goggles, overalls, and hand sanitiser gel.

→

In total, Incarlopsa has donated more than 85,000 units of medical equipment to hospital staff, nursing homes, and state security forces.

In addition, the company has maintained its commitment to help associations that fight against cancer or neurological diseases, such as the José Carreras Foundation, ADEMTAC, and the New Light Association, among others.

## Key social and health initiatives

BENEFICIARY INSTITUTION	GROUPS	TYPE OF DONATION
RED CROSS	700 patients	1 ambulance
JOSEP CARRERAS FOUNDATION ADEMTAC NEW LIGHT ASSOCIATION AFAMIT AFAD ATARAL THE FIGHT AGAINST CANCER	Associations fighting cancer and neurological diseases, among others	Financial contribution
TOWN COUNCILS OF CORRAL DE ALMAGUER, SANTA CRUZ DE LA ZARZA, VILLARRUBIA DE LOS OJOS, AND TARANCÓN CEDT (TARANCÓN) CUENCA PROVINCIAL GOVERNMENT VIRGIN OF MANJAVACAS FOUNDATION RÍO TINTO HOSPITAL (HUELVA), VIRGEN DE ALTAGRACIA HOSPITAL (MANZANARES), AND VIRGEN DE LA LUZ HOSPITAL (CUENCA) 10 ELDERLY HOMES	Healthcare personnel in hospitals, nursing homes, patients	Contribution in kind. 85,000 UNITS

# PROMOTING EMPLOYMENT AND LOCAL DEVELOPMENT

In such a complicated year due to the pandemic, Incarlopsa has increased the number of workers with permanent contracts to 73.9% of the workforce, compared to 65% on 31 December 2019.

195

SUPPLIERS LOCAL\*



In addition, Incarlopsa is committed to strengthening its relationships with local suppliers, thus promoting its contribution to the communities in which it operates and creating value for society. As a dynamic agent of the labour market in its sphere of influence, the company has generated a total of 1,741 indirect jobs in 2020, to which its commitment to local suppliers must be added, who represent 13% of total suppliers, although 100% of the 44 livestock suppliers are national.

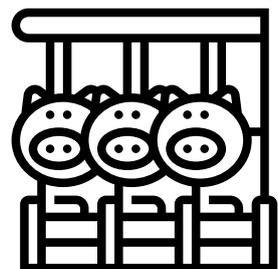
73.9

% WORKERS WITH PERMANENT CONTRACT\*\*



1,582

NATIONAL LIVESTOCK FARMS



\* Local supplier is understood to be any supplier in the same province as the facility where the supplier provides its services.

\*\* Calculated based on headcount as of 31 December 2020.

# ALLIANCES AND PARTNERSHIPS

Incarlopsa believes that it is not efficient to promote initiatives in isolation. For this reason, the company collaborates with various public and private entities to work together in the development of society, including the promotion and improvement of essential sectors such as the agro-food sector, a fundamental economic engine that is essential the continued promotion of development and prosperity.

The associations in which Incarlopsa participates contribute to boosting the meat sector, joining efforts and promoting the exchange of knowledge, among others.

In addition, the company promotes strategic alliances with academia and research to continue innovating and advancing in areas related to food quality, agro-food, and animal welfare, among others.

## KEY ASSOCIATIONS AND EMPLOYERS' ASSOCIATIONS

### AECOC

AECOC  
Association of Manufacturers and Distributors



AGEMCEX  
Grouping of Exporting Meat Companies

### ainia

AINIA  
Technology centre established as a private non-profit association



ANAPORC  
National Association of Scientific Pig Management



ANICE  
National Association of Meat Industries of Spain



ASICI  
The Inter-professional Iberian Pig Association



INTER-FOOD FORUM  
Non-profit business association of the Spanish agro-food sector

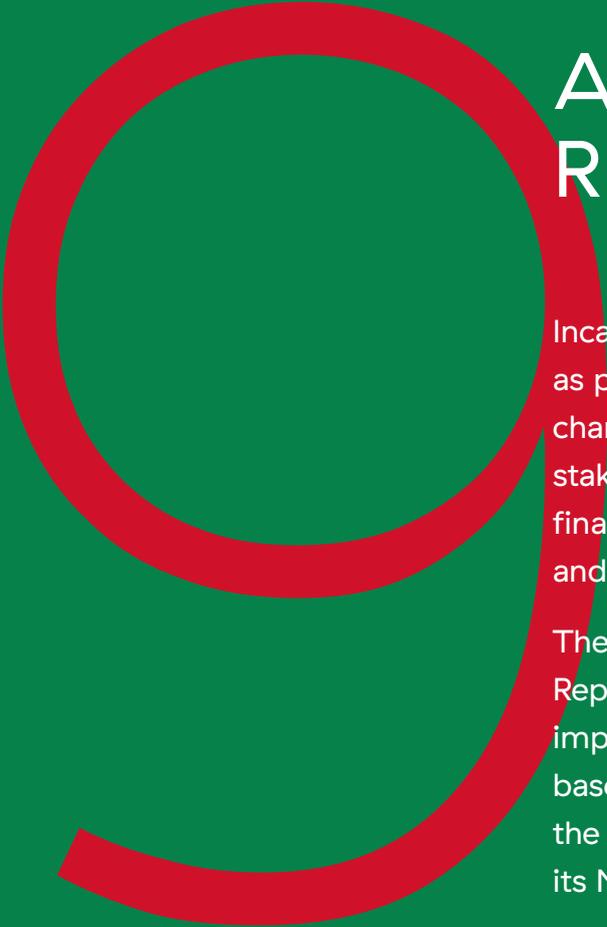


INTERPORC  
Inter-professional Food and Agriculture Organisation for White Coat Pigs



THE FAMILY BUSINESS ASSOCIATION OF CASTILLA LA MANCHA

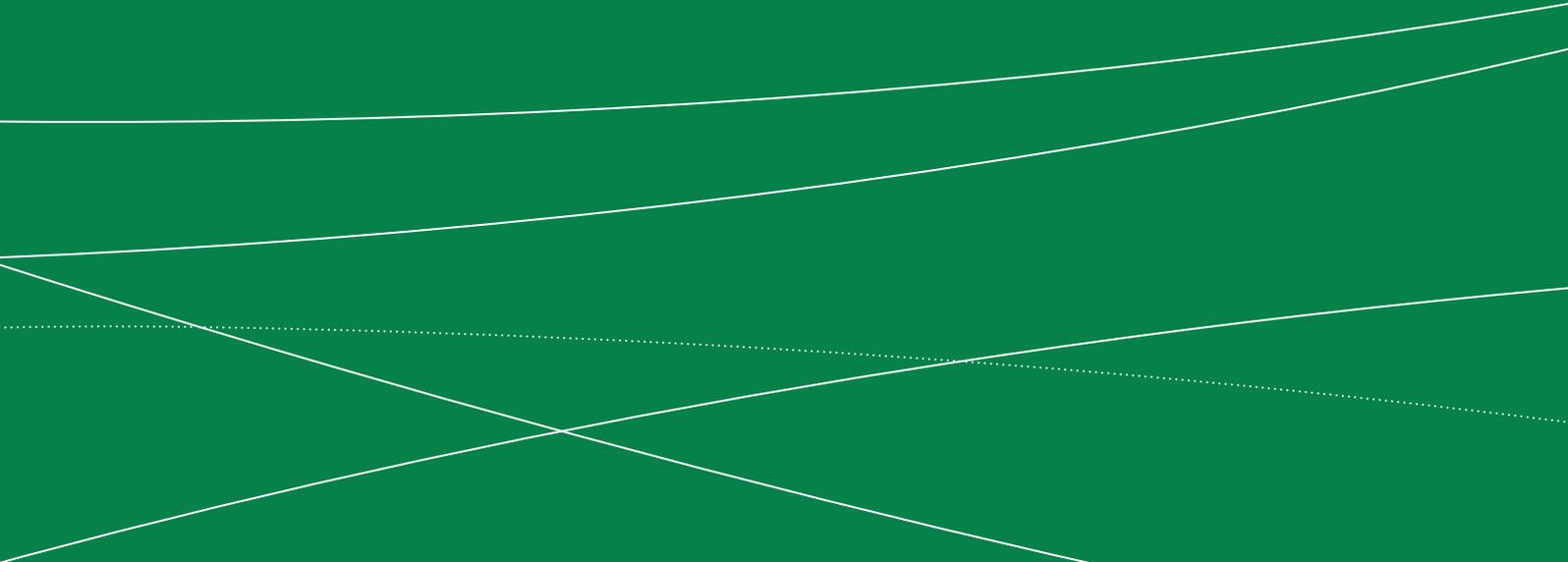




# ABOUT THIS REPORT

Incarlopsa voluntarily publishes this Sustainability Report as part of its commitment to transparency as an additional channel through which to provide information to all its stakeholders and to highlight its efforts to further advance its financial and non-financial performance in a clear, concise, and ethical manner.

The company focuses the content of this Sustainability Report on relevant issues through which it has a significant impact on an economic, environmental, and social scale based on the materiality analysis it performs, and following the contents required by Law 11/2018 for the preparation of its Non-Financial Information Statement (NFIS).



# ABOUT THIS REPORT

In its commitment to transparency, Incarlopsa has prepared this Sustainability Report on a voluntary basis from its Non-Financial Information Statement (hereinafter, NFIS) (see Annex I – Index of contents required by Law 11/2018, dated 28 December) which was verified by an independent reviewer, and includes the information relating to Serlopi S.L. (parent company of the Group) and subsidiaries necessary to understand the evolution, results, situation, and impact of its activity with respect to environmental and social issues, as well as those relating to personnel, respect for human rights, the fight against corruption and bribery, and diversity, and covers the period from 1 January to 31 December 2020.

The non-financial information included in this Sustainability Report only corresponds to Industrias Cárnicas Loriente Piqueras S.A.U. (Incarlopsa) as well as its subsidiaries in Spain, Secaderos de Almaguer, S.A.U. (100% Incarlopsa) and Felix de Murtiga, S.L. (100% Incarlopsa), as these are the companies under which the Group's main activity is carried out. The other companies' data has not been consolidated in this report, as their contribution to the Group's consolidated results is not significant.

Additionally, this report shows Incarlopsa's commitment and its contribution to the Sustainable Development Goals (See Annex II – Index of the SDGs to which Incarlopsa contributes), which includes details of the most important contributions in 2020.

The financial information included in this report is taken from Incarlopsa's Consolidated Financial Statements and those of its subsidiaries for the year ending on 31 December 2020, which have been externally audited (see Appendix III – Consolidated Financial Statements 2020).



## Principles of preparation

- **Materiality:** Incarlopsa focuses the content of this Sustainability Report on the relevant issues on which it has a significant impact on an economic, environmental, or social scale, as well as those that could significantly influence the decisions and evaluation of its main stakeholders.
- **Inclusion of stakeholders:** the company maintains a constant dialogue with all its stakeholders and works to be able to anticipate their concerns in order to meet their expectations and interests.

This Sustainability Report is also an additional channel for providing information to all stakeholders in a clear, concise, and ethical manner.

- **Sustainability Context:** Incarlopsa aspires to continue contributing to economic, environmental and social progress on a local, regional, and national level. The information on its performance in 2020 is contextualised in Spain, being the main country in which it operates and in which it has 10 of its own production centres.
- **Completeness:** the significant issues included in this report sufficiently reflect the most significant social, economic, and environmental impacts of the Group to enable stakeholders to assess its performance and impact throughout the fiscal year.

The indicators included in this report have been compiled by Incarlopsa. The systematisation used to obtain information guarantees methodological rigour and allows for historical comparisons.

## Scope of this sustainability report

This report covers the period from 1 January to 31 December 2020, corresponding to Incarlopsa's fiscal year.

In the sections where historical data appear, figures for at least the last two financial years (2019–2020) have been included.

The financial information included in this report is taken from the Consolidated Financial Statements of Incarlopsa S.A.U and its subsidiaries for the year ending on 31 December 2020.

The scope of this report includes all of Incarlopsa's operations in Spain, including the supply, production, and marketing of products.



# ANNEX I: TABLE OF CONTENTS REQUIRED BY LAW 11/2018

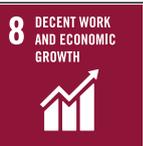
<b>NFIS CONTENT</b>	<b>Pages in Sustainability Report</b>
<b>Business environment</b>	Page 9,18–19, 28, 32
<b>Organisation and structure</b>	Page 18–19, 40–41, 44–45
<b>Markets in which it operates</b>	Page 22–23
<b>Objectives and strategies</b>	Page 24–25, 33, 47
<b>Factors and trends that may affect its evolution</b>	Page 25, 82–83
<b>Environmental policies</b>	Page 92–93
<b>Key Indicators</b>	
Current and foreseeable effects of the company's activities on the environment, health, and safety, if any	Page 97
Environmental assessment or certification procedures	Page 93
Resources dedicated to environmental risk prevention	Page 96
Application of the precautionary principle, amount of provisions, and safeguards for environmental risks	Page 93, 96–97
<b>Pollution</b>	
Measures to prevent, reduce, or remedy carbon emissions that seriously affect the environment	Page 97–100
Activity-specific air pollution including noise and light pollution	Page 98–99
Circular Economy and waste prevention and management	Page 94–95, 97, 105–107
Measures for prevention, recycling, reuse, other forms of recovery, and disposal of waste; actions to combat food waste	Page 94–95, 105–107
<b>Sustainable use of resources</b>	
Water consumption and water supply according to local constraints	Page 101–102
Consumption of raw materials and measures taken to improve the efficiency of their use	Page 104–105
Direct and indirect energy consumption	Page 97–104
Measures to improve energy efficiency and the use of renewable energies	Page 100–103
<b>Climate change</b>	Page 98–100
<b>Protection of biodiversity</b>	N/A
Measures taken to preserve or restore biodiversity; impacts of activities or operations in protected areas	
<b>Environmental Risks</b>	Page 93
<b>Labour Policies</b>	Page 112, 123
<b>Policy outcomes</b>	

<b>NFIS CONTENT</b>	<b>Pages in Sustainability Report</b>
Due diligence procedures applied to the identification, assessment, prevention, and mitigation of significant risks and impacts, and verification and control, including the measures adopted	Page 116
<b>Key indicators</b>	
<b>Employment</b>	
Total number and distribution of staff by gender, age, country, and occupational classification	Page 114–115, 126–127
Total number and distribution of types of employment contracts, average annual number of permanent contracts, temporary contracts, and part-time contracts by gender, age, and occupational classification	Page 114, 127
Wage gap, the pay for equal or median jobs in society	Page 120–121
Implementation of work disconnection policies	Page 112–113, 115
Staff with disabilities	Page 116
<b>Work organisation</b>	
Organisation of working times	Page 113, 115
Number of absentee hours	Page 128
Measures aimed at facilitating the enjoyment of a work–life balance and encouraging the co-responsible exercise of these rights by both parents	Page 115
<b>Health and safety</b>	Page 122–125
<b>Social relations</b>	Page 121–122
<b>Training</b>	Page 117–119
<b>Equality</b>	Page 115–116
<b>Social and Personnel Risks</b>	Page 54–55
<b>Human Rights Policies</b>	Page 48
<b>Policy outcomes</b>	Page 48
<b>Human rights due diligence</b>	Page 42–43, 48–49
<b>Human Rights Risks</b>	Page 48, 54–55
<b>Anti-corruption and anti-bribery policies</b>	Page 50–51
<b>Key indicators</b>	
Measures taken to prevent corruption and bribery	Page 50–51
Measures to combat money laundering	Page 51
Contributions to foundations and non-profit entities	Page 134
<b>Corruption and Bribery Risks</b>	Page 43, 50–51
<b>Company commitment to sustainable development</b>	Page 20–21, 24, 47
<b>Subcontracting and suppliers</b>	Page 70–73
<b>Consumers</b>	Page 18, 24–25, 74–77
<b>Tax information</b>	Page 37

# ANNEX II: INDEX OF THE SDGs TO WHICH INCARLOPSA CONTRIBUTES



	Sustainable Development Goals	Milestones	Outstanding contributions and plans put in place in 2020	Subject Material
Priority objectives	<b>2 ZERO HUNGER</b> 	<ul style="list-style-type: none"> <li>Ending hunger and ensuring access for all people, particularly the poor and people in vulnerable situations.</li> <li>Doubling agricultural productivity and the income of small-scale food producers, particularly women, indigenous peoples, family farmers, herders, and fishermen.</li> </ul>	<ul style="list-style-type: none"> <li>54,116 kilos of food donated to the most vulnerable groups through national and regional institutions and organisations and collaboration with the Rempart de Bonnieux donation programme, facilitating access to 55,318 kilos of food.</li> <li>Strengthening partnerships and collaborative agreements to help mitigate the social impact that COVID-19 is having on the purchase of food: +€36,000 in financial aid.</li> <li>Strengthened commitment to local suppliers, generating wealth and maintaining employment in an environment of uncertainty: no livestock supplier has gone out of business as a result of the pandemic.</li> <li>Agreements with 1,582 livestock farms in Spain.</li> </ul>	<ul style="list-style-type: none"> <li>Job and wealth creation</li> </ul>
	<b>9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE</b> 	<ul style="list-style-type: none"> <li>Upgrading infrastructure and converting industries to make them sustainable, using resources more efficiently, and promoting the adoption of clean and environmentally sound technologies and industrial processes.</li> <li>Enhancing scientific research and improving the technological capabilities of industrial sectors in all countries, including by promoting innovation.</li> </ul>	<ul style="list-style-type: none"> <li>19 people dedicated to research. 15 graduates and 4 doctors.</li> <li>Increase in total investment in R&amp;D by 29.9% to €13.9M, which represents 1.5% of revenue.</li> <li>More than 30 of our own projects and ongoing collaborations.</li> <li>Pioneers in promoting the development of intelligent tools in meat product salting and curing processes.</li> <li>Signing strategic agreements with universities and research institutions to develop projects aimed at genetics, nutrition, and animal welfare.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable innovation</li> <li>Job and wealth creation</li> </ul>
	<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> 	<ul style="list-style-type: none"> <li>Supporting positive economic, social, and environmental linkages between urban, suburban, and rural areas by strengthening national and regional development planning.</li> </ul>	<ul style="list-style-type: none"> <li>Creation of a Sustainability Committee and a Corporate Social Responsibility Policy that sets out the principles of action, commitments, monitoring system, and supervisory mechanisms in the area of sustainability.</li> <li>Maintaining employment in rural areas: 4,181 jobs in 2020 (total direct and indirect)</li> <li>Development of the local economy by investing in local suppliers and local companies to create value in the communities and minimise environmental impact. 13% of total suppliers are local.</li> <li>Optimisation of routes and means of transport.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable innovation</li> <li>Job and wealth creation</li> </ul>
	<b>12 RESPONSIBLE PRODUCTION AND CONSUMPTION</b> 	<ul style="list-style-type: none"> <li>Achieving sustainable management and efficient use of natural resources.</li> <li>Significantly reducing waste generation through prevention, reduction, recycling, and reuse activities.</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of the circular economy in all phases of the life cycle.</li> <li>7 out of 10 plants have ISO 14001 certifications.</li> <li>Reduction of 96,000 kilos of food waste.</li> <li>5% reduction in water consumption per tonne produced in 2021 compared to 2020 through the implementation of efficiency measures, osmosis systems, and the optimisation of good practices.</li> <li>88.9% of white pigs from approved suppliers with animal welfare certification.</li> <li>Recycling in packaging that has saved 3,909 t of CO2 emissions to the atmosphere in 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Resource optimisation and minimisation of environmental impact</li> <li>Circular economy</li> <li>Consumer welfare and customer satisfaction</li> <li>Excellence in animal welfare and food safety</li> </ul>

Relevant goals	 <p><b>5 GENDER EQUALITY</b></p>	<ul style="list-style-type: none"> <li>Ending all forms of discrimination against all women and girls everywhere.</li> <li>Ensuring women's full and effective participation and equal opportunities for leadership at all decision-making levels in political, economic, and public life.</li> </ul> <p><i>*Source: Global Gender Gap Report 2020.</i></p>	<ul style="list-style-type: none"> <li>Progressive increase of women in the workforce to 33% by 2020.</li> <li>The unadjusted pay gap stands at 6.3%, well below the 44.2% gap in Spain*.</li> <li>Advances in female representation in executive management: 13% of women are managers and 30.3% are middle management.</li> <li>37% of the members of the Board of Directors are women.</li> <li>100% of the employees were provided with specific training on equality through capsule training.</li> </ul>	<ul style="list-style-type: none"> <li>Talent, diversity, and equal opportunities</li> </ul>
	 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	<ul style="list-style-type: none"> <li>Significantly increasing the share of renewable energy in the energy mix</li> <li>Doubling the global rate of energy efficiency improvement.</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of electricity consumption by 5% per tonne produced in 2021 with respect to 2020 through the installation of solar panels, the implementation of energy recovery systems, and the optimisation of good practices, among others.</li> <li>Reduction of gas consumption by 5% per tonne produced in 2021 compared to 2020 by optimising heat recovery systems.</li> <li>Reducing gas consumption by 5% per tonne produced in 2021 compared to 2020 by optimising heat recovery systems.</li> <li>Installation of LED technology in lighting.</li> <li>Installation of a new refrigeration plant in the Guijuelo plant that will reduce energy consumption by 82%.</li> <li>Reducing the impact derived from GHG emissions by 3% in 2021 based on 2019 indicators, through the generation and purchase of renewable energy, as well as the exploration of new sources of energy generation.</li> </ul>	<ul style="list-style-type: none"> <li>Resource optimisation and minimisation of environmental impact</li> </ul>
	 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<ul style="list-style-type: none"> <li>Achieving full and productive employment and decent work for all women and men, including youth and persons with disabilities, and equal pay for work of equal value.</li> <li>Protecting labour rights and promoting a safe and secure working environment for all workers.</li> </ul> <p><i>**Over the average number of contracts in the year.</i></p>	<ul style="list-style-type: none"> <li>2,440 direct jobs in 2020 (+1.5% growth).</li> <li>Commitment to stable and quality employment: 73.9% with a permanent contract and 87.5%** with a full-time work day.</li> <li>Strengthening of the internal team with more than 36,000 hours of training.</li> <li>Launch of 2 initiatives for the promotion of talent: a project for the development of career and succession plans for all the company's professionals; and a MOD Promotion Plan (direct labour), especially aimed at operators: assistants, 1st and 2nd category officers.</li> <li>In view of the crisis caused by COVID-19, commitment to employment stability and the prioritisation of the health, safety, and welfare of the workforce: adoption of preventive measures (flexible start and finish times, flexible shifts, promotion of remote working, etc.).</li> <li>No temporary lay-off schemes (ERTE, in Spanish) or workforce adjustment in 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Job and wealth creation</li> <li>Talent, diversity, and equal opportunities</li> <li>Workplace health and safety</li> </ul>
	 <p><b>10 REDUCING INEQUALITY</b></p>	<ul style="list-style-type: none"> <li>Strengthening and promoting political, economic, and social inclusion for all, regardless age, sex, disability, race, ethnicity, origin, religion, economic situation, or other condition.</li> </ul>	<ul style="list-style-type: none"> <li>Within the scope of the COVID-19 pandemic: organisation of a food campaign and donation of medical supplies and logistical support to hospitals.</li> <li>Total investment in the community of more than €584,000.</li> <li>More than €200,000 earmarked for 4 sports entities to promote healthy lifestyles and to encourage values associated with the practice of sports from a grassroots to professional level.</li> <li>Donation of more than €36,000 to the Compartir Programme.</li> <li>Commitment to help associations that fight against cancer or neurological diseases, such as the José Carreras Foundation, ADEMTAC, and the New Light Association, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Talent, diversity, and equal opportunities</li> </ul>
	 <p><b>16 PEACE, JUSTICE, AND STRONG INSTITUTIONS</b></p>	<ul style="list-style-type: none"> <li>Significantly reducing corruption and bribery in all its forms.</li> <li>Ensuring public access to information and protecting fundamental freedoms, in accordance with national laws and international agreements.</li> </ul>	<ul style="list-style-type: none"> <li>Robust Code of Conduct that regulates the behaviour of all the people who are part of the Incarlopsa team.</li> <li>No cases of corruption or bribery identified.</li> <li>No cases of anti-competitive practices identified.</li> <li>Periodic review of system efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Efficient and responsible management</li> </ul>
Transversal objective	 <p><b>13 CLIMATE ACTION</b></p>	<ul style="list-style-type: none"> <li>Taking urgent action to combat climate change and its effects.</li> </ul>	<ul style="list-style-type: none"> <li>Commitment to activity based on mitigating the impact on the environment.</li> <li>Reduction of the carbon footprint by 14.6% from 2020 to 2019.</li> </ul>	<ul style="list-style-type: none"> <li><b>Optimisation</b> of resources and minimisation of environmental impact</li> <li>Circular economy</li> </ul>
	 <p><b>17 PARTNERSHIPS FOR THE GOALS</b></p>	<ul style="list-style-type: none"> <li>Promoting strategic alliances with academia and research to continue innovating and advancing in areas related to food quality, agro-food, and animal welfare, among others.</li> </ul>	<ul style="list-style-type: none"> <li>More than 10 public and private alliances, working together on societal development, including the promotion and improvement of essential sectors such as food and pork.</li> <li>More than 20 partnerships with actors in the food and education sector in order to ensure the quality, traceability, and food safety of all its products.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable innovation</li> <li>Excellence in animal welfare and food safety</li> <li>Labelling and nutritional composition</li> <li>Product quality and brand value</li> <li>Consumer welfare and customer satisfaction</li> </ul>



## ANNEX III – CONSOLIDATED FINANCIAL STATEMENTS 2020

### BALANCE SHEET

Financial year ending on 31 December 2020.

Figures expressed in euros.

ASSET	2020	2019	2018
<b>NON-CURRENT ASSET</b>	<b>257,703,976</b>	<b>265,994,826</b>	<b>248,581,403</b>
Intangible assets	1,655,469	1,106,964	868,346
Material assets	249,766,299	254,681,689	239,367,806
Investment in company Group and association long term	2,371,980	6,906,563	5,579,837
Long-term financial investments	140,213	40,193	30,189
Deferred tax assets	3,770,015	3,259,417	2,735,225
<b>CURRENT ASSETS</b>	<b>568,305,671</b>	<b>580,553,976</b>	<b>493,941,996</b>
Inventories	492,386,190	432,199,980	379,706,436
Trade debtors and other receivables	61,285,125	130,696,359	113,080,245
Short-term investments with related parties	765,501	289,042	0
Short-term financial investments	12,454,459	6,998,803	35,135
Short-term accruals	497,833	267,801	344,940
Cash and cash equivalents	916,563	10,101,991	775,240
<b>TOTAL ASSETS</b>	<b>826,009,647</b>	<b>846,548,802</b>	<b>742,523,399</b>

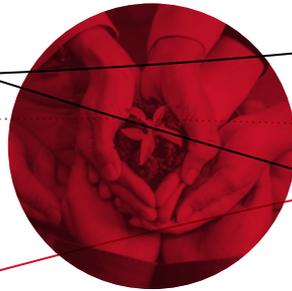
<b>NET ASSETS AND LIABILITIES</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>NET ASSETS</b>	<b>328,522,085</b>	<b>311,446,364</b>	<b>283,342,757</b>
Capital and reserves:	323,472,231	308,924,053	279,300,808
Issued capital	1,218,107	1,218,107	1,218,107
Issue premium	29,847,646	29,847,646	29,847,646
Reserves	247,653,783	228,191,612	203,111,056
Reserves in consolidated companies	19,299,595	17,424,907	16,473,330
Profit attributable to the parent company	36,453,100	42,741,781	37,650,669
Interim dividend	-11,000,000	-10,500,000	-9,000,000
Subsidies, gifts, and legacies received	5,049,854	2,522,311	4,041,949
<b>NON-CURRENT LIABILITIES</b>	<b>156,448,997</b>	<b>164,685,656</b>	<b>141,171,791</b>
Long-term debts	151,578,409	160,606,615	135,824,180
Deferred tax liabilities	4,870,588	4,079,041	5,347,611
<b>CURRENT LIABILITIES</b>	<b>341,038,565</b>	<b>370,416,782</b>	<b>318,008,851</b>
Short-term provisions	77,771	142,030	131,143
Short term debts	190,700,574	208,018,714	165,583,248
Short-term related party debt	1,097,617	84	0
Trade and other payables	149,162,603	162,255,954	152,294,460
<b>TOTAL EQUITY AND LIABILITY</b>	<b>826,009,647</b>	<b>846,548,802</b>	<b>742,523,399</b>

## PROFIT AND LOSS ACCOUNT

Financial year ending on 31 December 2020.

Figures expressed in euros.

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Net business turnover	882,610,329	842,913,387	742,426,683
Variation in stock of finished products and course	56,405,760	50,915,960	72,348,922
Provisioning	-692,106,655	-658,098,996	-603,413,508
Other operating income	1,600,500	1,630,929	1,584,180
Staffing costs	-89,339,974	-77,485,454	-66,356,446
Other operating expenses	-81,503,878	-75,178,517	-70,808,474
Depreciation of assets	-32,132,523	-31,078,590	-27,273,142
Taxes on subsidies for non-financial fixed assets and others	629,878	1,951,568	1,163,886
Impairment and gains/losses on disposal of fixed assets	2,694	10,481	-
Operating profit	46,568,083	55,580,768	49,672,101
Financial result	-3,445,014	-3,644,809	-3,147,226
Equity in income of companies accounted for by the equity method	2,609,544	1,621,440	572,019
Profit before tax	45,732,613	53,557,399	47,096,894
Corporate income tax	-9,279,513	-10,815,618	-9,446,225
<b>RESULTS FOR THE FINANCIAL YEAR</b>	<b>36,453,100</b>	<b>42,741,781</b>	<b>37,650,669</b>



SUSTAINABILITY REPORT  
**2020**

*Incarlopsa*  
*Calidad por Naturaleza*

[equipo.sostenibilidad@incarlopsa.es](mailto:equipo.sostenibilidad@incarlopsa.es)