

ANNUAL
REPORT

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Message from the Chairman

I write these words just over a year after the unexpected outbreak of the COVID-19 pandemic. The health and socio-economic crisis caused by the pandemic has put us all to the test, especially during the first few months after the proclamation of the state of emergency in Spain.

Faced with this unprecedented scenario, from the beginning of the pandemic, we have been permanently monitoring the situation, and we have implemented the measures that we considered most adequate in order to mitigate the effects of the crisis as much as possible.

Our priority has always been to protect the health, safety and well-being of our staff and collaborators and to ensure the continuity of our business. In this regard, even prior to the declaration of the state of emergency, we had designed and implemented a contingency plan with a series of preventative measures and good practices, as a result of which we have been able to ensure the continuity of the supply of our products to our customers as well as the maximum degree of safety for our staff and operations.

Despite this complex and uncertain context, we have continued to advance in the consolidation of our responsible management model, which is based on five fundamental concepts: nutrition and well-being, inclusion of people at risk of social exclusion, ethical management, circular economy and our commitment to sustainable agriculture. The work that we are carrying out has been recognised with the award of a sixth place ranking among food sector companies with the best Reputation, Responsibility and Corporate Governance in Spain, according to the Corporate Reputation Business Monitor (Merco).

In 2020, we have continued to cultivate dreams to nurture more people every day, in harmony with the purpose of the Siro Group Foundation that is focused on fighting malnutrition throughout the world, and driving and promoting, intellectually and economically, sustainable ideas and projects that impact in our environment with a Circular Economy model that promotes sustainable and inclusive growth and development. Thus, the Siro Group Foundation has sponsored the Chapin Project, that has enabled us to achieve an important milestone, namely to develop, at a very low cost, a biscuit fortified in vitamins and minerals that is capable of combating malnutrition throughout the world. Together with other organisations, we are working in a pilot project in Guatemala to demonstrate the effectiveness of the biscuit for a population of 200 children within a clinical trial with controlled parameters.

I am proud that we have continued to offer opportunities to people with disabilities, as a continuation of a commitment that was first implemented over 20 years ago and that has been, since then, one of the hallmarks of our company. In 2020, a total of 1.2% of the company's workforce in Spain represented people from within this group.

In the current circumstances, and today more than ever, the Siro Group Foundation has fulfilled its mission to provide value to the company, by helping to build a more sustainable, just and inclusive society. Helping vulnerable and needy people. We have carried out a number of social initiatives so as to mitigate the effects of the COVID-19 crisis, and in this regard I would like to especially mention the crowdfunding campaign "Multiplícamos tu solidaridad" (Multiplying your solidarity), in collaboration with FESBAL (Spanish Federation of Food Banks), in which we have committed to convert each Euro donated into 2 kilos of staple food.

Moreover, we continue to lead the transition of companies toward a Circular Economy model. We have maintained the "Zero Landfill Waste" declaration that certifies that our factories in Spain and Portugal are considered to be zero landfill factories, that is to say, that the waste that we generate is recovered, re-used or recycled.

Another project of which we are particularly proud is the Alma Prima Project. The work carried out over recent years has been rewarded by the production of our very first products with wheat from our fields. We have produced 100% traceable pasta in accordance with agroecological criteria and principles, created with a mixture of the best quality wheat, after over 180 tests that we have carried out at our agronomic laboratories and at the farms of agricultural farmers within Castile and León, with which we have established long-term alliances.

As a signatory organisation of the Global Compact, we renew our commitment to integrate, in our corporate strategy and management, the 10 principles in relation to labour rights, human rights, the environment and the fight against corruption, and we are also involved in projects that contribute to the fulfilment of the Sustainable Development Goals (SDG) of the 2030 Agenda.

I would like to conclude this message by thanking each and every one of our collaborators for their commitment during this complex period, an outstanding example of commitment to the company and to society as a whole, and I would like to pass on to them all the enthusiasm and the vision of the future of our aim to "cultivate dreams to nurture more people every day" that has helped us to get to where we are today and that shall drive us to continue to achieve all of the challenges that we have set ourselves for the future.

Juan Manuel González Serna
Chairman



Message from the CEO

The year 2020 has been a complex, difficult and uncertain year for all of us, however we have been able to make some solid headway in the roadmap that we have established for the fulfilment of our 2030 Vision: achieve a turnover of 2 billion Euros with a customer base of 30 strategic customers that provide us with significant growth potential, and with a special focus on nutrition and innovation, and specialisation within the global categories of Biscuits, Breakfast Cereals, Snacks, and Pasta, the balance between B2B and Retail customers, and all of the foregoing based upon a sustainable financing model.

We have closed the 2020 financial year with a turnover of 464 million Euros, 44 million Euros of EBITDA and a production of 319,000 tonnes. We have invested 18.4 million Euros for the purpose of expanding our productive capacities and to improve the technologies in our factories, and in this regard it is noteworthy to mention the investments in the muesli bar production lines of Aguilar de Campoo (Spain), Toro (Spain), Worksop (United Kingdom) and Tepeji (Mexico).

Furthermore, we have also signed an agreement with financial institutions until 2025 and accordingly the company has the necessary resources to implement our Business Plan. We have successfully completed the majority of the strategic divestment from the Bread and Pastry businesses, and we have done so in compliance with our commitments with people to find specialised purchasers that guarantee the continuity of the production and the workforce at each of the factories.

At the end of the financial year, we have internally notified staff of the new organisational structure that will make us more agile and efficient in the future so as to achieve our objectives. The new Business Management Department has been created, headed by Rut Aranda, with a consolidated career of over 20 years' experience within the Group, that shall be responsible for the transformation of the business model and the growth of our company.

During the year, we have focused on ensuring the required quality of our products for customers each and every day, as well as developing the leadership of our teams and the consolidation of the Operations Model, which are key to ensuring efficiency and the satisfaction of our customers.

The Health and Safety of all of our collaborators is one of the fundamental values of the company and we have continued to work intensely in this regard during 2020. Unfortunately, and despite our efforts during the year, we have had to mourn the death of one of our collaborators this year in a workplace accident at one of our factories in Venta de Baños. Our co-worker will remain in our hearts forever. We have to ensure, each and every day, that this won't ever happen again.

Despite the unprecedented context during which we have had to operate this year, we have continued to innovate and we have responded to consumer demand with healthier and differentiated products. We are proud to have launched 162 new products within the different markets in which we operate as well as the fact that we have invested 1.8% of our turnover in innovation and continuous improvement projects.

The 2020 financial year has also represented the consolidation of the Digital Transformation of the company as a relevant lever for efficiency and to adapt the company to the new reality. The use of our technological tools has enabled us to establish optimum remote working opportunities quickly, and accordingly to ensure the continuity of our operations.

So as to fulfil the Strategic Plan and the challenges that we face, the Group needs to continue to develop the capacity to constantly adapt to the environment, a customer-focused approach and a high degree of agility and implementation to carry out each and every one of the established plans.

The company has exceptional teams that are capable of driving it to the next level, and I would like to especially thank them all for the commitment, passion and optimism that they demonstrate each and every day so that we can continue to cultivate dreams to nurture more people every day.

Luis Ángel López,
CEO





Purpose,
trust and
growth

“We cultivate dreams to nurture more people every day”



Our 2030 vision

Achieve a turnover of 2 billion Euros with a customer base of 30 strategic customers that provide us with significant growth potential, and with a special focus on nutrition and a commitment to innovation, and specialisation within the global categories of Biscuits, Snacks, Breakfast Cereals and Pasta, the balance between B2B and Retail customers, and with a sustainable financing model.

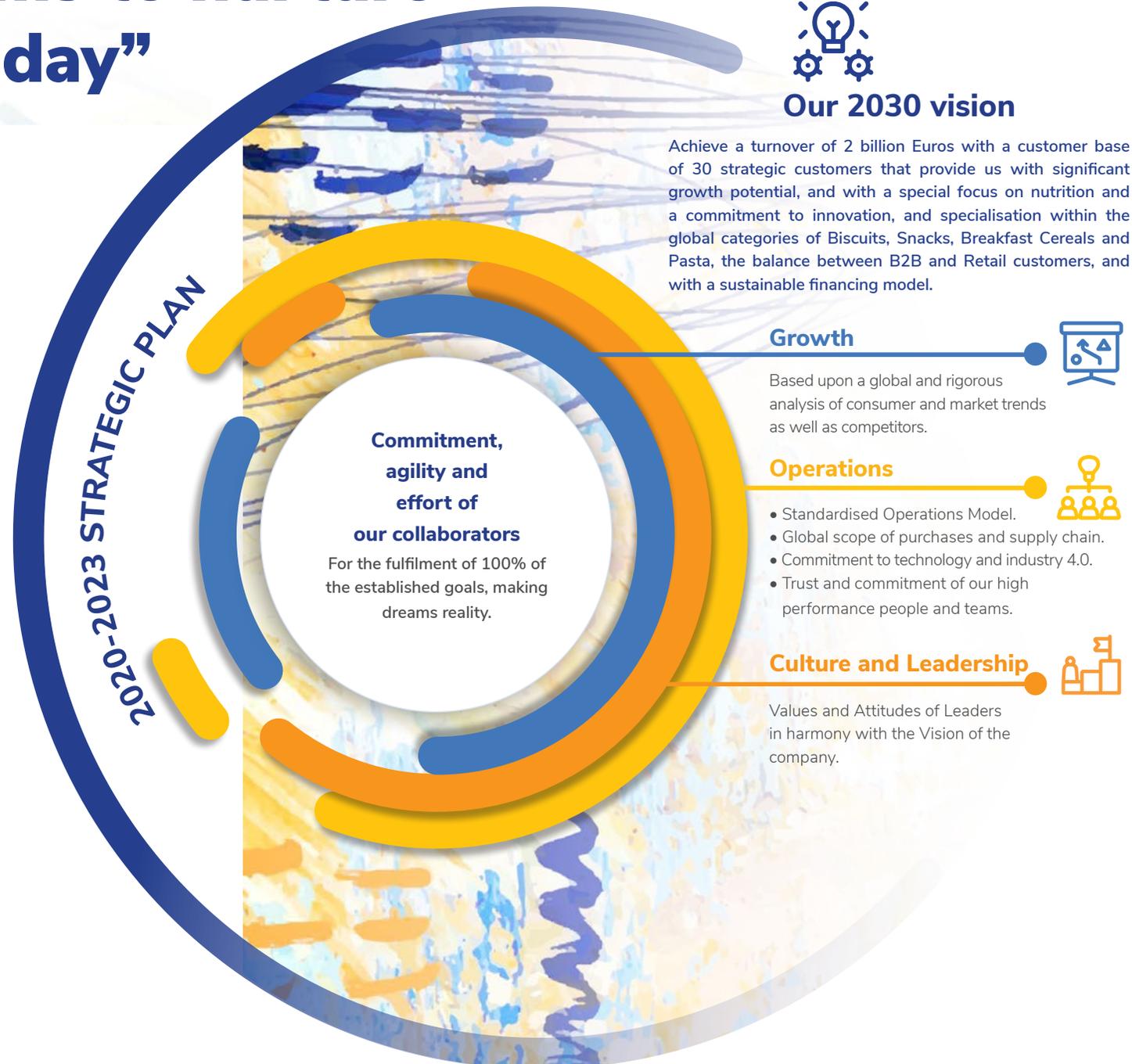
About us

We are a global company within the agri-food sector engaged in the development and production of cereal-based products specialised in the categories of Biscuits, Breakfast Cereals, Snacks and Pasta.

We have a deep understanding of consumers, because we listen attentively, actively and constantly to their demands, as well as of market trends. And we work to develop nutritious and healthy products for different specific dietary needs, new lifestyles, and that provide unique and traceable experiences to our customers and consumers.

We work each and every day to develop products with the highest possible standards of Food Quality and Safety and to offer our customers the best products at the best possible price.

At Cerealto Siro Foods we have a clear purpose and our plans, actions and efforts are focused on achieving said purpose.



Specialists in



Breakfast Cereals



Biscuits



Pasta



Snacks

For the brands of Our Global Customers

B2B

Big food brands

Retail Sector

Large Distribution
Chains



Our milestones

Commitment of collaborators during the COVID 19 pandemic and 100% of services during the lockdown



NEW LINE OF MUESLI BARS in Aguilar de Campoo

IMPROVEMENTS in engineering and digital transformation



162 NEW PRODUCT LAUNCHES and 207 product enhancements

PASTA ALMA PRIMA Quality Circle of Carrefour



Sustainable pasta packaging **WITHOUT PLASTIC AND 100% RECYCLABLE**

8.4 OUT OF 10 FOR THE SUSTAINABILITY AUDIT carried out by the Ministry of Agriculture, Fisheries and Foodstuffs



Produce for **FOOD BANKS**

CHAPÍN PROJECT Development of a biscuit fortified in vitamins and minerals that is capable of combating malnutrition throughout the world



DIVESTMENT of the factory in Jaén

REFINANCING Agreement with financial institutions until 2025



6TH RANKING COMPANY FROM THE FOOD SECTOR with best Reputation, Responsibility and Corporate Governance



AMONG THE 100 BEST COMPANIES to work for in 2020



DEPLOYMENT 2023 STRATEGIC PLAN 100% collaborators



Our figures and strategic markets

We continue to invest in order to expand our productive capacity, to be more competitive and to enhance the technologies at our factories. In 2020 it is noteworthy to mention the investments carried out in the muesli bar lines of Aguilar de Campoo, Toro, UK and Tepeji.

“Despite the fact that 2020 has been a complex, difficult and uncertain year, we have achieved the majority of our objectives”



464

Millions (€)
Net Sales

44

Millions (€)
EBITDA

319,000

Tonnes produced

18.4

Millions (€)
Investments

162

New product launches

8.5 M€

Innovation and improvement projects

3,588

Collaborators

Zero Landfill

Factories in Spain and Portugal



Turnover
(Millions €)



Workforce



Factories



Investments
(Millions €)*

Spain

309

2,620

8

11,5

Rest of Europe

132

511

3

4.5

North and South America

23

457

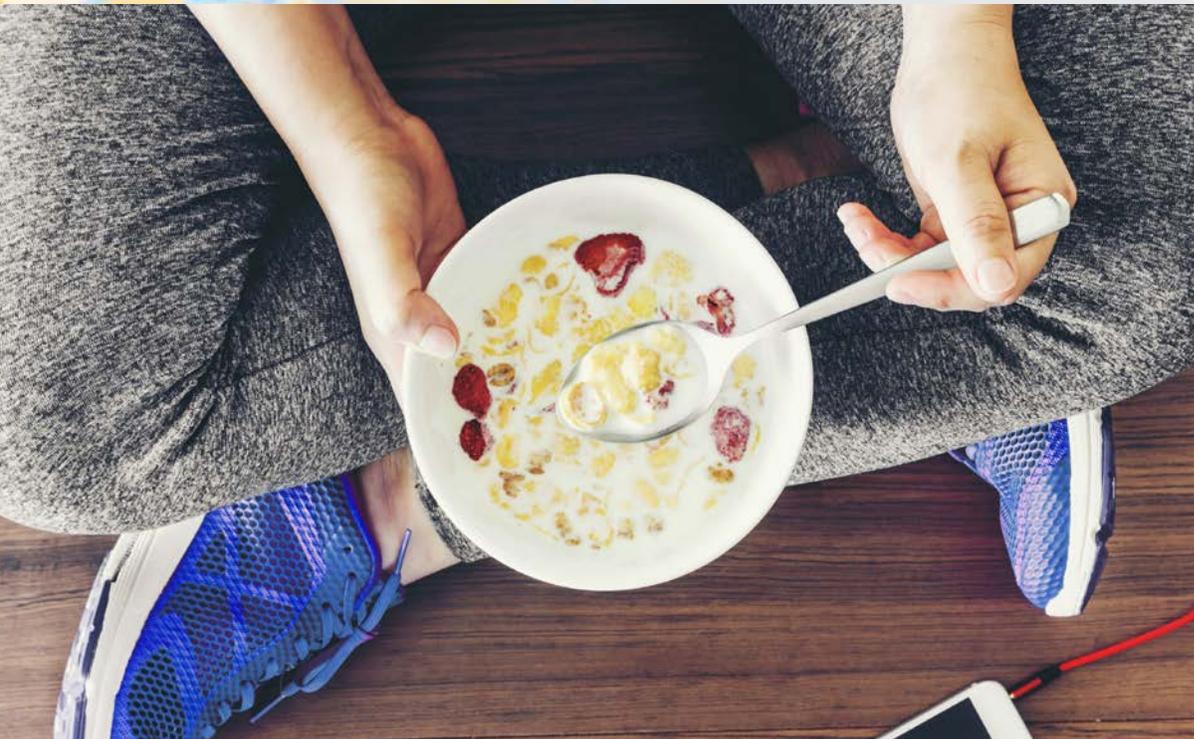
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2.4

* Investments in tangible fixed assets

How do we do it?

Anticipating the demands of our customers and consumers, by offering differentiation and focussing on global product categories (Biscuits, Breakfast Cereals, Snacks and Pasta) that can be produced from any of our factories, subject to the highest standards of quality, safety, innovation and efficiency.



Efficient solutions that exceed the expectations of our customers within the framework of long-standing and stable relationships



Good Governance

Organisational structure

Presidency

Juan Manuel González Serna, Chairman

Lucía Urbán López, Deputy Chairperson

Steering Committee

Luis Ángel López, CEO

Rut Aranda, Business General Director

José Antonio Rodríguez, Financial Director

Javier Leal, Operations Director

Josep Tura, People & Organisation Director

Olga Rodríguez, Mercadona Business Director

Jorge Espuny, Europe Business Director

Eduardo Domínguez, America Business Director

Marco Ferraroni, Strategic Marketing Director

Juan Manuel García Dujo, Digital Transformation Director

Pablo Muñoz, Management Control Director

Julia Gallego, Communications Director

Marisa Sanz, Secretariat Director

Ana Sánchez-Alarcos, Secretary of the Steering Committee

At the end of 2020, Rut Aranda assumes the role of Business General Manager, focused on the transformation of the business model and the growth of our company to position ourselves as a world-leader in the categories of Biscuits, Breakfast Cereals, Snacks and Pasta, in accordance with our 2023 Strategic Plan and 2030 Vision.

Ethical Management

Cerealto Siro Food considers of utmost importance both responsible management as well as ethical, honest and transparent practices with our groups of interest that is based upon a firm and strong commitment, solid corporate values and the implementation of a regulatory compliance system to ensure the compliance with legal provisions and the responsible management of our relationships.

We have a **compliance system** that comprises a **Code of Conduct, Crime Prevention Program and a Regulatory Compliance Protocol**. Moreover, a Control and Compliance Committee exists for the Crime Prevention Plan as well as an Ethics Committee.

In 2020 we have continued with our commitment to the ten principles of the Global Compact, by which we continue to be committed to the rules and principles in relation to human rights, labour, the environment and anti-corruption



Our Model of Sustainability and the SDGs

At Cerealto Siro Foods we have defined our Sustainability Strategy for the upcoming years, aligned with reality and with the Vision of the Group, and that has been based upon the United Nations' Sustainable Development Goals and the priorities of the food sector in terms of sustainability. The Sustainability Strategy is also aligned with our Mission:

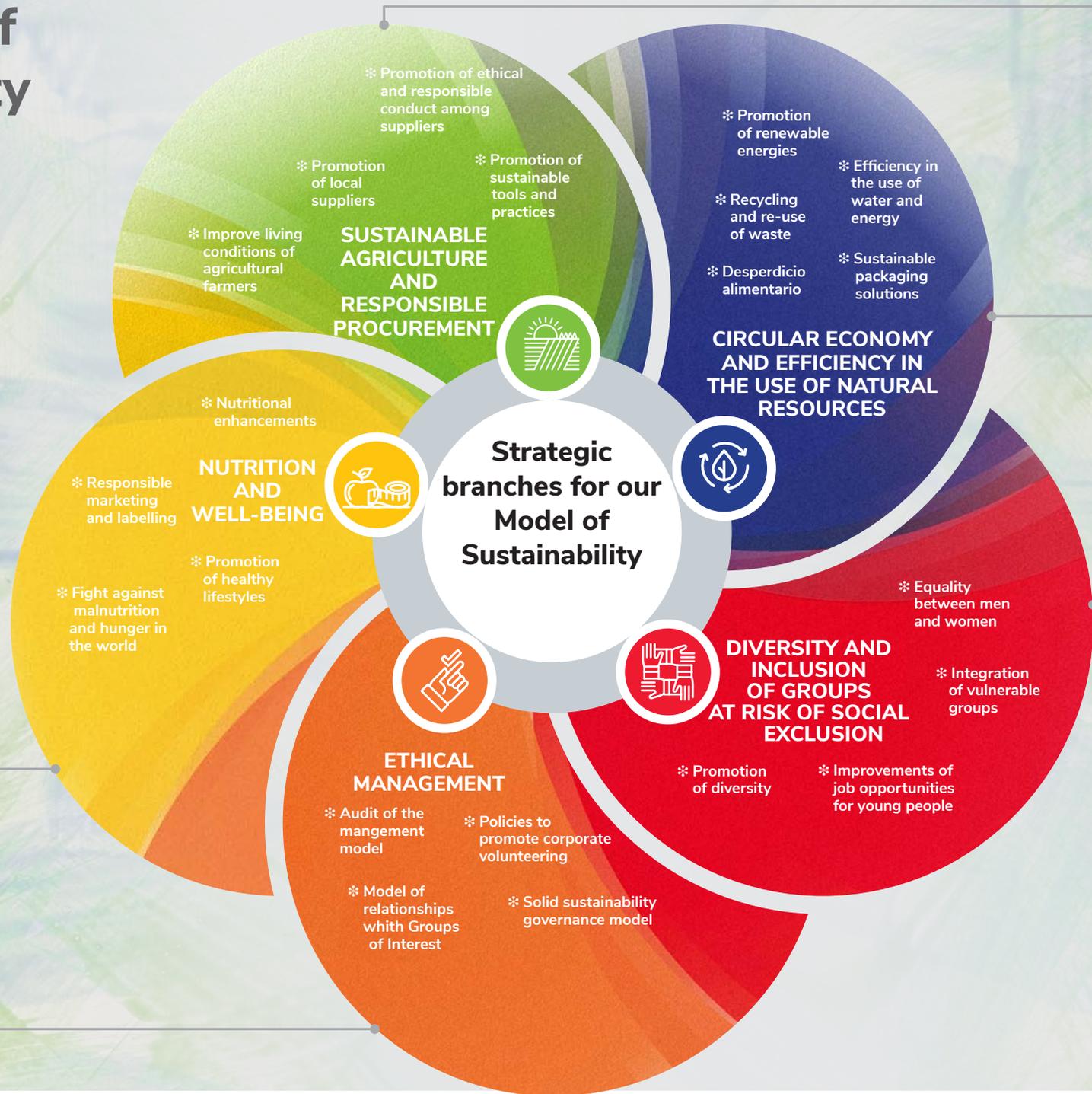
“We’re passionate about transforming cereals into excellent and innovative food, accessible to all people, and we work closely with our customers, and promote the development of our collaborators, and of local agricultural farmers and suppliers”

This year we have renewed our adhesion to the Decalogue of Sustainability for the Food Industry, which is a tool created by the Spanish Ministry of Agriculture, Fisheries and Foodstuffs (MAPA) and we have updated our sustainability information. We have obtained a score of 8.4 out of ten 10, which exceeds the score for the previous year, which was 8.1.

We continue to improve our results in MERCO, Business Monitor of Responsibility and Corporate Governance. In 2020 we have been recognised as the 6th ranking company within the food sector with the best reputation, responsibility and corporate governance (eighth in 2019), and we have been placed 81st in the ranking of the 100 most reputable companies in Spain (84 in 2019).

Our Model of Sustainability

MATERIAL ASPECTS



12 PRODUCCIÓN Y CONSUMO RESPONSABLES

- Promotion of contracting with local suppliers
- Promotion of ethical and responsible conduct among suppliers
- Promotion of sustainable agriculture practices and tools

6 AGUA LIMPIA Y SANEAMIENTO **7 ENERGÍA LIMPIA Y ACCIÓN CLIMÁTICA** **13 ACCIÓN POR EL CLIMA**

- Food waste
- Sustainable packaging solutions
- Recycling and re-use of waste
- Efficiency in the use of natural resources

5 IGUALDAD DE GÉNERO **10 REDUCCIÓN DE LAS DESIGUALDADES**

- Labour health and safety
- Equality between men and women
- Labour integration of people at risk of social exclusion
- Promotion of the diversity of gender, race, sexual orientation or religion, etc
- Talent management

2 HAMBRE CERO **3 SALUD Y BIENESTAR**

- Food quality and safety
- Nutritional enhancement of the products
- Promotion of healthy lifestyles
- Fight against malnutrition and hunger

16 PAZ, JUSTICIA E INSTITUCIONES SÓLIDAS

- Solid and sustainable governance model
- Model for relationships with Interest Groups
- Audit of the integral management model

A collection of watercolor-style illustrations of various fruits, including blueberries, green apples, and oranges, scattered across the left side of the page.

Quality, Health and Safety



During the most critical phase of the pandemic, our priority has consisted of ensuring the continuity of our activities, the level of service and commitment to our customers, as well as the health and safety of our collaborators. In this particularly complex context we have been capable of fulfilling expectations in terms of production, service and costs, and we have continued to work to ensure the required quality each and every day in the safest possible work environment.

Operations Model

Our Operations Model is based upon five levers that ensure that our operations are robust, reliable and attractive:



In 2020 we have continued to enhance our OPS model by way of new technologies

And always ensuring food safety and the quality of our products, as well as safe and

healthy working environments, while being environmentally friendly.

The safety of our staff and the quality of our products constitute two fundamental values of the company that are prioritised each and every day. Moreover, we also develop the leadership of our teams as well as the consolidation of the Operations Model which is essential for ensuring operative efficiency and the satisfaction of our customers.

Thus, we have continued to implement different tools and methodologies that aim to enhance and progress in the implementation of the Operations Model at all of our factories.

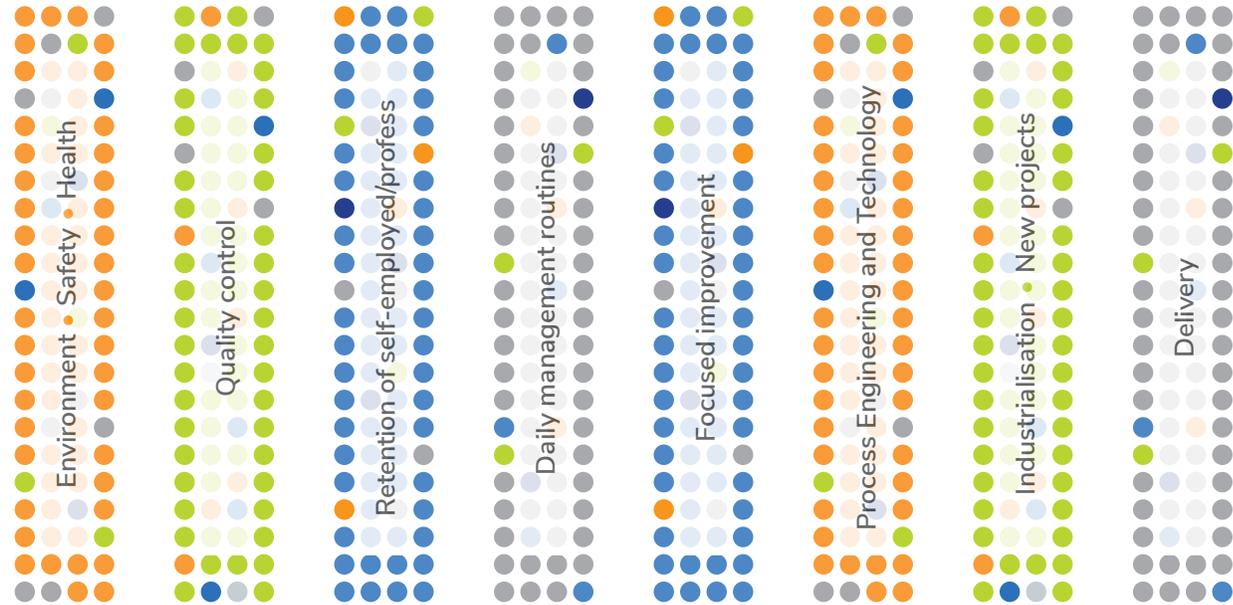


100% Commitment

Zero Accidents

Zero Defects

Zero Waste



Scorecard - Visual Factory - Performance Control System

Commitment - Organisation Development

Technology - Industry

DOPA - Hoshin Kanri



Food Quality and Safety

One of our main objectives is to promote the highest possible standards of quality, that must be integrated within the organisation such that all collaborators personally assume said objective, as if the product was going to be delivered to their own household and be consumed by their own families.

Our maxim is to ensure the delivery of products with the quality expected by customers each and every day. With said objective in 2020 a number of different methodologies and tools have been implemented, in particular aimed at removing repetitive quality errors, and to determine the underlying reason for a quality complaint and to establish corrective actions to avoid any repeat scenarios in the future.

We have implemented a digitalised system to monitor the claims, complaints and the resolutions thereof, called 8D System (Eight

Disciplines based upon RCA (Root Case Analysis) or the Resolution of Problems).

Moreover, we also have a Food Quality and Safety Management System based upon the strictest international standards: International Food Standard (IFS), Global Standard for Food Safety (BRC), the Foundation Food Safety System Certification 22000 (FSSC) and the principles of the Codex Alimentarius. This system has been certified by independent companies.



Certifications

País	Factory	IFS	BRC	FSSC 22000	HALAL	KOSHER	RSPO	UTZ	BIO
Spain	VB1								
	VB2/6								
	VB3								
	Toro								
	Jaén								
	Aguilar								
	Briviesca								
	Medina								
Portugal	Mem Martins								
Italy	Pastificio								
U. Kingdom	Worksop								
Mexico	Tepeji								

Toward Zero Accidents

The Health and Safety of our collaborators constitutes a fundamental value of our company. We work toward the permanent improvement of the health and safety conditions of our staff and to work toward the objective of Zero Accidents.

Accidents rate 2020

In 2020 we have kept working to achieve a reduction of the accidents rate, and we have obtained a reduction of 24.6% of the accidents rate with respect to 2019 (37% less accidents than in 2019), although unfortunately we mourned the death of one of our collaborators.

In light of the pandemic, we have adopted a series of measures for the protection of the Health and Safety of our staff, including the measurement of their body temperature at

the entry to the factories, staggered entry and exit, social distancing of 1.5 metres at posts and the use of screens where social distancing was not possible, the provision of PPEs, the application of preventative quarantines for certain groups, stricter hygiene and cleaning measures, implementation of remote working for structural collaborators, etc.

-24.6%

Reduction Accidents rate
Number of accidents with associated leave per million hours worked

1.2 Million €

Economic compensation for our staff situated at the factories for their commitment during the hardest first few months of the COVID 19 pandemic

Index broken-down by gender	Men	Women	Total
Accidents rate	20.4	17.6	20.3
Seriousness index	0.7	0.5	0.7

Some noteworthy actions

Sponsor a Factory Program. Commitment of the Management Board to the Health and Safety of the factory collaborators, that is materialised through the sponsorship by each manager of a factory to help to promote the Health and Safety of the factory with periodic visits, monitoring of the progress of the action plans, etc.



Implementation of a series of different initiatives to promote safe employment positions and posts, and to raise awareness among collaborators: Health and safety Diagnosis per factory, the Safety Observations Plan, implementation of work permits for high risk positions or the creation of safe working procedures, among others.



Acknowledgement with the highest award in the United Kingdom in terms of Health and Safety, **RoSPA (Royal Society for the Prevention of Accidents)**, Gold Award for Health and Safety, thanks to the efforts to ensure the Health and Safety of our staff at the Workshop factory. More than 2,000 companies throughout the world presented nominations for these awards



Digital Transformation for competitiveness

2020 has represented a challenge and also a breakthrough for the Digital Transformation of the company, by which the company has had to adapt to the exceptional circumstances of the COVID 19 pandemic so as to ensure the continuity of the Operations and to establish the adequate tools for remote working.

In accordance with the three strategic areas: Smart factories, Smart Offices and People, in 2020 the lines of action have been focused on increasing agility, reliability, robustness and the degree of digitalisation of processes.



Operations Model and Industry 4.0

This model provides for all of the technological capacities that support the production process with a 360° vision. Some breakthroughs:

- Review of the applications map that conforms the "Paperless Production" system with the aim of consolidating and integrating said system with Industry 4.0.
- New WeakLink application that ensures the quality of our products.
- Enhancement of the data and predictive advanced analytics processes.



Digital staff

Through the creation of collaboration and internal communication platforms that provide for enhancements of remote working experiences, as well as the collaboration and access to corporate information from multi-devices and different sites. In particular, the deployment of Teams and the Corporate App.



Digital Office

Focused on providing efficiency to transversal processes (Finances, Administration, Persons, etc.) of the company based upon the digitalisation and transformation thereof.

This year the following aspects have been improved:

- The Platform for the management of the lift cycle of the products, from the creation, the pricing and the categorisation thereof.
- Use of digital signatures to streamline signing procedures.
- Progress in the integration of the payslip management system of SAP

Supply Chain and global purchases

The situation brought about as a result of the COVID-19 pandemic has meant that we have been faced with the difficult challenge of ensuring supply from our suppliers. We created the Supply Chain Risks Committee focused on ensuring the service to our customers. Some important actions include the analysis of the value chain from the local supplier to detect high-risk zones; the prioritisation of the critical raw materials to provide for better coverage thereof by establishing permanent and direct contact with our suppliers and the early receipt of orders.

Within the framework of the operations strategy a project has been developed that will help us to improve the alignment of teams so as to optimise the planning of demand in the future.

As part of the commitment of Cerealto Siro Foods to ethics and in harmony with the mission, vision and values thereof, in 2020 the **Code of Conduct for Suppliers of the Group** was drafted, that shall enter into force in 2021.

The Group has, within its **Supply Chain and Global Purchases Model**, a supplier certification and assessment system

450

Suppliers assessed

% of suppliers with environmental certification

49%

certified pursuant to ISO 14001

% of suppliers that have adhered to SEDEX

64%

% of suppliers certified with the Food Quality and Safety standard

27

Audits of suppliers

IFS
45%
of suppliers

BRC
35%
of suppliers

Other systems
20%
of suppliers

Sustainable sourcing

Palm Oil
100%

of suppliers have adhered to RSPO certificates

Contracting of Local Suppliers

95%
Mexico

80%
Spain

98%
Italy

29%
Portugal

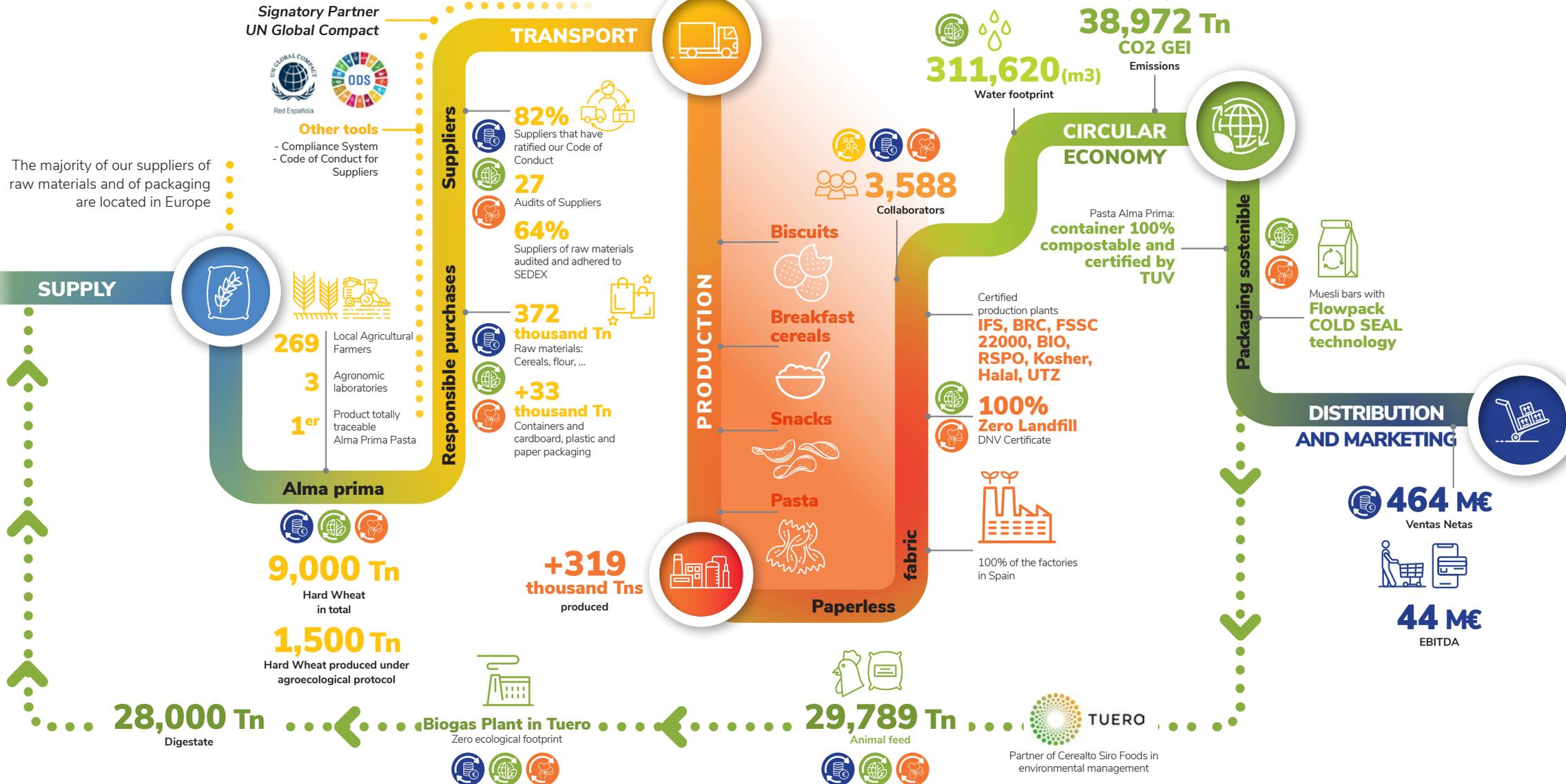
63%
United Kingdom

Suppliers



Value Chain

MAIN IMPACTS





Nutrition and
healthy life

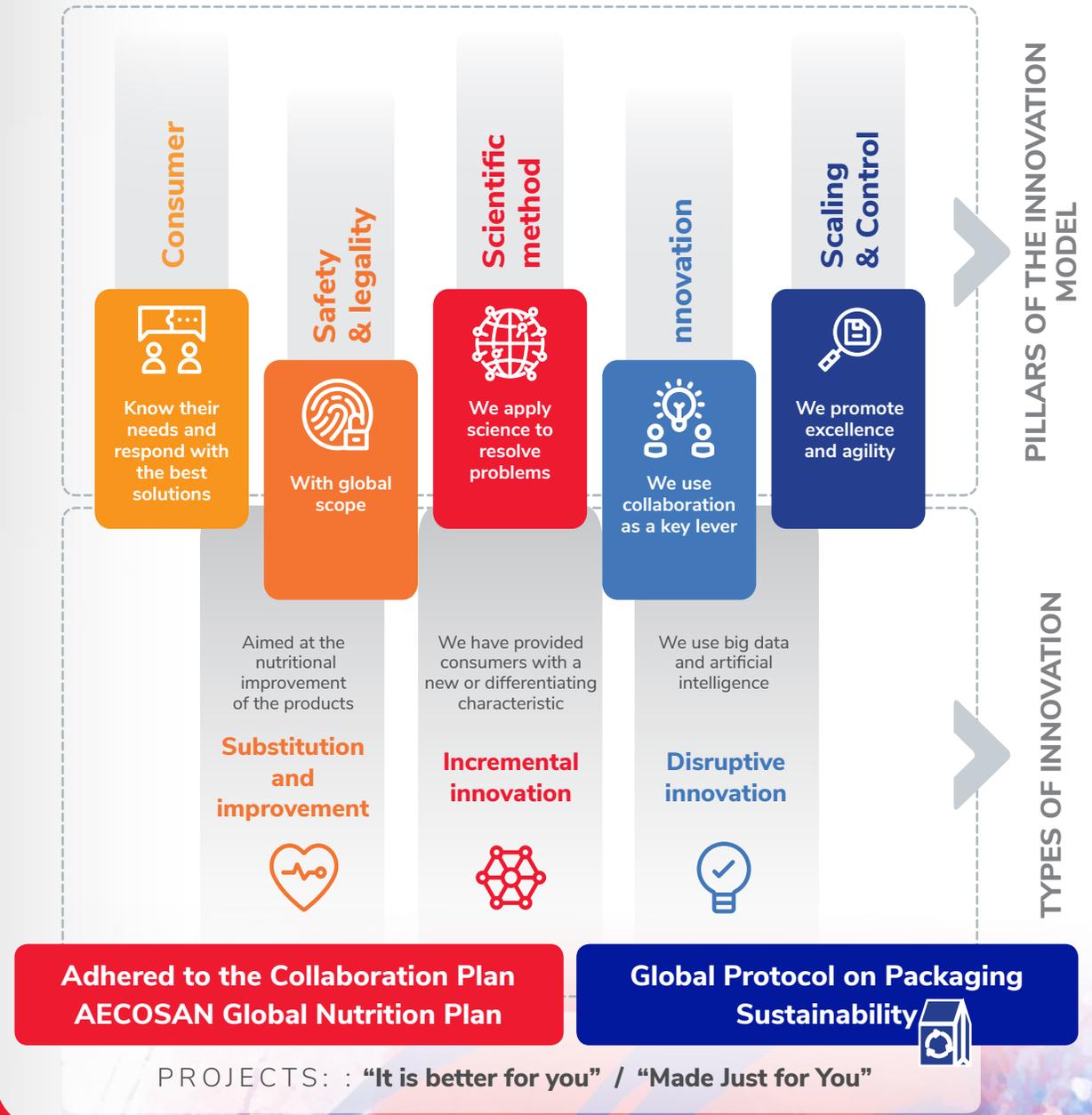


Model of Innovation

At Cerealto Siro Foods, innovation and development, that is managed from our I+dea innovation centre, is the fundamental lever of our strategic growth strategy. I+dea ensures early detection of changes in regulations and scientific and technological knowledge, of the market and of the needs of consumers.



We constantly monitor trends in consumer behaviour within this ever changing world



We have updated the macro-trends report that is now projected until 2030, especially in current situations where the COVID-19 pandemic has changed the rules, generated a volatile environment, replete with uncertainty and new consumer needs.



External sources

Socio-economic environments
Top leaders in trends: Market research agencies
Universities, Research Institutes, Foundations, etc



Our Road Map for Innovation



2030 Macro-Trends Report

- Perpetual convenience**
New lifestyles of consumers, where time is scarce
- Providing experiences**
Design of products that offer unique and different experiences
- Honest transparency**
Response to the concern and need for information regarding the composition of food via labelling
- Listen to nature**
Aware of the gifts provided by nature and the use thereof for designing differentiated, healthy and functional products

Strategic levels

- Real sustainability**
Consumers demand alternatives that minimise the impact on climate change, the use of natural resources, accessibility to food and local development
- Nutrition for all**
Healthier products adapted to specific needs



A total of 5 strategic innovation platforms have been created grouped into 5 Areas of Interest **consumer, well-being, packaging, value chain and technology**

Taking care of your health

Global Nutrition Plan

In harmony with our purpose: “We cultivate dreams to nurture more people every day” and 2030 Vision, the Regulatory & Nutrition Department has developed a Global Nutrition Plan, that also responds to the agreement formalised with AECOSAN in accordance with our commitment to provide more nutritional products to the population.

This Plan has two main aspects. The first, “It’s better for you” with the objective of improving the nutritional properties of our products. The second, “Made just for you” is focused on the personalisation and the enhancement of products adapted to specific nutritional needs of certain groups of the population. Each one of these aspects is focused on the development of the following variables:

Focused on providing solutions for taking care of health and improving the nutrition of consumers

“It’s better for you”



- Reduction of sugars
- Use of Healthy Fats
- Reduction of salt
- Reduction of portion sizes
- Use of ingredients with added value
- Competitive FOPL
- Improvement of the nutritional properties of our products

“Made just for you”



- Rationalised fortification
- Health benefits for specific groups
- Tribus
- Nutrigenetics / Metabolomics
- Sensoryzation



We continue to respond to consumer demands with healthier products



Substitution and Improvement

Focused on the nutritional enhancement of products



Incremental Innovation

We have offered the consumer a new or differentiating feature



Disruptive Innovation

We use big data and artificial intelligence



- Nutritional enhancements and adaptation of recipes in compliance with the NAOS Strategy (Nutrition, Physical Activity and Prevention of Obesity).
- Remove sugars and sweeteners and improve the recipes by adapting them to the needs of the market .
- Adaptations of the packaging
- Bio Range and gluten-free in biscuits.



Biscuits

- Improve format, aspect and coating (Chocolate and Children's White Chocolate muesli bars)
- Bio Range and gluten-free in muesli bars



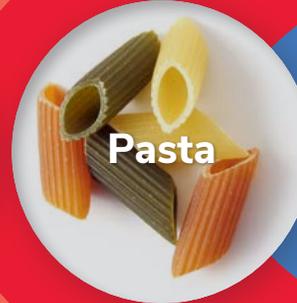
Muesli bars

- Nutritional enhancement: Muesli, Sugary Corn Flakes and Filled Cereals
- Reduction of sugar in the Corn Flakes
- Improve the curvature and flavour: Chocodays and Sugar-free Muesli



Cereals

- Fusilli. Nutritional enhancement and recipes enriched with chick peas, increase of flavour in the wheat pasta and incorporation of the organic version



Pasta

- Improvement of the chocolate coating



Crackers



- Drastic reduction of sugar in Muesli 25% fruit
- Development of an extruded cereal and a rice/ corn flake
- Muesli 3 chocolates

- 100% sustainable paper packaging with seal systems based on glues designed for contact with food
- Production of Spaghetti, macaroni and noodles 100% traceable produced with wheat from our agronomic laboratories



- Development of a new range of snacks with superfoods not currently present within the market
- Development of an indicator that classifies our products nutritionally
- New market analysis tools



Our innovation indicators



8.6

million €
Innovation and
continuous improvement
projects



1.8
Turnover



Regulatory

+597

Legal
Packaging Adaptations



+194
Technical
Specifications

+275
Legal
Queries



207
Improvements

162
launches



3
Innovation Shows
For B2B customers



+1,000
Prototypes
Presented to customers



Sensory
laboratory

135

Useful life

+1.000

RANCIMAT
analysis



+80

Technical assessments
Factory machines
(ovens)



30

Technical reports
Regarding quality and
market queries



Collaboration
projects

+30

Projects with Universities,
Technology Centres
and external companies



Co-innovation

At I+dea together with the Industrial
Technology Development Centre
(CDTI) we are working on a project
that aims to reduce the content
of acrylamide in products such as
Bread, Biscuits and Snacks.

14

Active projects



Market
Intelligence

45

Studies with
consumers
Opinions

52

Estudios
con I+Radar



8

Positioning
Events



7

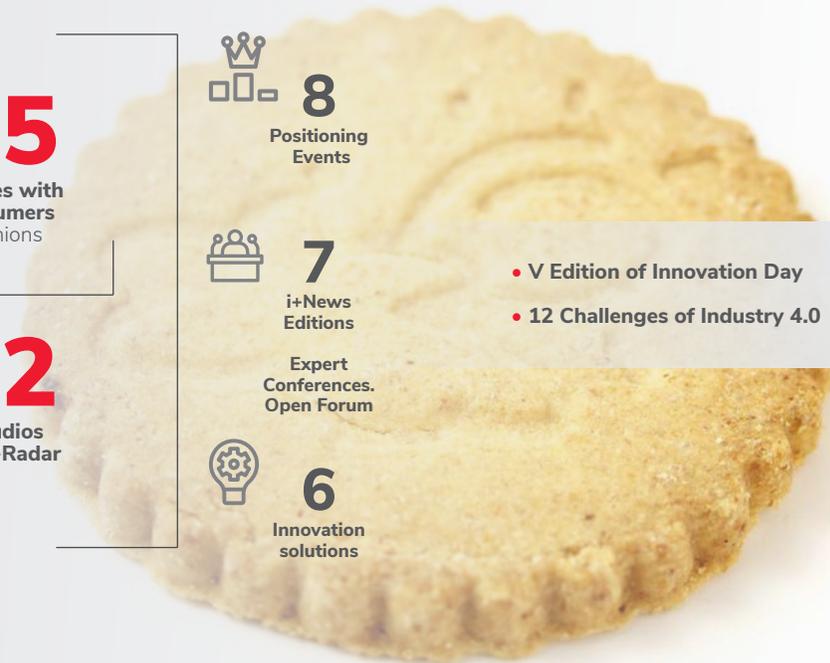
i+News
Editions

Expert
Conferences.
Open Forum



6

Innovation
solutions



- V Edition of Innovation Day
- 12 Challenges of Industry 4.0

Alma Prima

From the Farmer to the Consumer

Alma Prima is a strategic project focused on the organisation and knowledge of the value chain of our strategic raw materials, cereals, with which we produce our products within the categories of Biscuits, Breakfast Cereals, Snacks and Pasta so that they are the healthiest, most nutritional and most competitive products in the market.

The COVID-19 crisis has revealed the need for local supply chains.

This project enables us to obtain in-depth knowledge of the value chains of different raw materials and to focus on the relevant variables for our business. We have worked on the value chains for hard wheat, soft wheat, corn and oatmeal.

**A model and product
100% sustainable**

Nuestro primer producto del campo a la mesa, totalmente trazable.

Product
100%
Traceable

Produced in accordance with an
agronomic
protocol

New packaging
100%
compostable and certified by TUV

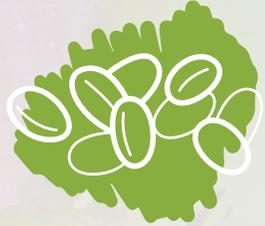
All of the efforts carried out over recent years (study of the value chains, research, creation of alliances with agricultural farmers, etc.) has resulted in the production of our first products with the wheat from our farms.

In particular, we have produced Pasta (spaghetti, macaroni and noodles) for Carrefour's Quality Circle brand, which

comes from high quality wheat that has been grown following environmentally friendly agronomic practices. This pasta has been produced with a mixture of the best quality wheat, after over 180 tests that we have carried out over recent years at our agronomic laboratories and at the farms of agricultural farmers within Castile and León, with which we have established long-term alliances.

1,500 Tn

Hard Wheat
produced in accordance
with agroecological
protocols



9.000 Tn

Hard Wheat
in total



Local, efficient, sustainable and traceable value chains

The product has a QR code that provides information regarding the origin of the product: information regarding the plot of land where the wheat was sown, the variety, the cultivation protocol and the conditions and characteristics of the harvest for each one of the batches of hard wheat, the storage thereof, etc. until the production of the product.

Moreover, we have developed a Corn Cracker with absolute traceability that shall begin to be marketed in 2021.





Caring for the environment

Environmental management



Partner of Cerealto Siro Foods in environmental management

Throughout 2020 we have developed, implemented and reinforced initiatives that promote the reduction of our environmental impact and that, in turn, strengthen the commitment and leadership of the Group in Circular Economy within the agri-food sector.

Some data

100%

of the factories in Spain are ISO 14001 certified



Sustainable pasta packaging: no plastic and **100%** recyclable



The factories in Spain and Portugal are

Zero landfill



100%

of the electricity consumption in Spain comes from renewable energy



Extension of the **biogas plant in Tuero**



We generate **Ecological** fuel and fertilizer



Opening of the subproduct plant of **Tuero in Portugal**



Sustainable use of resources

At Cerealto Siro Foods we have a tool that enables us to monitor electricity, gas and water consumption at the different production centres.



Electricity consumption

100% of our consumption of electricity in Spain comes from renewable energy sources, which represents 84.6% of the electricity consumption of the company.

Electricity consumption (GJ)	2019	2020
Electricity	402,721	342,890
Natural gas	718,099	593,069
Total	1,120,820	935,959
Total energy (GJ)/ tonne produced	3.01	2.94

Water footprint



The Group continues with its commitment to reduce the consumption of water, and reports its water footprint both directly and indirectly. A total of 97% of the water consumption comes from the municipal water network.

Water footprint (m3)	2019	2020
Direct water footprint	349,509	266,173
Indirect water footprint	81,438	45,447
Total	430,947	311,620



Fight against Climate Change

We contribute to the mitigation and adaptation of climate change through the implementation of different initiatives. And we work toward becoming a leading company in the establishment of a low carbon society.

- We participate in the Climate Change Cluster that is formed by over 50 companies and that is headed by Forética, in which decarbonisation is the central issue. We also attend the annual meeting of the Cluster at which the nine key levers have been presented so as to speed up the transition toward zero net emissions and to promote the post COVID-19 green recovery.
- We have automated the recording of emissions of scope 1 and 2 greenhouse gases at all of the centres of the Group.

Carbon footprint (tonnes of CO2 equivalent)	2019	2020
Scope 1 (stationary and mobile combustion)	41,979	34,114
Scope 2 (electricity consumption)	5,806	4,858
Total Tn CO2 Eq.	47,785	38,972
Total Tn CO2 Eq./ Tn produced	0.13	0.12



Circular Economy

Our Circular Economy Model enables us to recycle and re-use waste materials and subproducts, thereby contributing to minimise the environmental impact and food wastage.

The factories in Spain and Portugal have been certified as zero landfill by the verification firm DNV. Thus, all of the waste that we generate is recovered, re-used or recycled, thereby avoiding landfills.

In 2020 our partner in environmental management, Tuero, has implemented a new subproduct plant in Portugal. The waste generated at the factories in Spain and that are managed by Tuero in 2019 and 2020 are set out hereinbelow:

Waste (kgs)	2019	2020
Hazardous waste	46,605	43,317
Non-hazardous waste	39,227,613	33,561,270
Total	39,274,218⁽²⁾	33,604,587⁽²⁾



The factories in Spain and Portugal have been certified as zero landfill by the verification firm DNV



We're leaders in Circular Economy thanks to initiatives such as:

Biogas Plant in Tuero

- In 2020 we **extended the biogas plant in Tuero** for the purposes of improving the current digestion process, and as the first step before expanding the business with a new digester three times bigger than the previous one
- **A total of 28,000 tonnes of organic fertilizer** has been generated, that is used at the agronomic laboratories of Alma Prima.
- **The production of 12,000 MWh of biogas** has supplied the Tuero plant and has provided energy to the boilers of the Pasta plant at Venta de Baños..

Paperless factories

Work model that ensures the complete management of information of the factories in real time (stock control, traceability, process and quality variables), that enables us to efficiently control the supply chain, from the origin to the consumer, and the consequential savings of paper in the factories

Circular Economy and food waste forums

- We participated in the Circular Economy Business Action Group of Fóretica, the purpose of which is to lead the transition of companies toward a circular economy model. In 2020 the main initiatives have focused on the environmental challenge of plastics.
- Address at the World Circular Economy Forum #WCEFonline of Forética.
- We participated at the remote session of @PactoMundial #SDG 12: "Integrating the circular economy in your business strategy", to explain our circular economy model #economicircular .
- We also participated in the 3rd Week against Food Wastage promoted by the initiative #alimentacionsindesperdicio of @AECOC_ES.

Reduce packaging

- For the purposes of reducing the consumption of materials in the packaging of products, the I+D department has implemented the following actions:
- First line of muesli bars with Flowpack Cold Seal technology (cold seal).
 - Launch of the first compostable container for pasta comprised of paper and polylactide (PLA).
 - In some of our cereal products we use film material 100% PP (mono-material), that guarantees the useful life of the product and the machinability of the packaging.



Leaders in Circular Economy

We have a Circular Economy Model that enables us to reintroduce the waste material into the production cycle, and accordingly to minimise the environmental impact, generate an economic return and also contribute to the reduction of food wastage.

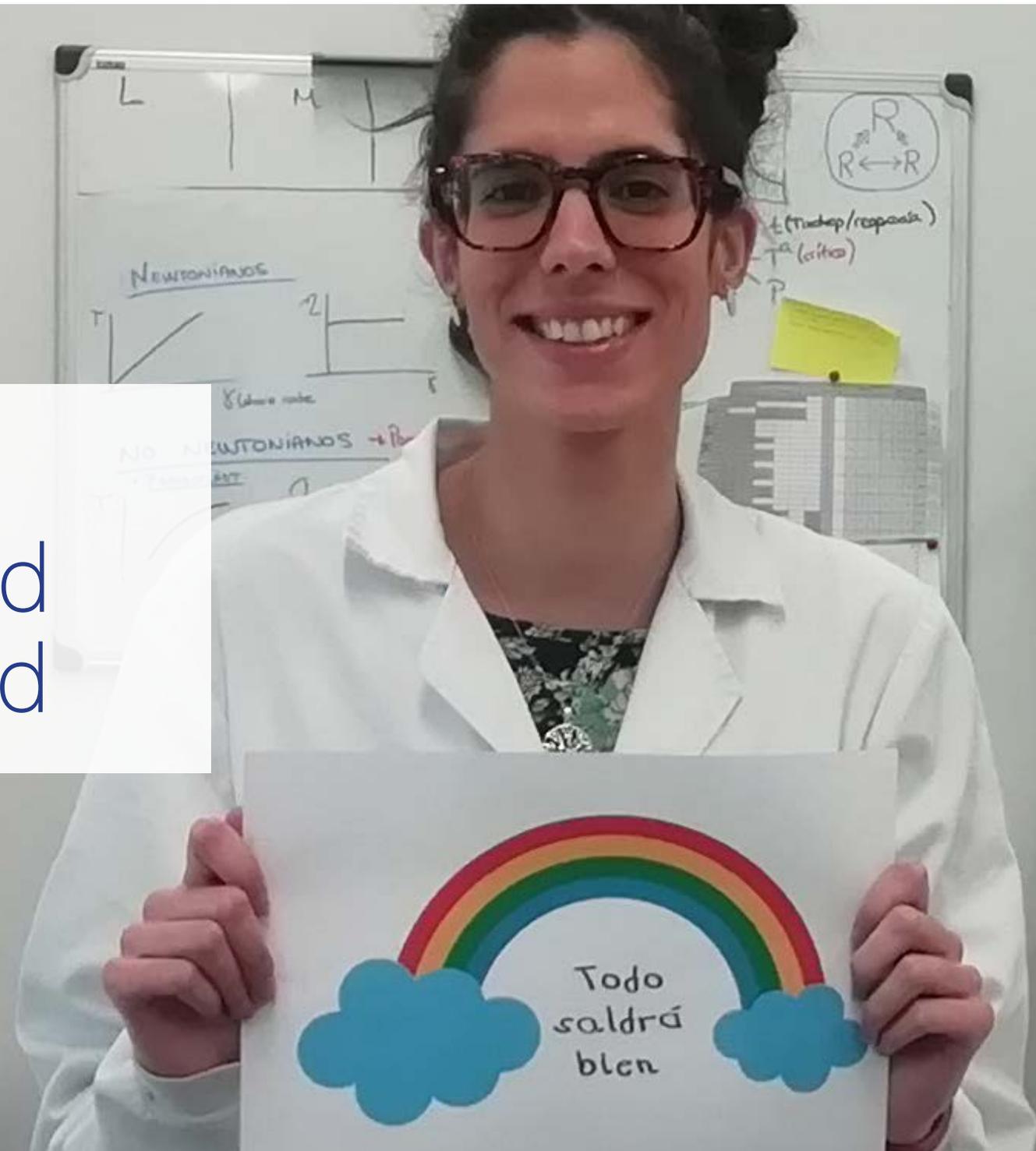
The management of the waste is carried out by our expert partner in environmental solutions, Tuero, with which we convert subproducts into animal feed; the sludge, organic

waste and plant remains, in energy or organic fertilizer for our factories or agronomic laboratories, respectively; and the containers, packaging and other waste is recycled and managed by an authorised manager.

For yet another year we can verify that the waste material generated by our productive activities in Spain and Portugal is recovered, re-used and recycled, thereby avoiding landfills.



Agile,
committed
and united





The year 2020 has been characterised by the world health crisis as a result of the COVID-19 pandemic that has put all organisations to the test. In this regard, our company, thanks to the high degree of commitment of our collaborators, has been able to guarantee supply to our customers and ensure the maximum possible safety of our staff and operations.

As a result of this new situation, we have implemented the measures considered most adequate in order to minimise the effects of the pandemic, and we have also continued to work to improve the management of our staff and our organisation. Thus, we have continued to carry out a number of initiatives to discover and promote our talent, improve training and internal communication and also to generate commitment and pride in our organisation.

In order to fulfil our Strategic Plan and the challenges that we are faced with, we continue to develop the capacity to constantly adapt to the environment, a customer-focused approach and a high degree of agility and implementation to carry out each and every one of the plans within the established periods.



Cerealto Siro Foods has been built upon solid values and a corporate culture focused on promoting the leadership of our collaborators

Values, Culture and Leadership

Values

Leadership Model that defines the attitudes of our leaders, that drive the company to the next level



Positive attitude

It's how we see the world. We transform problems into opportunities and we see things with optimism and illusion, transmitting passion for what we do.



Geared towards results

It's how we focus on the action. We focus on what's important and we are efficient. We do what we say and we say what we do



Team work

It's our way of being united. We all row in the same direction, sharing objectives and generating synergies.



Commitment

It's the way we feel. We get involved, we trust, we assume responsibilities and we feel proud to belong to the company.



Customer-focused

It's our day-to-day reason. The satisfaction of customers and consumers is at the centre of all of our decisions

Attitudes



I question before I proceed



I drive the team



I act as an owner



I adapt with agility



I'm assertive with my communication

Profile of our people

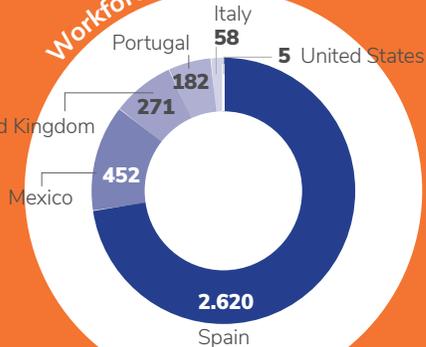
3,588

1,687 **1,901**

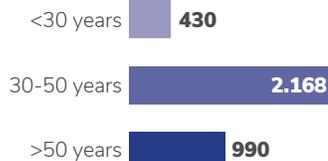
46%
Women in management positions

94%
Local hiring

Workforce by country



Workforce by age



AN INTERNATIONAL PROFILE

32

NATIONALITIES

6

COUNTRIES



78%
Permanent contracts

324
People with different capacities and at risk of social exclusion

42
Internal promotions

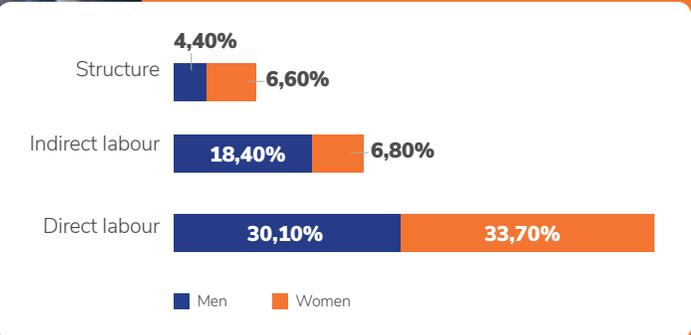
282
New staff

mE



#5
Merco Sectorial Talent

Percentage of the workforce by professional category and gender



+ Talent

We have an integral system in place that is comprised of a range of different tools that make it possible to identify collaborators with a high development potential or strategic talent, as well as to assess the individual performance of our collaborators.

3.30 out of 5

in the Guudjob index.
Above the average the Spanish market



Average satisfaction
4.4 out of 6



75%

Participation
Survey to measure
commitment
and satisfaction



57%

Participation
Survey about
the degree of satisfaction
of collaborators

DOPA

Deployment of
Objectives and
Action Plans

Maps of objectives drafted by the areas/ departments so that said objectives are in harmony with the higher objectives and, in turn, with the objectives of the company.

SSE

Monitoring and
Assessment System

Monitoring of the progress of collaborators in the achievement of their individual objectives and their leadership aptitudes.

Talent Review

Makes it possible to identify talent with aptitude to perform key positions and to define the lines of succession in the different areas and departments of the organisation.

Development Program

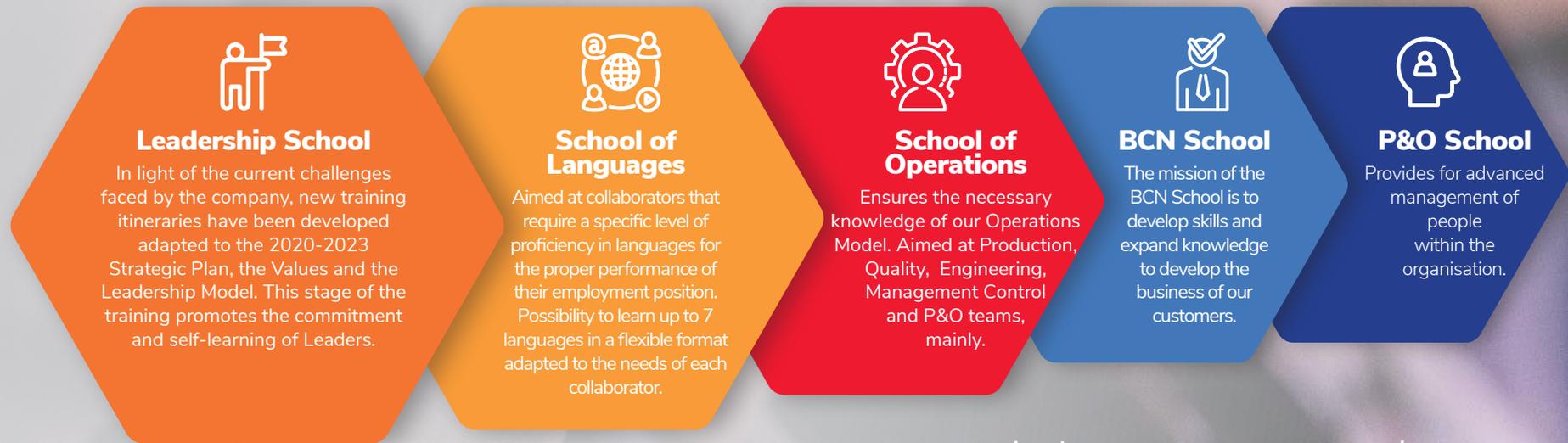
Assessment of the skills of each collaborator to define personalised training plans and to analyse skills for certain positions.

Talent management indicators		2020
DOPA sessions		105
People assessed (SSE)		614
Talent Review (people with strategic talent or high potential)		183
Internal promotion		42
	Men	24
	Women	18
Promotion to management positions		3
	Men	1
	Women	2

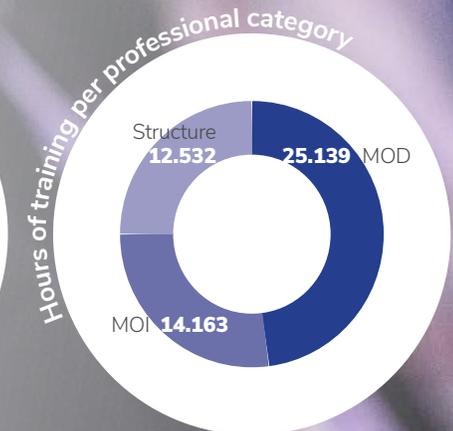
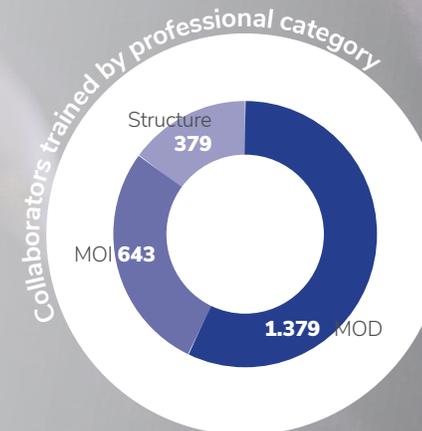
Training

During this year, which has been characterised by the COVID-19 crisis, we have transformed all of the training that didn't require face-to-face training into remote classroom sessions (Teams or Zoom). Furthermore, we have a number of different training platforms available to our leaders and collaborators such as: IFormalia, Educativa (San Pelayo Campus Online), School of Languages or B-Talent for leadership training.

Our Corporate School, an Instrument to promote training and talent



Course	Total hours	Leaders trained
Efficient conversations: development, feedback and conflict	1,544	259
Influential management	476	118
Efficient conversations: development challenges	138	69
Total courses	2,158	446



About our collaborators

For the purposes of facilitating the integration, close collaboration and commitment of the collaborators and to contribute to the agile and harmonised cultural transformation of the company, we are working toward the creation of communication processes aimed at enhancing the direct, constant and bi-directional communication from Leaders to their Teams and from the Teams to their Leaders, as a basic internal communication tool. Furthermore, we also work to promote the good reputation of the company by way of the creation, development and dissemination of our image and information, with honesty, integrity, transparency and responsibility, so as to transmit accurate, clear and verifiable information, and to ensure the coherency of the messages issued, both externally as well as internally, via any of our media or channels.

During this year, that has been characterised by the COVID-19 pandemic, internal communication has played a key role in the emotional management of collaborators. For said purposes, a range of different initiatives have been implemented in order to make our staff feel close and safe, and also to keep them motivated.

We are very proud of the commitment and efforts shown by all of the members of Cerealto Siro Foods, especially at the most critical times of the pandemic. And so all of our collaborators deserve a big round of applause for how they have managed the situation throughout this complex year.

Before the declaration of the state of emergency for the COVID-19 pandemic, we carried out face-to-face Deployments at the work centres of Spain, UK, Portugal and Mexico in order to share the 2020-2023 Strategic Plan with over 3,000 collaborators.



Moreover, the company also carried out other initiatives with collaborators:



I Managers Meeting of Cerealto Siro Foods.

120 leaders attended.

Join the challenge. Gamified training in which collaborators strengthened their knowledge obtained from the 2030 Vision and the 2020-2023 Strategic Plan via a specific App.

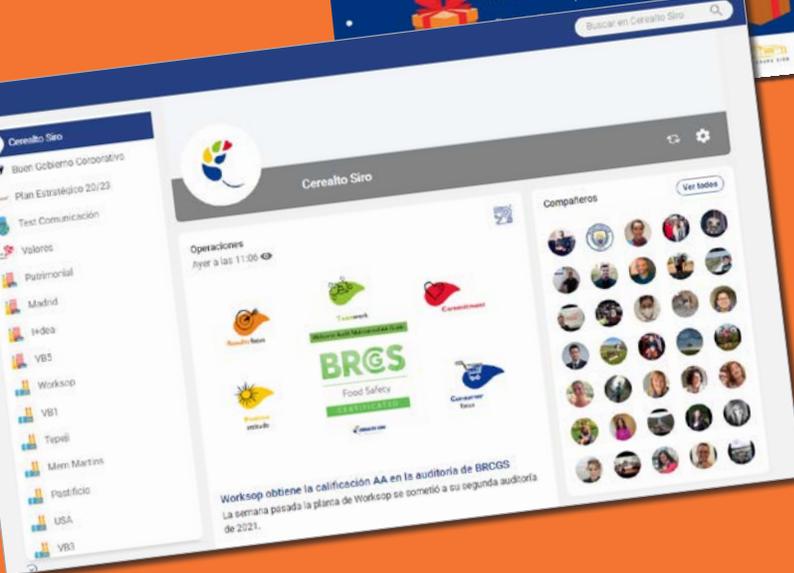
Ambassadors of Cerealto Siro Foods Event. Online session aimed at the Ambassadors of Cerealto to share with them, first hand, the key messages of the company in relation to the strategy and the fulfilment of objectives.

Mid-Year Review Celebration. The key milestones and the financial data for the second half-year period of 2020 were reviewed and the actions that needed to be carried out in order to fulfil the objectives at the end of the year were discussed.

II Drawing Contest “My Christmas with Cerealto Siro Foods”.

Open to the sons and daughters of our collaborators of all of the work centres of the Group. Over 200 drawings were received, as well as 8,000 interactions via the Corporate App.

New Corporate App that has obtained a degree of download and interaction of 70% of all of the people within our work centres. **Over 20 social communities**





Sustainable Social Commitment

Work areas



FUNDACIÓN GRUPO SIRO

At Cerealto Siro Foods, the company's social commitment is headed by our Siro Group Foundation, that guarantees the continuity and sustainability of the Group, the headquarters of which are situated at the San Pelayo de Cerrato Monastery in Cevico Navero (Palencia, Spain).

The aim of the Foundation is focused on fighting malnutrition throughout the world, driving and promoting intellectual and economically sustainable ideas and projects that impact in our environment with a Circular Economy model that promotes sustainable and inclusive growth and development.

To promote and commit to the integration of people at risk of social exclusion



Inserta

324

Collaborators

with different capacities and at risk of social exclusion

One of the first companies recognised with the badge

Disability Confident Employer
in the United Kingdom.

Recognised with the badge "Committed" (Level 1) at the work centres of Spain, Portugal, Italy and Mexico



Some noteworthy initiatives

- Sponsor of the Spanish Paralympic Team (CPE).
- Sponsorship of two promotion actions of "paralympic promises"
- Collaboration with the "Inserta" Program of the Once Foundation (National Organisation of Spanish Blind People)



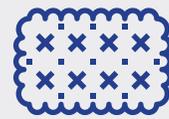
We fight malnutrition throughout the world, due either to excess or default, by developing food products that enable us to cover the nutritional needs of vulnerable communities.

Chapin Project in Guatemala
 For the purposes of validating the effectiveness of the consumption of the biscuit as a dietary supplement, for the improvement of child malnutrition, we shall carry out a clinical study in Guatemala in relation to a group of children between the age of 2 and 6, who will be provided with the biscuit for a certain period of time. For this reason, we have adapted the recipe taking into account the specific deficiencies of this group of the population and the territory in which they live.



Our commitment essentially relates to

- Promoting and driving nutritional research through I+dea, as well as the development of specific products that enable us to nurture more people more effectively. .
- Take advantage of the productive capacities of Cerealto Siro Foods to produce said products.
- The search for local resources that enable us to create nutritional solutions adapted to the needs of each territory and/or group, and to facilitate local production.
- The creation of alliances with all types of public or private institutions, associations and NGOs, that enable us to reach out to more and more vulnerable



We have developed the first **“Nutritional Biscuit”** for said purposes. This Biscuit acts as a dietary supplement and merely a ration of the biscuit provides 50% of the daily vitamins and minerals that a person requires.

Collaborative project with



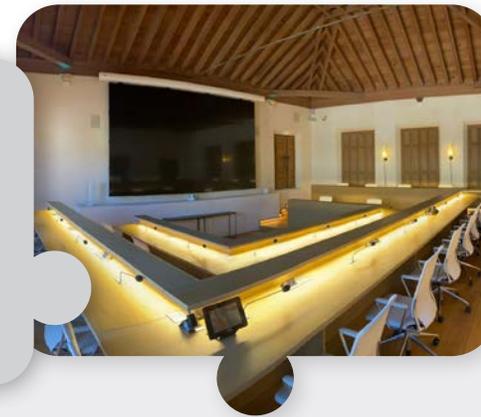


Contribution to the education of the children of collaborators and detection new talent



29

Becas de excelencia
a hijos de colaboradores



2

Half Scholarships
Master's Degree in Agroindustry, Connectivity and Sustainability

7

Spain

1

Portugal

1

Italy

19

Mexico

1

United Kingdom

Some noteworthy initiatives

- Collaboration with INEA, University School of Agricultural Engineering of Valladolid

Over the past 5 years, the Siro Group Foundation has contributed €430,000 to the education of the children of collaborators, financial aid for exceptional medical treatments and for the recovery of historic/artistic and environmental heritage

Financial aid for exceptional medical treatments for collaborators and their families

2

Collaborators

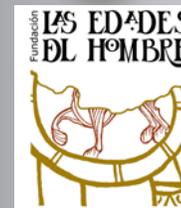
1

Family member of a collaborator

3

Financial aid for exceptional treatments

Recovery of the historic/artistic and environmental heritage of our surroundings



The Siro Group Foundation continues to collaborate with the "Edades del Hombre" Foundation, the purpose of which is to safeguard the culture and history of the regions of Castile and León

The Siro Group Foundation has managed to recondition and dignify the ruins of the San Pelayo de Cerrato Monastery, and has also contributed to the development of the local community



Other social projects

Mitigating the impact of the COVID-19 pandemic

Cerealto Siro Foods and the Siro Group Foundation have supported and promoted a number of different initiatives to mitigate the effects of the COVID-19 pandemic for the purposes of joining forces to help in complex situations, to provide tools and solutions, to share experiences, to visualize efforts and to reach out to the population that has been especially hard hit by the pandemic.

We have provided to different Food Banks (Valladolid, Burgos, Jaén and Madrid, etc) donations of **34,672 kilos** of product including Biscuits, Snacks, Breakfast Cereals and Pasta.

Moreover, in the context of the current health crisis we have also collaborated in other initiatives with NGOs and companies in order to help the most vulnerable families and the elderly that live alone:

- **Alliance with “Laboratorios Normon” for the donation of products to the Spanish Federation of Food Banks.** A total of 78,700 kg of biscuits and pasta was provided for the most vulnerable families.
- **Crowdfunding campaign “Multiplicamos tu solidaridad” (Multiplying your solidarity).** In collaboration with FESBAL with the commitment to provide, for every Euro donated, 2 kilos of food. Over 150 donors participated and a total of 28,579 kilos of biscuits were provided.
- **#CruzRojaresponde Campaign** with the provision of 1,168.74 kg of biscuits for needy families.
- **“Ángeles urbanos contra el Coronavirus” (Urban Angeles against Coronavirus) Initiative of the ONCE Foundation.** A total of 350 kg of biscuits and pasta was donated to families with disabled people and the elderly that live alone.



We have also donated **3,000 personal protection equipment and face masks for hospitals and retirement homes.** Together with I+dea, we have designed **85 facial protection screens**, duly certified, with 3D printers.

Committed to the Sustainable Development Goals (SDG)

Conscious of our role as drivers of change, during this year we have participated in a series of initiatives in relation to the 2030 Agenda and regarding the following SDG:

- **Participation in the 8th Seminar against Food Waste and III Week against Food Waste.** Congress organised by the Committee against Food Wastage of AECOC.



- **Action Plan with Town Halls and the FEMP** (Spanish Federation of Municipalities and Provinces), to initiate a joint action plan in relation to food wastage.

- **Circular Economy Action Group (GAEC) of Forética.**

Presentation of the business ambition to progress toward the new plastics economy and presentation of the measurement of the circular economy



- **2nd Sustainable Development Congress FIAB-AECOC.** This edition focused on the role of mass consumption and the agri-food industry as drivers of the Sustainable Development Goals.

- **Transparency, Good Governance and Integrity**

Cluster of Forética: Analysis of the social dimension of this crisis, in particular the inequality, in consideration of the SDGs and the difficulties that may arise in the 2030 Agenda



- **The Valuable 500.** Initiative that emerged from Davos for the promotion of disabled people in companies at a global level.
- Participation in the **Observatory on Disability and the Labour Market in Spain** organised by Inserta Forum-ONCE Foundation, to analyse the labour situation of disabled people and to analyse the future of employability after the COVID-19 pandemic



- Participation in the project: "The future of sustainability: resilience and 'new normality' of companies post COVID-19" of Forética in alliance with WBCSD.



Thank you

During the year 2020 we have received acknowledgements for our work and activities in a number of different areas:

- One of the 100 Best Companies to Work for in Spain, according to the Ranking of "Actualidad Económica".



Gracias a los trabajadores de CEREALTO SIRO, que permanecen en sus puestos de trabajo para llevar alimentos a tantos hogares españoles. Que nos cuidan, sin pausa, con adaptación y resiliencia, para que se detenga todo menos la vida.

¡Gracias de ❤️!



- Merco. The Corporate Reputation Business Monitor has ranked Cerealto Siro Foods in satisfactory positions. Again, our Chairman has been selected as one of the most reputable leaders in Spain.

#6
Sectorial

#84
General

#6
Sectorial

#81
General

#64
General



- I+Radar (I+dea tool) selected in the 3rd Edition of the Innovation Observatory in Mass Consumption 2020 of the Cerdà Institute as one of the 20 best innovations, out of a total of over 300 initiatives presented.





www.cerealtosirofoods.com

