



Nurturing  
a healthy life

# Annual Report 2023



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# Letter from the President

Faced with the challenges posed by the international context and climate change, **the chain as a whole is the main tool for success.**

A number of reasons support the dairy sector's potential at international level (population growth, increase in purchasing power, changes in eating habits leading to a search for natural, nutritious and healthy products), as well as production growth restrictions in some countries, which have now become key exporters. These factors allow us to be optimistic regarding long-term prospects for our chain, even considering the restrictions imposed by the investment requirements necessary to meet growing environmental and social demands.

In the current context, this encouraging long-term outlook is affected by tensions in international trade relations as a result of armed conflicts and economic confrontations, involving mainly the world's great powers.

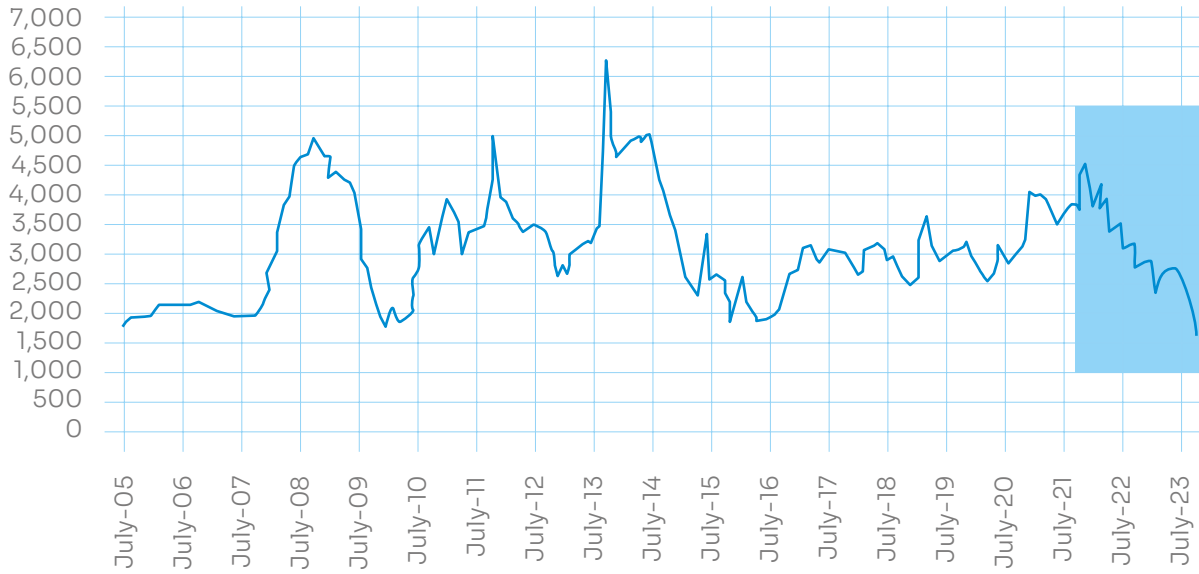
The first have affected not only the cost of agriculture and livestock inputs, but also the international trade aimed at some important destinations such as Russia (the world's largest importer of butter).

The second has caused an important increase in the powder milk stock in China, with a resulting decrease in its imports, further triggering internal production (despite high production costs), which has created an excess powder milk supply at global level favoring a drop in prices (see box in the chart).



This scenario was locally compounded by some extreme weather conditions. The severe drought in the last three years led to a higher demand for imported grains or silage, which were used as substitute. Consequently, our dairy producers cash flow needs increased to sustain production. Within this context, Conaprole mitigated the damages by continuous expansion initiatives to support dairy producers, and also seeking to favor those destinations that proved most profitable for the company's export portfolio. This maintained the milk prices received at very competitive levels throughout the whole financial year. Nevertheless, the continuous and drastic fall in powder milk prices at international level poses a new challenge nowadays. Fortunately, weather forecasts are fairly favorable and production costs have been adjusted downwards.

GDT - WMP Price  
USD / Ton



**During the last financial year, Conaprole took direct actions aimed at providing liquidity to its partners and lessening the negative impact of the drought.**

Namely:

▪ **Approval of the following financial assistance mechanisms:**

- Conaprole authorized early withdrawal of PPD funds.
- Prolesa extended the term for payment of its sales.
- Proleco expanded its credit granting capacity with Conaprole’s support.

▪ **Implementation of the FFIEL project**

was enhanced to enable better and more efficient management of the financing structure of dairy farms, so as to manage market volatilities (since its creation, 132 requests have been received, for a total of approximately US\$ 22 million).

Actions have been taken to supplement its original advantages (business knowledge, term of approval, cycle-adjusted repayment

and productive seasonality, and type of guarantees), with an improvement of cost equation, by providing access to institutional and retail investors from the capital market.

Despite the difficulties posed by the current context, the Board has the obligation to ensure the Cooperative’s long-term existence as a vital tool that must create certainty for our dairy farmers, thereby guaranteeing the best possible price.

The dairy sector in our country is and will increasingly be an exporting sector<sup>1</sup>, and we will have to manage the volatility imposed by the international context, regardless of circumstances. We should therefore clearly understand that the whole chain needs to be competitive worldwide.

**Conaprole must continue to strive for the opening of markets, the quality of the milk supplied by our dairy farmers (by working towards the continuous improvement of dairy farms), the excellence of our marketed products, the operating efficiency and**

**financial strength of the chain, and sustainability.**

We continue to incorporate leading-edge technology that enables us to be an outstanding alternative for the supply of excellent dairy products.

Also, with the aim of strengthening the image of our Cooperative, we are advancing in the construction of new smart, modern and environmentally-friendly corporate headquarters. This investment will improve our institutional image and the quality of the work of our current and future young talent pool, throughout a financing process for long-term construction which will ultimately place Conaprole at the same level of excellence as displayed by its industrial plants.

To conclude, the strength and relevance of our chain is an essential factor to successfully manage the challenges and uncertainties presented by the international market, and Conaprole will continue to focus on these aspects.



**Gabriel Fernández Secco**  
President

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<sup>1</sup> +75% of milk production is already exported; furthermore, every liter of incremental production is destined to foreign markets, due to our own population decline and already high per capita consumption.

# Letter from the CEO

It is during hard times that we should rely more on **our strategy's cornerstones**.

The 22/23 financial year has been particularly challenging for our productive chain. The global economic repercussions from the Ukraine-Russia war, which led to an increase in the cost of dairy production inputs<sup>2</sup>, and the slowdown of dairy imports from China, ultimately leading to a drop in the international price of powder milk, were compounded locally by a severe drought. The latter led to an increase in our members' cash flow requirements<sup>3</sup> in order to sustain production, thus increasing their debt. The revaluation of the Uruguayan peso has been another factor, which incremented the operating cost in dollars of the whole chain.<sup>4</sup>



**Despite the context, we reached sales over US\$ 1,000 million**, pay one of the highest prices in history to farmers, and **lay the basis for the future growth of high added value products for export**, thanks to the operation of our third drying tower located in Ciudad Rodríguez.

We are currently in a position to successfully penetrate the demanding international market of formulas and special dairy blends.

**The strategy consists of diversifying our portfolio and being a reliable high-quality supplier committed to sustainability, thus adding value to the large food companies.**

Since the mid-70s, Conaprole has developed a highly successful export model based on innovation, with outstanding levels of efficiency and efficacy in our productive chain **aimed at client satisfaction**. These factors, leveraged on investments and on a continuous and proactive transformation, have led the chain to triple its production within 50 years.

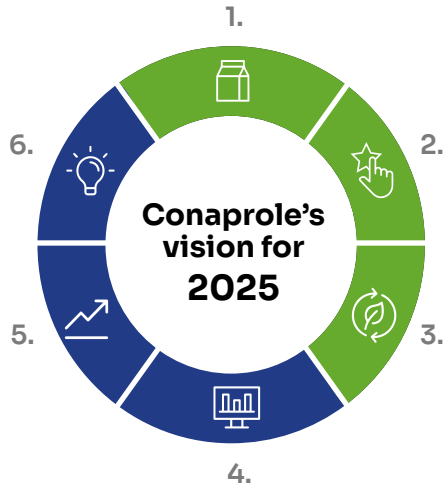
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<sup>2</sup> Effects relating to restrictions on energy, food and raw material products; price increase which deteriorates primary production margins, thereby threatening growth and social stability. General effects: global increase in inflation (through energy and food) and interest rate, which increases investment financing and valuation costs.

<sup>3</sup> Faced with a lack of grazing land due to the drought (a "non-Cash" cost), farmers were forced to incur in debt in order to purchase fiber supplements (bales, corn husks, etc.) and concentrates (feeds, milled grain, etc.)

<sup>4</sup> Given the cyclic nature of the industry, the investment of dairy farms in long-term assets, and the lack of local financial instruments allowing for mitigation of the business risk, Proleco has created, with Conaprole's support, the Financial Trust known as FFIEL, which grants long-term credit to farmers.

Enablers



Value - creation sources

1. Strength of our dairy producers
2. Talent and Organization Development
3. Sustainable practices involving the environment and the community
4. Sustained growth on the national and international markets
5. Expansion into new businesses and digital tools
6. Margin optimization

**Our history clearly shows that, insofar as no restrictions arise, we are able to compete in any market.** In January 2024, the Free Trade Agreement between New Zealand and China will reach total exemption. New Zealand will therefore achieve competitive advantage, unless we agree to sell at prices well below the market price. We fully support government steps regarding trade openness and will redouble efforts to broaden relations with new markets and customers in order to maintain a healthy degree of flexibility and diversification.

Even though the focus of our growth aims at ingredient exports, our roots are in the domestic market, and this is what propels us towards constant and continuous improvement every day. **Among Uruguayan privately-owned companies, ours is the one with the highest positive rating by the general Uruguayan population,** whether by consumers, investors, shippers, suppliers or employees.

**This trust is the underlying factor that leads us to consistently work with courage and passion, and to cater for the environment for future generations. We are and intend to continue being sustainable market leaders.**

**Milk is a superfood with unique nutrients,** and our purpose is to promote its consumption throughout all the stages of a person's life. This year, our focus has been to inform on our portfolio of functional milk types which takes into account different consumers. Along this line, the primero lo primero (First things First Campaign), aims to raise awareness on the product's relevance and benefits.

**Lastly, Conaprole is a flexible, open-door company that seeks to capture the best national talent pool, those able to lead our chain to higher levels of development.** Human capital is a key cornerstone, within a management process supported by our teams' attitude, training level and experience.



The 23/24 fiscal year begins with many challenges, and other demands, that are bound to appear in the upcoming years.

**For these reasons, and thanks to our resilience and capacity to adapt that we are internationally recognized for the excellence of our products. We will continue to be active protagonists in the history of dairy production in Uruguay in the years to come.**

A handwritten signature in black ink, consisting of a stylized 'G' followed by a series of loops and a final downward stroke.

**Gabriel Valdés**  
CEO





# 01 | Our Cooperative

**1.1.** Global Presence

**1.2.** Value Creation Model



## Global Presence

We are Conaprole, one of the world's leading dairy food suppliers. **We operate in over 60 countries, and we are Latin America's largest exporter of dairy products.**

As a result of our vertical integration, we are able to ensure the highest quality standards of our raw materials, processes and products, thus being a reliable supplier of dairy ingredients, which impacts on the interest of several important multi-national brands, governments and main companies in the sector.

Following a Strategic Business Vision for 2025 as a guideline, we strive to enrich our product range with greater added value, aligned with the growing demands of our international customers.

## Our trademarks around the world

**+ 60**

Countries reached

**1°**

Leading Exporter in Uruguay

**1°**

Leading dairy exporter in Latin America

**6%**

Share on the Milk Powder International Market  
(leading company in Brazil, Algeria and 3rd company in China)

**170,000**

tons exported in products

**75%**

Of the milk received is exported

### Our ingredient portfolio:


- Whole Milk Powders: Instant, High-Heat HS, Medium-Heat
- Fortified with vitamins, minerals and others
- Infant Grade
- UHT

### Specialized Nutrition:

- Dairy substitutes
- Industrial blends
- Healthy living



### Main exported products:

 **81%** ingredients (whole and skimmed milk powder, formulations)

 **7%** butter

 **7%** cheeses

 **2%** whey

 **2%** others



 Main export markets

 Offices



## Our Domestic market

For more than 87 years, we have brought innovative and high-quality products to all Uruguayan homes and have accompanied all generations throughout.

Our history 

### Main brands



Milk	Yoghurts	Juices	Desserts	Frozen products
Ice creams	Cheeses	Milk Caramel Spread	Others	See all our products 

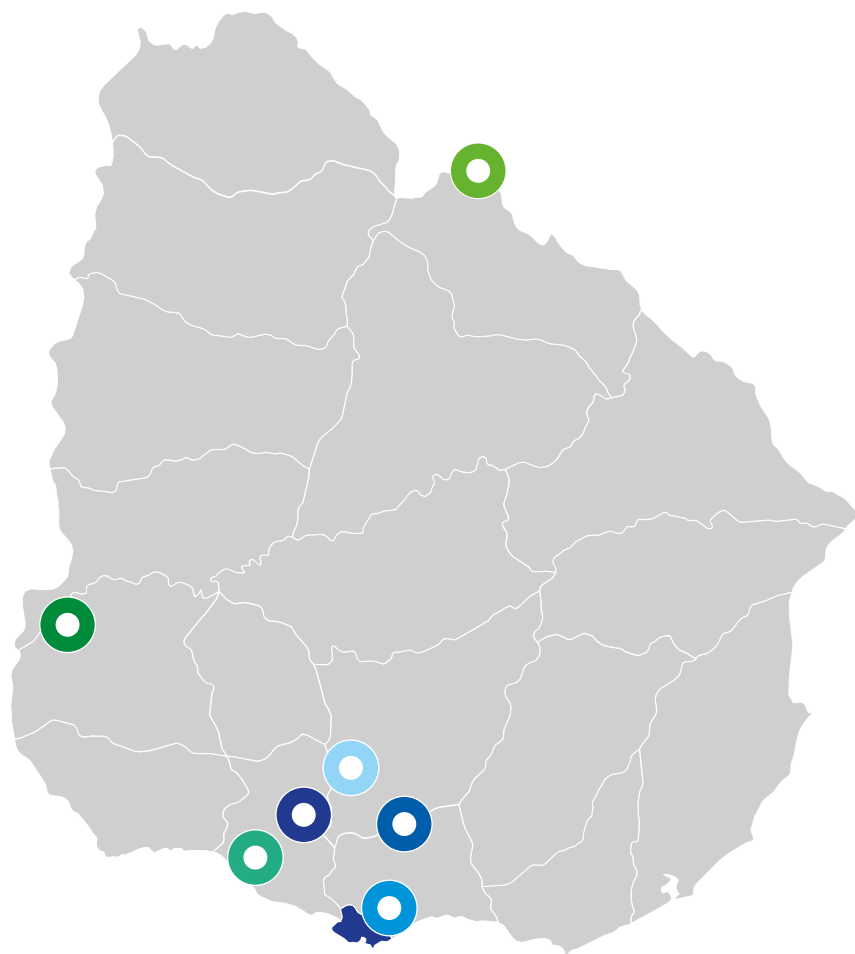


## Our **locations**

### 7 Industrial Complexes:

- Ciudad Rodríguez (CIR), San José
- San Ramón (CISR), Canelones
- Montevideo (CIM), Montevideo
- Florida (CIF), Florida
- Rincón del Pino, San José
- Rivera
- Mercedes, Soriano

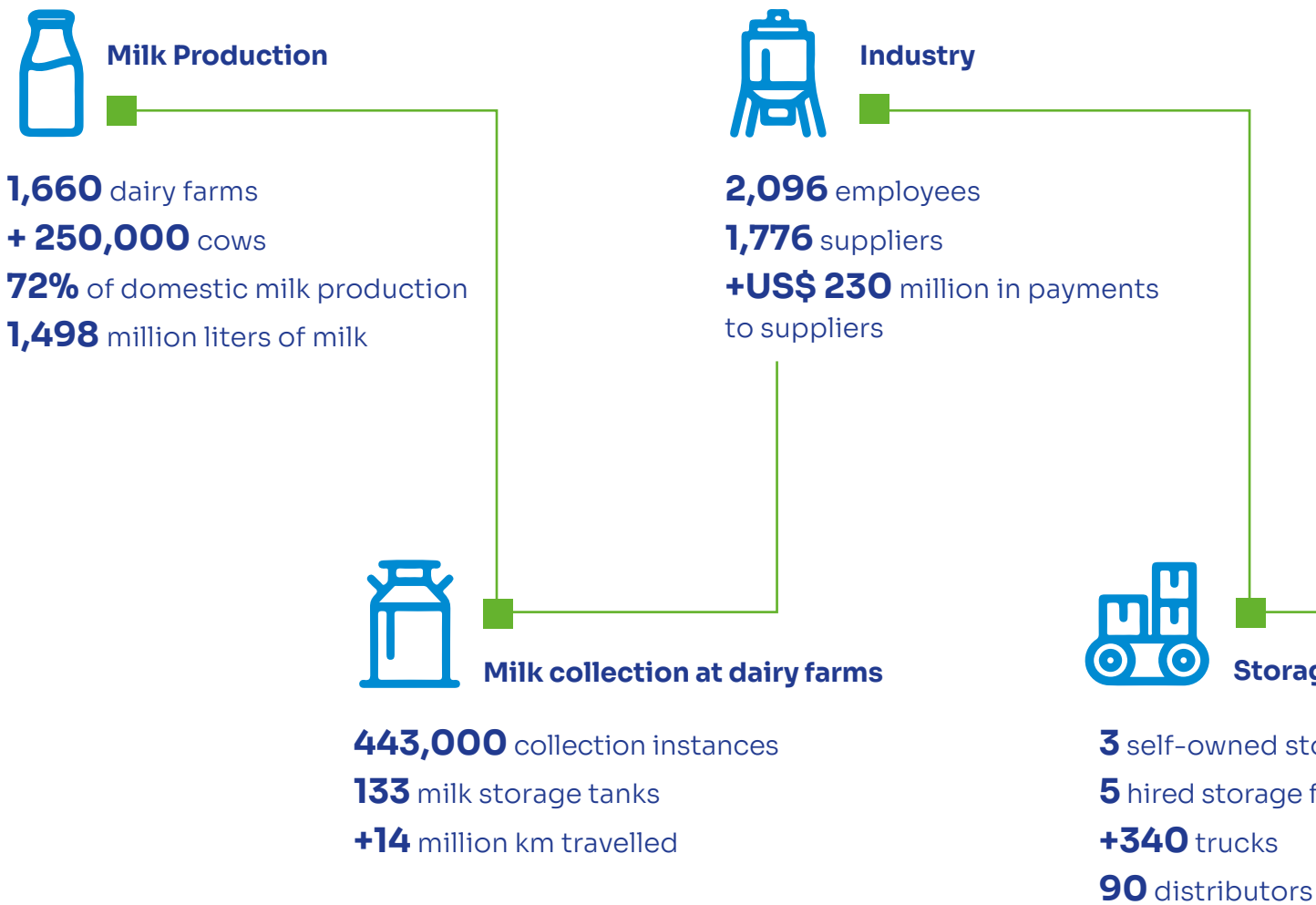
**1 Innovation and Quality Center:** Montevideo (CIC), Montevideo



# Value Creation Model

We developed an integrated management system that guarantees quality and sustainability throughout the whole process of our products thus adding value at every stage, reaching the table of millions of consumers around the world.

## Our Value Chain





### Marketing

**+US\$ 1,040** million in revenues



### Exports

Records:

**+US\$ 690** million

+ destinations

+ served customers

New products



### Domestic Market

**291** large customers: supermarkets, official and industrial entities

**+300** SKU

**+US\$ 350** million (+23% vs. previous year)

**+24,000** points of sale



### Post-consumption

Dónde reciclo Program

Plan Vale Program

### Storage Facilities and Distribution

Storage facilities

Facilities

More about the Dónde reciclo Program



More about the Plan Vale Program







# 02 | Business Sustainability

- 2.1. Materiality Analysis
- 2.2. Contribution to the 2030 UN Agenda
- 2.3. Strategic Alliances
- 2.4. Awards and Honors

# Materiality Analysis

Material issues comprise the strategic issues for the sustainable development of our business at medium term and, therefore, are at the basis of our ESG management.

## Stages of the **materiality** analyse

This financial year we continued to work on our materiality. Our first double-materiality analysis enabled us to classify the main risks and opportunities (both current and aspirational) of the business, as well as to understand and map out our most significant impacts on the economy, the environment and people.

### **Analysis**

We analyze the international and domestic market, the sector's key trends, our competitors and our business model, thereby identifying 17 material topics that define the contents of this Report.

## Challenges for 2023-2024

### **Participation of our stakeholders**

The next step of the analysis is for our leaders to prioritize strategic matters, the role which these strategic issues should play on the business agenda. We will continue to work in order to enrich this analysis.

### **Prioritization and Validation**

Once the consultation is carried out, the assessment is applied to update our Materiality Matrix, which prioritizes issues and defines the course of the cross-cutting management agenda.

## Our material issues

Environmental Axis	Social Axis	Economic and Corporate Government Axis
<ul style="list-style-type: none"> <li>▪ Risks and opportunities of climate change</li> <li>▪ Water management</li> <li>▪ Energy management</li> <li>▪ Waste management and circular economy</li> <li>▪ Sustainable agriculture and biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Commitment to the team</li> <li>▪ Healthy and safe products</li> <li>▪ Product accessibility and affordability</li> <li>▪ Customer experience and satisfaction</li> <li>▪ Participation in community development</li> </ul>	<ul style="list-style-type: none"> <li>▪ Economic performance and profitability</li> <li>▪ Cooperative Culture</li> <li>▪ Sustainable production system</li> <li>▪ Ethics and transparency</li> <li>▪ Comprehensive risk management (ESG)</li> <li>▪ Technology and Development</li> <li>▪ Responsible management of the supply chain</li> </ul>

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Interconnection: the ESG issues identified and categorized in this analysis are increasingly interconnected and can affect each other. Therefore, they should not be seen in an isolated way, but rather as an integral part of the business strategy.

# Contribution to the 2030 UN Agend

We contribute and impact directly on 14 of the 17 goals, and on 45 targets.

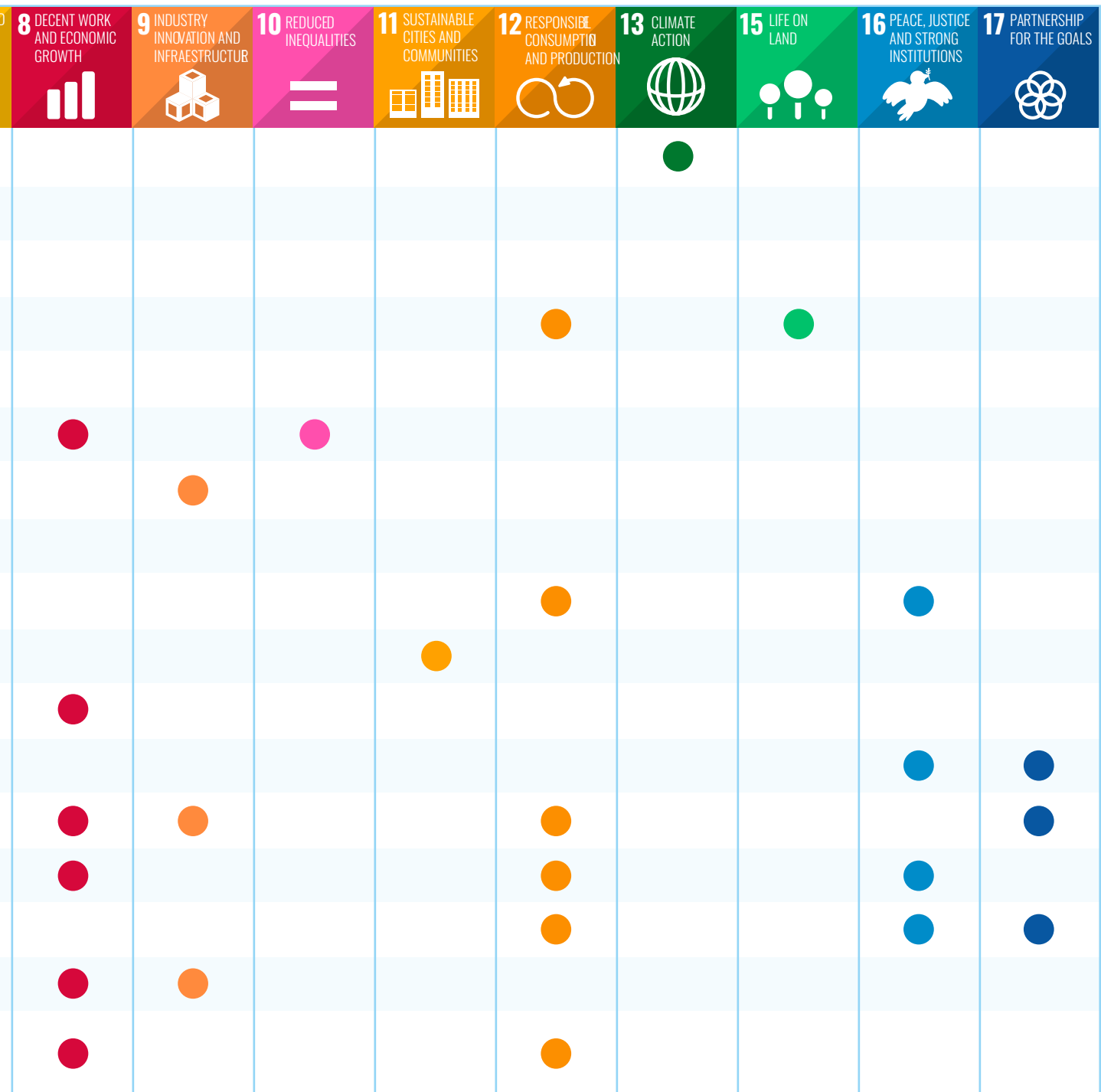
	2 ZERO HUNGER 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY 
Risks and opportunities of climate change					
Water management					
Energy management					
Waste management and circular economy					
Sustainable agriculture and biodiversity					
Commitment to the team					
Healthy and safe products					
Product accessibility and affordability					
Customer experience and satisfaction					
Participation in community development					
Economic performance and profitability					
Cooperative Culture					
Sustainable production system					
Ethics and transparency					
Comprehensive risk management (ESG)					
Technology and Development					
Responsible management of the supply chain					



Our Materiality Matrix is aligned to the Sustainable Development Goals (SDG) proposed by the United Nations.

**For this challenging agenda, we must contribute our knowledge, experience and action in what we do best:** bring wholesome,

tasty and safe products to families, encourage healthy lifestyle habits and comprehensive welfare, taking care of people and the environment, fostering responsible practices throughout our value chain, and promoting community development.



## Strategic Alliances

Open dialog for Uruguay's productive development is encouraged by active participation in the following organizations:

- National Milk Institute
- Uruguay's Exporters Association
- Chamber of Industries of Uruguay
- Dairy Industry Chamber of Uruguay
- Food Industrial Chamber
- Federated Agricultural Cooperatives
- Uruguay's National Chamber of Commerce and Services
- Pan-American Dairy Federation
- Commercial Defense League
- Chamber of Advertisers of Uruguay
- Business Commitment on Recycling
- Food Bank of Uruguay

## Awards and Honors

Recently —for the **12th consecutive year**— we were awarded the **Reconocimiento al Esfuerzo Exportador (Best Export Effort Prize)** granted by the Banco de la República Oriental del Uruguay (Bank of Uruguay) and Uruguay's Exporters Association.

On the same occasion, we were also awarded the **Reconocimiento de Exportador Sostenible (Best Sustainable Exporter Prize)**.

We have ranked **Nº 1** out of 10 ranked companies from the Uruguayan food industry sector, and **Nº 4** out of 100 companies on the **Best Business Reputation** list prepared by **MERCO Ranking** (Corporate Reputation Supervisory Entity).





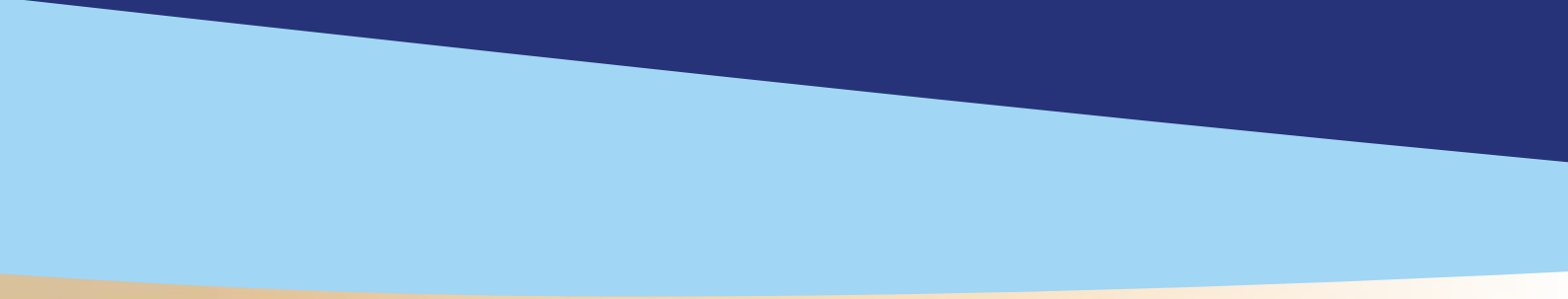
We were awarded the special **Miguel Cardozo** prize, granted by the National Cooperativism Institute (INACOOOP). This award is conceded to cooperatives and social organizations that make a positive contribution to Sustainable Development Goals.

The special mention was for **“Recovery of Post-Industrial Waste as an Input for Animal Welfare within the Dairy Chain”**.

Once again, we were recognized for the successful implementation of energy efficiency measures, with the awarding of **Energy Efficiency Certificates** by the Ministry of Industry, Energy and Mining and the National Energy Board.



We received the **highest award** granted by Grupo Disco Uruguay as part of its **GDU Prizes**. The annual event is in recognition of best practices of business partners within the group. The **Provider of the Year** award is a prize received for outstanding performance, product quality, best business practices and values that are enhanced in our company. Furthermore, we were awarded the **Premio Oro en Sustentabilidad** (Gold Sustainability Prize) and the **Premio Uruguay Circular 2022** (2022 Uruguay Circular Prize).



**Conaprole**



# 03

## Corporate Governance and **Our Dairy Producers**

- 3.1. Cooperative Culture
- 3.2. Ethics and Transparency
- 3.3. Our Dairy Producers – A Sustainable Production System
- 3.4. Responsible Management of Supply Chain
- 3.5. Technology and Development
- 3.6. Economic Performance and Profitability

## Cooperative Culture

Our operation is carried out with the solid purpose of attaining the strategic goals, and upholding the values and principles that governs the Cooperative's activity and business.

### Mission

To maximize the value of our milk by providing innovative, quality and healthy products for our clients worldwide.

### Vision

To be the leading company in Latin America with global outreach in dairy foods of excellence, by creating sustainable and positive impact on people and the environment.

### Values

- Innovative
- Efficient
- Proactive
- Resilient
- Transparent
- Teams
- Committed

The cooperative members are guaranteed full transparency in decision making processes, and undertake to provide any information that may be requested, as well as to periodically inform on the results of operations and other aspects related to the development of the business.



## Corporate Governance

The Cooperative's Organizational Chart:

### I) Board of Directors

This is the Management and Administration body. It comprises five members elected every five years by the cooperative members by secret ballot, at elections supervised by the Electoral Court.

### II) Farmer Meetings

This body has a consulting or advisory role. It is composed of twenty-nine farmer members elected simultaneously with the Board.

### III) Fiscal Committee

This body exercises internal control functions and is composed of three farmer members elected simultaneously with the Board.

## Board of Directors



**Gabriel Fernández Secco**  
President<sup>5</sup>



**Alejandro Pérez Viazzi**  
Vice President



**Juan Parra**



**Daniel Laborde**



**Álvaro Lapido**

## Roles and responsibilities

- Determines the price to be paid for the milk.
- Defines the investment program and its financing structure.
- Approves transactions and staff compensations.
- Approves the annual budget and the management balance sheet.
- Management follow-up.

49 meetings in the last period.

## Selection of members of the Board of Directors

- 4 members of the board belong to the most voted list, while the fifth member belongs to the second most voted list (the fifth member's list must represent more than 10% of the total valid votes).
- The last elections took place on December 10, 2021; the elected authorities took office in March 2022.
- Members receive a fixed remuneration, not related to the organization's profits.
- Decision Making: by a majority of votes, except where specific provisions provide otherwise.
- Quorum: 4 members of the Board of Directors, except where provisions require the total number of members.

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<sup>5</sup> The president does not hold an executive position.

## Farmer Meeting

- 29 members.
- Meetings are called on request of the Board of Directors, or ten members of the Farmer Meeting.
- Quorum at Meetings: half plus one of the Members.
- Minimum one annual meeting to consider the report and the annual balance sheet submitted by the Board of Directors; may be approved by an absolute majority of members present.
- Number of meetings in the last period: 3.

## Responsibilities

- Advice to the Board of Directors
- Approval of the organization's Report and Annual Balance Sheet.
- Censure actions against the Board of Directors (with the vote of two thirds of its members).

## Management Operating Committees

- Management Committee
- Human Capital Committee
- Industrial Projects Committee
- Sales and Operations Planning, Trade and Innovation Committee
- Sales and Operations Planning Committee, Exports.
- Food Quality and Safety Committee.
- Ethics Committee.
- Sustainability Committee.
- Safety Committee.

## Fiscal Committee

- 3 members responsible for the Board of Directors' control actions.
- Created under Section 40 of Law N° 17,243, section 90 of Law N° 17,292 and Decree 241/03 of June 16, 2003.
- Number of meetings in the last period: 14.
- There are no compensation mechanisms for members of the Fiscal Committee which relate to the organization's economic results.

## Members during the last period:

- Engr. Álvaro Vera
- Mr. Raúl Andiarena
- Mr. Alfredo Morales

## Responsibilities

- Monitors the Administration's compliance with laws and regulations.
- Examines and makes determinations regarding the Cooperative's Annual Balance Sheet, analyzing the appropriate documentation and requesting the appropriate reports.
- Provides Farmer Meetings with the information they require on matters within its competence.
- Issues non-binding determinations on the projects for the issue of Negotiable Bonds.



## Sustainability Committee

We rely on the Board members' active participation in the Sustainability Committee, where strategies are defined and the management of environmental, social and economic impacts is monitored.



## Participation and involvement by stakeholders

We promote transparent bonds with our stakeholders. It is hinged on continuous and open dialog channels to meet any claim or query diligently and effectively.

### ■ Dairy Producers

Mejorar sus ingresos y calidad de vida a partir de nuestras operaciones eficientes para la gestión de la leche producida por todos los socios cooperarios.

### ■ Government's regulating bodies and entities

Develop honest and respectful relations, in keeping with our cooperative values.

### ■ Employees

Develop an excellent work environment that contributes to each member's welfare and professional development.

### ■ Community

We undertake to add value which, in turn, enhances the community's progress as a whole.

### ■ Clients and consumers

Be the best choice on the basis of our value products. We seek to act in a proactive and creative manner to meet and satisfy client expectations.

### ■ Suppliers and distributors

Consolidate trust and mutual benefit relationships that contribute to our success, based on transparent, honest and respectful relations.

## Audit and Supervisory Committee

- Number of meetings in the last period: 4
- There are no compensation mechanisms for members of the Fiscal Committee which relate to the organization's economic results.

### Members

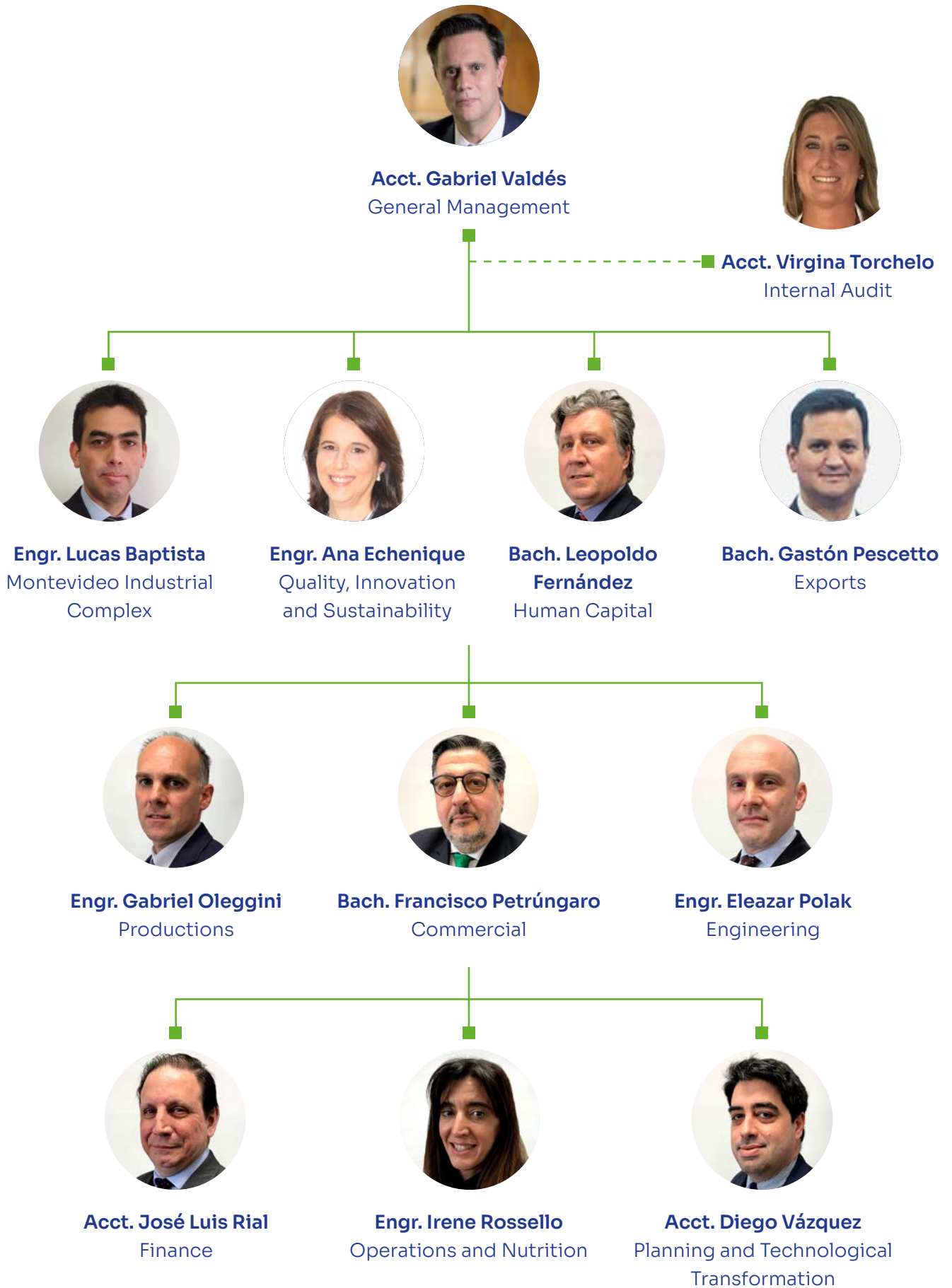
- Mr. Gabriel Fernández Secco. President.
- Mr. Alejandro Pérez Viazzi. Vice President.
- Mr. Juan Parra. Director.
- Engr. Álvaro Vera. President of the Fiscal Committee.
- Acct. Virginia Torchelo. Internal Audit Manager (no voice or vote).

## Responsibilities

- Supervise the internal control system.
- Review and approve the annual plan and schedule of the Internal Audit area, as well as its degree of compliance and reports.
- Propose to the Board the selection, appointment, re-election and replacement of the members of the External Audit firm, as well as the hiring conditions, based on their qualifications and autonomy.
- Become acquainted with all the relevant financial and accounting information and, especially, review the decisions of the External Audit firm and periodically assess the degree of compliance with the Independence rules.
- Prepare four-month performance reports to be submitted to the Board of Directors.
- Monitor compliance with the recommendations issued by both the Internal Audit Area and the External Auditors; particularly, regarding the detected control weaknesses, with a view to strengthening the management's response process in a timely manner.



## Executive Structure



## Industrial plant Management



**Engr. Andrea Álvarez**  
Mercedes Industrial Plant



**Engr. Agustín D'Ángelo**  
Rincón del Pino Industrial Plant



**Mr. Alejandro Mac Eachen**  
Rivera Industrial Plant



**Engr. Victoria Fitipaldi**  
San Ramón Industrial  
Complex



**Engr. Gonzalo Senra**  
Rodríguez Industrial Complex



**Bach. Mauricio Suárez**  
Florida Industrial Complex

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100% of Conaprole Executives and Managers are Uruguayan nationals.



# Ethics and Transparency

Based on the pillars of integrity, transparency, respect, teamwork and excellence. All our relationships with the stakeholders are framed within these same pillars, and each of our actions is supported by our **Code of Ethics**.

**The Code applies to all commercial activities and relationships**, for which reason it is always disclosed in the contracts and in all e-mail communications. It is also available for consultation on the farmers' site, and on the intranet site available for all our employees. Written communications are sent on a regular basis, and training workshops are carried out within the framework of the Anti-Corruption Program.

Know the Code  
of Ethics 

Anti-Corruption policies and procedures have been disclosed to 100% of the corporate governance members; who have also received training on this subject.

## Ethics Committee

### Members

- Mr. Gabriel Fernández Secco - President
- Mr. Juan Parra - Director
- Acct. Gabriel Valdés - General Manager
- Bach. Leopoldo Fernández - Human Capital Manager
- Acct. Alejandro Hernández - Compliance Officer

There has been no reporting of unusual activities during the last financial year which would have justified calling a meeting.

Compensation of the members of the Ethics Committee is in no way related to the organization's economic results.

### Responsibilities

- Control the application of the Code of Ethics and resolve on any concerns relating to this Code.
- Analyze any amendments or additions to the Code of Ethics and submit them to the Board of Directors.
- Manage suspected cases of corruption and adopt any necessary measures.
- Receive the annual reports prepared by the Internal Audit Area resulting from the Anti-Corruption Program Assessment.

## Anti-Corruption Program

We work continuously to strengthen all aspects which contribute to guarantee our activities' transparency in order to reinforce the trust of our staff, farmers, customers, suppliers, the community and the Government.

The **Anti-Corruption Program** incorporates a risk matrix, various controls and a defined action plan.

The **Anti-Corruption Program's Compliance Officer** duties are mainly implementation of the program, managing the reporting procedure and to manage effectively the resolution of corruption-related conflicts.

### Anti-Corruption Reporting Portal

Based on an anonymous reporting system available in several languages, disclosed through several sources: ethics code, e-mails from the Ethics Committee, website, intranet portal, screens placed at plants, and other means.

Access  
the portal 



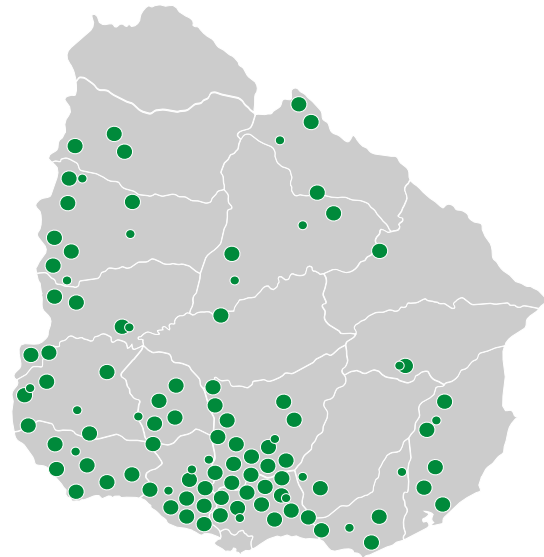
# Our Dairy Producers

## A Sustainable Production System

An essential part of our **value chain**

We work alongside our farmers to raise the efficiency and profitability of their productive operations within a framework of respect for the environment and the individuals involved. To that end, we share best practices that encompass productive, economic, social and environmental aspects. This closeness and collaborative work enable us to make a substantial difference in their quality of life.

Our farmers' experience 



Farmers at the forefront of **management operations**

**1,600**  
dairy farms

**1,498**  
million liters of processed milk in a year

**72%**  
of the country's milk

**100%**  
of our farmers were visited and advised by Conaprole expert technicians





## Production Strengthening Plan

Production intensification demands that individuals and teams be increasingly prepared.

This being one of our current priorities, we work on advice and implementation regarding good productive, economic, social and environmental practices.

Workshops are offered on a yearly basis which include the following: mixer preparation and use, calf rearing, artificial insemination, milkers' training, dry cow and prepartum management, implementation and management of pastures, operation and regulation of agricultural machinery and animal welfare, among others.

### Competitiveness: Tools for improvement of farmers' management systems

We facilitate programs supporting dairy farm management, production and technology which provide a productive, economic and financial analysis for the farmer.

This financial year we offered consultation in order to efficiently manage family and social aspects.

**+60**

activities

**+2,000**

participants, including: farmers, workers and technicians

**55%**

participate in business management projects

**70%**

trained in productive issues

**42%**

assisted in quality and safety issues

**170**

sustainability consultancies

## Open Door Week

This initiative was undertaken at the Rodríguez Industrial Complex, with the participation of farmers from all over the country. On the occasion of this activity, recognition of the effort of those who have been part of this Cooperative for 50 years was celebrated.

See full video  
of the event



## Sustainable Farms

Following the end of a period during the previous financial year, undertakings are being renewed to offer comprehensive technical support to farmers, in order to invest in infrastructure in a planned and sustainable manner.

The work methodology is based on individual consultancies which include diagnoses and specific improvement plans for each farm. The following issues are addressed:

- Effluent Management
- Internal Roads
- Energy Efficiency
- Water in the Plot
- Feed Pads
- Solid Waste Management

**Our target is to conduct at least 100 "Tambo sustentable" projects per year.**

The main goal is to strengthen the dairy sector's resilience and adaptive capacity, thus guaranteeing competitive and sustainable development from an economic, environmental and human perspective.



Since its beginnings in 2016 the following has been achieved:



**1,484 projects**, totalizing an investment of + US\$ 38 million



**716 projects** for electrical infrastructure and energy efficiency



**45%** family-scale



**346 projects** for effluent management



**217 projects** for roads and feed pads



**205 projects** for water management

In 2022 we signed an agreement with the Ministry of Livestock, Agriculture and Fisheries and the World Bank to provide advice to dairy farms under high land and geographic loss risk in the Santa Lucía River basin area.

More about Sustainable Farms



### 2023-2024 Challenges

- Increased undertaking of environmental and social issues throughout dairy farm management, by means of multidisciplinary work.
- Promote a tree planting project on dairy farms, with a positive impact on animal welfare (shelter and shade), and carbon footprint (CO<sub>2</sub> fixation)

## FOSAPP

Satellite monitoring App. measuring pasture growth in over 60 farms and 400 grazing land plots.

**+ 200** participating farmers.



## FFIEL<sup>7</sup> Program

A tool to strengthen farmers' financial capacity, jointly developed with PROLECO (Capitalization Credit Union) and BID INVEST (Inter American Development Bank).

This program enhances improvements in: infrastructure, machinery, animals, pastures, land purchase, effluent treatment and renewable energy sources.

7 to 12 year Repayment Terms (farmer and milk price).

Our farmers' testimony



**+ 100** farmers were financed this year.

### 2023-2024 Challenges:

Obtaining new and more competitive financing sources for the FFIEL project.

<sup>7</sup>Trust for Investment Financing at Dairy Farms

## Responsible Management of **Supply Chain**

We consolidate transparent and long-term relationships with our suppliers and distributors, and encourage them to replicate our sustainable business model.

- We evaluate and demand quality and safety expectations from suppliers of ingredients and primary containers, as well as from third-party providers of any products under the Conaprole brand.
- We share our Integrated Management System Policy.
- We value their good social practices.

We hire staff from the local community, and also develop product and/or service suppliers which are also local. .

See integrated management system policy



	2021-2022	2022-2023
Number of suppliers	1,731	<b>1,776</b>
Number of distributors	99	<b>90</b>
National suppliers	90%	<b>89%</b>
Payments to suppliers	US\$ +260 million	<b>US\$ +230 million</b>



# Technology and Development

We invest in technology and development to consolidate a digital and automation culture, which leads to optimization of times, resources and process safety, and to greater celerity in decision making, these being fundamental aspects for success in an increasingly competitive world.

## New corporate headquarters: a commitment to mindful and sustainable innovation

The project to transform our historic headquarters is advancing into new smart, innovative and sustainable facilities, having undertaken the executive project and transfer of our employees to a transitional building.

This project seeks to preserve, protect and revitalize historically higher-value structures within our over 80-year-old premises by incorporating modern and new buildings.

60% of the pre-existing structure will remain, resulting in a direct impact on the reduction of waste treatment, freight costs and energy consumption during destruction and reconstruction stages.

Under stringent sustainability criteria aimed at obtaining the LEED international certification, the building will feature highly energy-efficient designs, such as photovoltaic panels, heat-recovering heating, ventilation and air conditioning systems, a double facade, smart lighting and a rainwater recovery system.

## Process Innovation

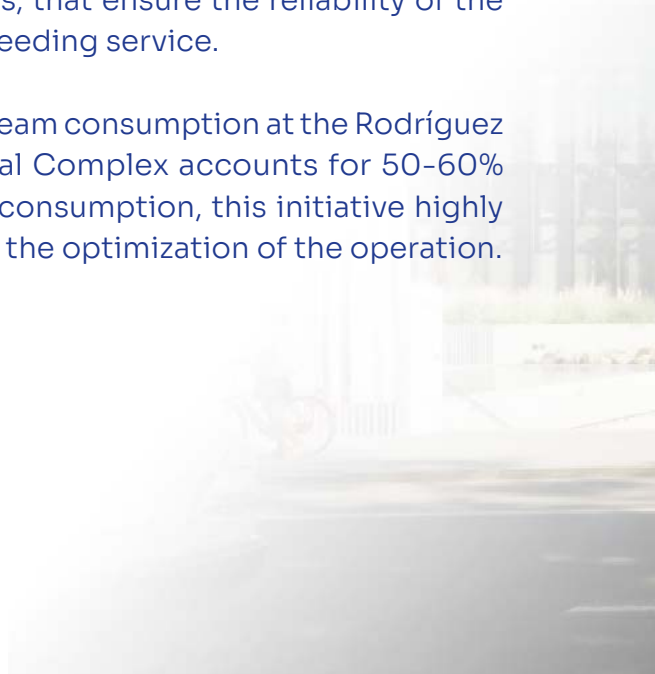
### Applied artificial intelligence

After incorporating automated steam-generation boilers with highly-efficient biomass at the Rodríguez Industrial Complex, we took one step further with the implementation of software allowing for monitoring and control of steam pressure parameters, hearth depression, water level and O<sub>2</sub> percentage, among others, through 1,000 tags distributed among the boilers.

Artificial intelligence applied to issue early alerts, and this now enables monitoring and anticipated planning with decision making in connection with these parameters, which were once impossible to be monitored by a standard worker.

This software adds an additional layer of control and analysis to boiler operation, thus anticipating and analyzing issues by identifying the root cause and presenting end solutions, that ensure the reliability of the steam-feeding service.

Since steam consumption at the Rodríguez Industrial Complex accounts for 50-60% of total consumption, this initiative highly impacts the optimization of the operation.





## Economic Performance and Profitability

Based on continuous improvement of economic performance, targeted at reaching maximum potential and organizational effectiveness improvement.

<b>Generated and distributed direct economic value<sup>8</sup></b>	<b>2021-2022</b>	<b>2022-2023</b>
<b>Revenues</b>	<b>953</b>	<b>1,030</b>
Sales	948	1,044
Other revenues	1	2
Credit devaluation provision	4	-16
<b>Purchases</b>	<b>-682</b>	<b>-806</b>
Milk and cream, freight, packaging material and other raw materials	-540	-673
Energy, third-party services and others	-94	-102
Others	-49	-30
<b>Generated gross economic value</b>	<b>270</b>	<b>225</b>
<b>Depreciation, amortization</b>	<b>-36</b>	<b>-37</b>
<b>Generated net economic value produced by the organization</b>	<b>235</b>	<b>188</b>
<b>Generated economic value received as transfer</b>	<b>5</b>	<b>5</b>
Subsidiary participation result	4	-4
Financial Income	1.7	3
Other	-0.7	6
<b>Total generated economic value</b>	<b>240</b>	<b>193</b>
<b>Distribution of the generated economic value</b>	<b>-98</b>	<b>-135</b>
Staff - Direct compensation and social security contributions	-89	-108
Government (taxes, rates and contributions)	-3	-4
Payments to third-party capital	-7	-23
Interests	-4	-4
Other	-3	-19
<b>Non-distributed economic value</b>	<b>141</b>	<b>58</b>

<sup>8</sup> In million US\$



The local conditions which had the greatest impact on our business were:

- The **drought**, which affected production volume mainly in February (-12%) and March (-9%).
- The **appreciation of the Uruguayan Peso** against the US dollar (exports, which are our main source of income, lost purchasing power).
- The **increase in interest rates**, which in turn increased the cost of financing.

We kept the AA+(uy) risk rating by FixScr (associated with Fitch Ratings) thanks to strong capitalization, a medium term of the financial debt of almost three years, and significant internal generation of funds.

**2023-2024 Challenges:** obtain an AAA-(uy) risk rating.

## Conahorro

This is an instrument in US dollars, for small and medium savers, transferrable in yearly (or longer) installments, yielding biannual interest and entitling the Conahorro saver to request total or partial return of their investments on pre-defined dates; generally, every six months as from the subscription date.

**Conahorro is nowadays our main source of financing.**

We achieved 20-year financing for the works of transforming our historic headquarters into the new sustainable building.



More about  
Conahorro 





# 04 | Environmental Performance

- 4.1. Risks and Opportunities of Climate Change
- 4.2. Energy and Emissions
- 4.3. Water Management
- 4.4. Waste Management and Circular Economy



Our integrated policy and strategic vision for 2025 considers sustainability a fundamental pillar of our business. We develop actions based on the efficiency and transformation of our energy matrix, responsible management of water, effluents, waste and emissions, so that our operations, both at primary and industrial level, make an efficient use of resources and minimize the impacts on the environment and society.

Environmental performance is of greatest interest to our organization, including the communities located in the vicinity of each of our plants, taking into account our clients' needs. We also audit these impacts and the strategies we carry forward.

**Our environmental management procedures are certified under standard ISO 14001: 2015 for all plants.** Furthermore, we meet national and global requirements such as IFC.

## Risks and Opportunities of **Climate Change**

In 2023, Uruguay faced one of its worst droughts in history, mainly affecting the center and south of the country.

This situation brought along an increase in the cost of milk production and, therefore, greater challenges for our farmers.

**The search for sustainable solutions and adaptation to climate change have become crucial priorities to ensure the long-term viability of our Cooperative.**

Consequently, several actions were undertaken:

- We calculated the organizational carbon footprint and defined strategies for reduction of greenhouse gases (GG).
- We implemented energy efficiency measures.
- We executed circular economy projects.
- We developed a groundwater early alert tool that contemplates aquifer vulnerabilities (in terms of quantity and quality), so as to guarantee the supply.
- Along with **Prolesa**, we financed dairy farmers for the purchase of cattle food.
- We endorsed the **FFIEL** project, a financial tool developed to sponsor investment projects and to support farmers financially.
- With the support of Banco de la República Oriental del Uruguay (BROU) we provided long-term facilities to farmers, to distribute the costs resulting from the drought.
- We approved the early withdrawal of deferred price loan funds.<sup>9</sup>

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<sup>9</sup> From each calculation, we discount the equivalent to 1.5% of the remittance each month. This amount is incorporated into this fund, which is subsequently repaid to the member on the date of cessation of activities.

# Energy and Emissions

Our goal for 2030 is to attain 80% use of renewable energies: **thermal generation from biomass and use of biogas<sup>10</sup>.**

## Energy Comprehensive Management

Energy consumption at plants is monitored on a monthly basis, with general and specific indicators, both for energy generation and energy demand.

**Energy audits on a biannual basis are conducted**, in which we assess: combustion efficiency, steam leaks, heat and condensate, condition of steam traps, compressed air leaks, condensation pressure and use of electricity.

Each of these aspects is quantified as a percentage of loss regarding the plant's steam and electricity consumption. A compliance target is set and verified on a yearly basis.

**Short-term goal: measure and report the energy/milk indicators, focused on the milk powder line at the Rodríguez Industrial Complex.**

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<sup>10</sup> We have been working on the technical and economic feasibility of the co-generation project and it was deemed not convenient at this stage to advance with it, but rather to prioritize learning of the high-pressure steam operation.



## The use of **clean sources** are prioritized

# 71%

of renewable energies in our global energy matrix<sup>11</sup>

# - 16%

consumption of non-renewable energies (vs. the previous period)

# + 5%

consumption of renewable energies (vs. the previous period)



Energy consumption by source			2020-2021	2021-2022	2022-2023
<b>Non-renewable sources</b>	Fuel Oil	m <sup>3</sup>	19,721	15,890	13,290
		MWh	228,760	177,376	148,350
	Diesel fuel	m <sup>3</sup>	31	20	27
		MWh	355	230	310
<b>TOTAL (MWh)</b>			<b>229,115</b>	<b>177,606</b>	<b>148,660</b>
<b>Renewable sources</b>	Biomass	tons	61,346	97,408	94,210
		MWh	177,904	273,800	289,515 <sup>13</sup>
	Biogas <sup>12</sup>	m <sup>3</sup>	56,867	185,398	90,879
		MWh	516	1,746	856
<b>TOTAL (MWh)</b>			<b>178,420</b>	<b>275,546</b>	<b>290,371</b>

<sup>11</sup> Considering 96% renewable electricity sources and based on the Renewable Energy Certificates issued by the Ministry of Industry, Energy and Mining for the industrial complexes in 2022.

<sup>12</sup> Biogas generated at the effluent treatment plant of the Rodríguez Industrial Complex, recovered to be used as alternative fuel for the boiler (partly replacing chip consumption).

<sup>13</sup> The difference between Biomass (in tons) and MWh is due to the heating value of the biomass used. Chips have a determined amount of humidity, for which reason we have adjusted the heating value accordingly.

### Network electricity consumption (MWh)<sup>14</sup>

2020-2021	2021-2022	2022-2023	Variation
112,643	118,845	<b>124,609</b>	<b>5%</b>

### Total energy consumption (MWh)

2020-2021	2021-2022	2022-2023	Variation
520,178	571,997	<b>563,640</b>	<b>-1%</b>

## Renewable energies at **Rodríguez Industrial Complex**

In the previous financial year, the investment in two biomass boilers enabled us to replace fuel oil (a fossil fuel) with renewable biomass, resulting in considerable environmental benefits such as:

- Reduction of combustion gas emissions (SO<sub>2</sub>, NOx) and particulate matter.
- Reduction of ash volume by incorporation of a system for cooling down and compressing ash.

This financial year, the following actions were undertaken to continue advancing on the **diversification of the clean energy sources** used:

- Tests were undertaken to burn other biomass varieties.
- Two air heaters in the drying towers which used thermal oil and fuel oil were replaced with interchangers using high-pressure steam

- Boiler management software was incorporated to allow for early identification of events leading to better operations.

Starting with a challenging learning process regarding the operation of high-pressure steam boilers, we optimized generation efficiency and succeeded in improving kg steam/ton chip figures by 30% in comparison to the previous financial year.

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<sup>14</sup>We do not sell self-generated energy to the public network.



### We used effluents to generate energy

Waste was transformed into fuel for the boiler at the Rodríguez Industrial Complex, thereby increasing the value of the biogas generated at the effluent treatment plant.

We consolidated the energy matrix change at the Rodríguez Industrial Complex, thus attaining **91% use of renewable energy** for production of the thermal energy at the complex.

Our target is to turn **energy efficiency** into an everyday reality



**+4%**

improvement in fuel consumption efficiency

Energy intensity		2020-2021	2021-2022	2022-2023	Variation
Fuel consumption by production	kWh/m <sup>3</sup> of milk fed into the plant	269	305	<b>293</b>	<b>-4%</b>
Electricity consumption by production	kWh/m <sup>3</sup> of milk fed into the plant	74	80	<b>83</b>	<b>+4%<sup>15</sup></b>

Milk fed into the plant: **1,498 m<sup>3</sup>**.

<sup>15</sup> The increase in electricity consumption with respect to production was due to the following: At Rodríguez Industrial Complex: The same amount of milk is processed as in the previous financial year; however, new factors arise: i) the impact of the new milk drying tower throughout the financial year, unlike the previous year, ii) greater use of high-pressure boilers with greater electrical power (boilers + transportation) than the previous steam system, iii) power increase in services (air and cold compressors) and in the effluent treatment plant.

- This financial year showed higher temperatures, both in summer and in winter, which impacted on electricity consumption for refrigeration purposes.

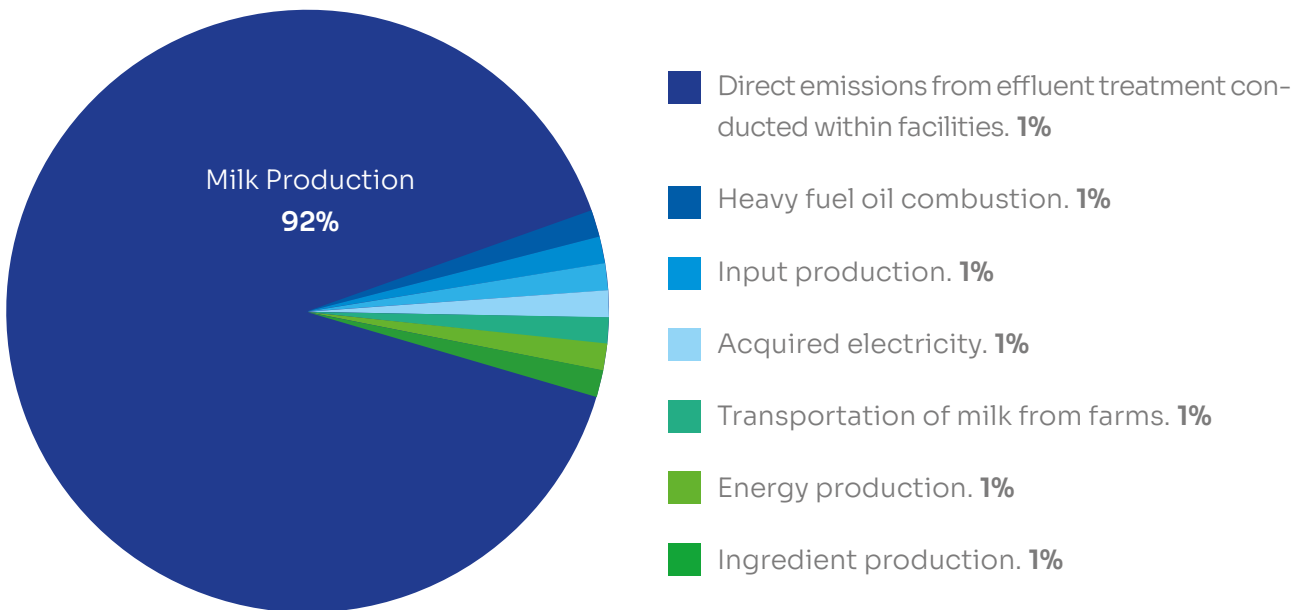
- Less amount of milk processed at several plants.

## Emissions inventory for the entire production chain

Our emissions inventory at organizational level have been updated, which includes primary production, logistic processes and industrial processes.

This allows us to diagram reduction/mitigation actions, mainly focused on primary production, where 92% of our total emissions are generated.

### Carbon Footprint Distribution



Carbon footprint distribution for Rodríguez Industrial Complex, where 60% of Conaprole milk is processed. 21-22 Financial year.

Based on these results we defined an **action plan to reduce our carbon footprint:**

- Strengthen the **Tambo Sustentable** (sustainable dairy farm) program, which facilitates access by dairy farmers to clean and efficient energies. This fiscal year, we embedded new actions impacting on GG reduction, and also by endorsing other actions underway (see chapter 3).

- **Improvement of herd efficiency and productivity**
- **Improvement in energy efficiency**
- **Sustainable herd feeding strategies**
- **Assessment on the use of additives in the diet enabling a decrease in emissions without affecting productivity**
- **Carbon sequestration strategy through tree planting**

- We created a strategy to **reduce raw milk's carbon footprint**. At this first stage, we calculated this product's carbon footprint to know the starting point, thus obtaining a value of **0.89 Kg CO<sub>2</sub>/Kg LCGP<sup>16</sup> (2021-2022 financial year), which gives us a fairly good position among the main milk producing countries**, since the world average is 1.37 kg of CO<sub>2</sub>eq per kg of FPCM.
- The organizational footprint of our main industrial complex was externally verified under standard ISO 740064.
- Training opportunities are provided to develop knowledge on the management and calculation of the carbon footprint throughout our entire chain.

### Emission management indicators

Fixed combustion reach 1 emissions <sup>17</sup>		2021-2022	2022-2023	
Fuel Oil	ton CO <sub>2</sub> eq	48,465	39,870	
Diesel Oil	ton CO <sub>2</sub> eq	53	72	
Biomass <sup>18</sup>	ton CO <sub>2</sub> eq	123,708	121,531	
Biogs <sup>18</sup>	ton CO <sub>2</sub> eq	211	109	
<b>TOTAL</b>	ton CO <sub>2</sub> eq	172,437	<b>161,582</b>	Variation: <b>-6%</b>

Reach 2 emissions / Consumed electricity		2020-2021	2021-2022	2022-2023	Variation
Emission CO <sub>2</sub> <sup>19</sup>	ton CO <sub>2</sub>	1,622	1,711	<b>1,794</b>	<b>-5%</b>

<sup>16</sup> FPCM: Fat- and protein-corrected milk, as per IDF 2022.

<sup>17</sup> For emission factors, annual values of produced energy and CO<sub>2</sub> emissions provided by the Balance Energético Nacional Uruguay (Uruguay's National Energy Balance) website ([www.ben.miem.gub.uy/](http://www.ben.miem.gub.uy/)) of the Ministry of Industry, Energy and Mining were used.

<sup>18</sup> Biogenic (CO<sub>2</sub>) and Non-biogenic (CH<sub>4</sub> + NOx).

<sup>19</sup> Considering FE in the baseline year. The value for 2017 was used. FE = 0.0144 tonCO<sub>2</sub>/MWh. Consumed electricity: 124,609 MWh.

(GRI 13.1.4) Emissions for change in land use: Uruguay is a natural grassland territory; there is no native forest deforestation aimed at the establishment of dairy farms.

(GRI 305-6) (GRI 13.1.7) Emission of substances depleting the ozone layer: These are not significant on the updated emission inventory.

(GRI 305-7) (GRI 13.1.8) Nitrogen Oxides (NOx), sulphur oxides (SOx) and other significant emissions into the air: Boiler operating controls reduce undesired emissions (NOx, SOx). This is verified in fume measuring processes conducted by specialized third-party companies. For the 22-23 financial year, we doubled measurements for all plants, with the aim of providing a more accurate account of the performance of older boilers.

(GRI 305-5) (GRI 13.1.6) Reduction of GG emissions as a direct consequence of reduction initiatives: we implemented an action plan to carry out specific reduction initiatives that will respond to this indicator.

Reach 3 emissions / Mobile combustion <sup>20</sup>	2020-2021	2021-2022	2022-2023	Variation
Km. covered	13,457,051	13,926,675	<b>14,028,339</b>	<b>1%</b>
Tons of equivalent CO <sub>2</sub>	16,014	14,471	<b>14,796</b>	<b>2%</b>

Emission Intensity	2020-2021	2021-2022	2022-2023	Variation
Tons of CO <sub>2</sub> /m <sup>3</sup> milk fed into the plant	92	116	<b>109</b>	<b>-7%</b>

Includes reach 1 and 2 emissions.

This year we were again awarded the **Energy Efficiency Certificates** by government authorities, on account of our successful implementation of energy efficient projects.

Energy Efficiency Certificates are awards granted based on the amount of energy (use) saved through energy efficiency measures.

**On this occasion, 481 oil emission in equivalent tons were avoided, which are added to the 6,700 oil equivalent tons of the previous period.**



<sup>20</sup> The 2006 IPCC emission factor is considered, annually corrected according to the national density and PCI values published by Ancap (Uruguayan government agency). \* Only transfer of milk from farms to plants.

## We are committed to **sustainable mobility**

Based on our experience with the **Movés** program, today we have a self-owned fleet comprising **3 electrical vehicles** travelling daily to the industrial plants, and we are working to add new units in an effort to contribute to vehicle decarbonization



## More **energy sustainability** practices

We are working with the plants on a campaign for recovery of boiler steam condensate.

As a result of this first year, **we have globally increased the total steam condensate returning to the boilers by 11%, thus reducing fuel consumption by 1.5%.**

This also implies less use of chemicals, less groundwater use, and less effluent treatment.

We are installing the first heat pump at the San Ramón Industrial Complex. This project allows us to use and recover wasted energy, leading to more efficient use of the plant's thermal energy, and increasing the use of renewable energy while decreasing GG emissions.



# Water Management

Water resource protection and responsible use is a guiding principle of our Environmental Management policy.

We work on water management in a comprehensive way, from the necessary care required for the sources from which we extract water, until its final disposal as discharged effluent.

- We monitor water extraction and water quality.
- We promote water recycling whenever possible.
- We supervise the quality of the water we discharge as effluent to guarantee compliance with the regulations and the absence of a negative impact on the environment.

Our goal for 2030 is to attain 35% water recycling in our industrial plants.

Our actions will prioritize efforts at industrial sites located in areas subject to water restrictions, or with higher-impact extractions.

To recycle the effluent as drinking water for the Industry will be assessed.

To determine whether an industrial site is located in an area where there is a water restriction, we use independent information from public tools such as the “[Aqueduct Water Risk Atlas](#)” from the World Resources Institute and the “[Water Risk Filter](#)” from the World Wildlife Fund (WWF) for the assessment of areas under water stress. According to these tools, the water risk/stress in Uruguay is low-medium. For the regions of Florida and Montevideo, the water stress assessment is medium-high. In 2023, drought effects were recorded in Florida and Montevideo, which led to contingency actions being adopted in the industrial sites located in those areas.

Our operations require 2 L water per every liter of produced milk. Managing this resource is essential for the sustainability of our business.

Water liters/Liter of milk	2021-2022	2022-2023	Variation
	2.32	2.23	-4%

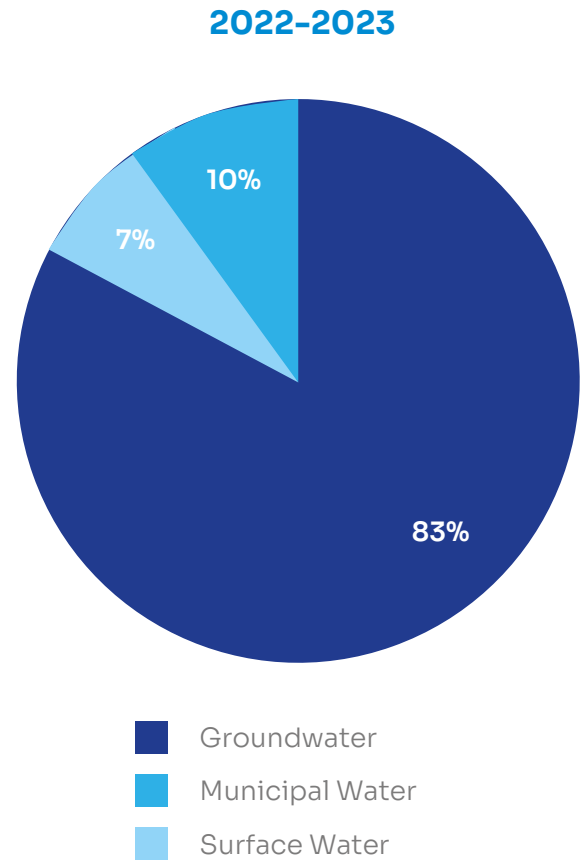
## Preservation of Water Reserves

Drilling for groundwater extraction is the main procedure through which we supply our industrial processes. Drilling operates through an automatic control system that guarantees that extraction levels are kept below regulated levels.

The National Water Board (DINAGUA) is the agency that grants extraction permits and monitors compliance therewith.

At the Florida Industrial Complex, the extraction of groundwater is supplemented with purification of surface water from the Pintado Stream. This water is purified in a unit belonging to the Industrial Complex (UPA: water purification unit, by its Spanish acronym).

At the Montevideo Industrial Complex, 50% of the demand is covered by groundwater and 50% is covered through the public water supply network (OSE: National Water Agency).



## 2022-2023 Actions

- We recovered the milk evaporation water obtained from the manufacture of powder milk and reused it in industrial services water. We recovered the water from the last rinsing stages at the equipment and facilities cleaning plants.
- We monitored the aquifer’s water level at the Rodríguez Industrial Complex (Raigón Aquifer), to follow up on actual medium and long-term variations due to extraction.
- We expanded the treatment plant at the Rodríguez Industrial Complex, supplementing

- the increase in production capacity with the incorporation of a third drying tower.
- We incorporated technology for sludge dehydration and tertiary treatment (phosphorus removal).
- We value sludge nutrients from farmers’ fields and use them as soil improvers, thus boosting circular economy and reducing productive costs.

## The use of evaporated water from the milk is a differential at Conaprole

The water extracted from the milk during the powder milk manufacturing process can be recovered for further use. After treatment with filtration membranes, this recovered water is used for industrial services (such as fueling steam boilers) thereby allowing for a decrease in the volume of the water extracted from wells and in the discharge of effluents from the industrial plant.



# 27%

of the water is reused

Water extraction by source	2020-2021	2021-2022	2022-2023
Groundwater [m <sup>3</sup> /year]	2,354,082	2,866,727	2,743,756
Surface water [m <sup>3</sup> /year]	284,187	249,164	221,108
Municipal water [m <sup>3</sup> /year]	330,047	323,085	353,405
<b>TOTAL</b>	<b>2,968,316</b>	<b>3,438,976</b>	<b>3,318,270</b>
Recycled/reused water [m <sup>3</sup> ]	812,049	821,443	890,924
Total recycled/reused water [%]	27	24	27

Treatment plants play an essential role in keeping the water quality we need. All the water we now discharge will be our resource tomorrow.





Water discharge by destination	2020-2021	2021-2022	2022-2023
Sewer	573,433	584,781	572,436
Water course	2,886,406	3,230,994	2,986,889
Total discharged water volume (m <sup>3</sup> )	3,459,839	3,815,775	3,559,324

Plants discharging into the sanitation network: Montevideo Industrial Complex; Rivera Plant.

Water discharge by treatment level	
No treatment/Primary	0
Secondary Biological	258,987
Secondary Chemical	558,602
Tertiary Chemical-biological	2,741,735

Plants discharging into water courses: Florida Industrial Complex; Rodríguez Industrial Complex; San Ramón Industrial Complex;

Plant 11, San José and Plant 16, Mercedes.



# Waste Management and **Circular Economy**

Container Management  
focused on **Circular Economy**

Inspiration

## Being leaders in sustainable container management, focused on circular economy

Internal market model



### Key players (B2C):

- Final consumer
- Non-profit organizations
- Government
- Companies using similar packaging
- Mass media
- Suppliers

### Key components:

- Contribute to the development of the recovery chain of post-use containers
- Promote a collecting and recycling culture in Uruguay
- Assess the use of new alternative materials (biodegradable/compostable) that can favor the containers' life cycle
- Search and assessment of disruptive solutions



**Recyclability**  
Improve the degree of recyclability  
of our containers

Approach  
**Promote sustainable  
container management**

**Develop**  
Promote a co-responsible  
containers' environment

Purpose

## Consolidate sustainable container management



Increase recyclability of containers aimed at  
both the Internal and the External Market



Contribute to social awareness  
regarding container management

After being advised by Veolia, a leading sustainability company worldwide, we developed our strategy for sustainable container management.

We will undertake solutions for the recycling of Tetra Pak containers at national level, in synergy with our suppliers of primary and secondary containers.

- We are one of Uruguay's main exporting companies
- We actively work on the implementation of environmentally responsible processes

### External Market Model

#### Key components:

- Identify recycling options by product and by country, along with our clients
- Develop guidelines on effective disposal of Conaprole containers by country/region

#### Key player (B2B):

- Customers
- Government
- Logistics Agents
- Suppliers



Greenness management



Promote the responsible involvement of players in the recovery and recycling of containers



RECYCLING MODEL  
STORYTELLING

## Management of **containers and materials**

# 57%

of our primary containers are recyclable

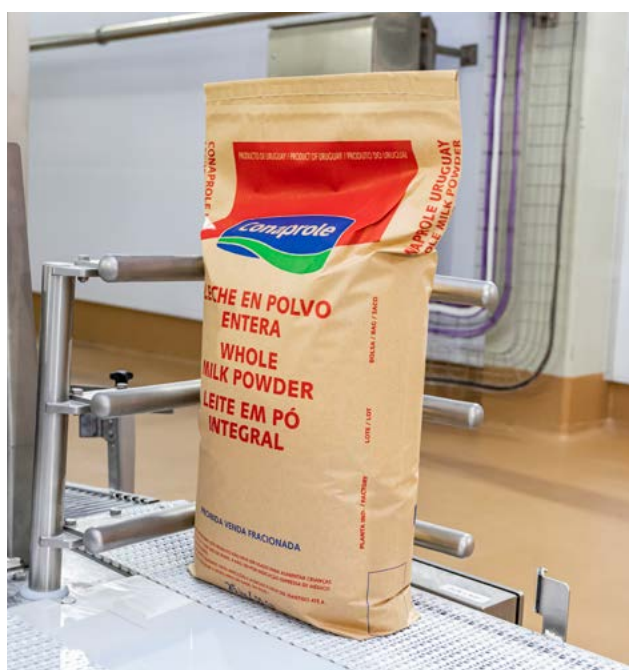
# 100%

of our secondary containers are recyclable

**Primary materials:** used in containers which are in direct contact with the product.

Renewable Materials	2021-2022	2022-2023
Paper	23%	25%
TetraPak	17.7%	16%
Cardboard	8%	6%
Polypaper	0.3%	0.25%
<b>TOTAL</b>	<b>49%</b>	<b>47%</b>

Non-Renewable Materials	2021-2022	2022-2023
Other materials	22.6%	25%
Total plastic materials	28.4%	27.7%
<b>TOTAL</b>	<b>51%</b>	<b>53%</b>
LDPE	15.0%	13.3%
PP	6.5%	6.6%
PS	4.0%	4.7%
HDPE	2.5%	2.6%
BOPP	0.3%	0.4%
PVC	0.1%	0.1%



HDPE: high density polyethylene / LDPE: low density polyethylene.

PP: Polypropylene / PS: Polystyrene / PVC: Vinyl polychloride.

BOPP: Biaxially orientated polypropylene.

### Secondary materials:

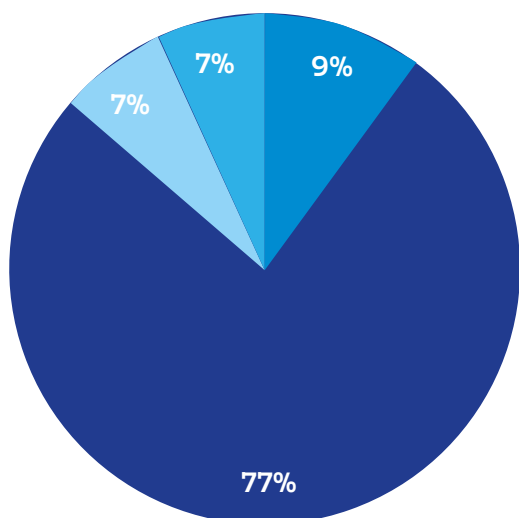
give the product protection for its commercial distribution

Renewable Materials	2021-2022	2022-2023
Cardboard/poster board	7.1%	6.2%
<b>TOTAL</b>	<b>7%</b>	<b>6%</b>

Non-renewable materials	2021-2022	2022-2023
HDPE	53.9%	51.5%
Wood <sup>21</sup>	38.2%	41.6%
PS	0.2%	0.1%
LDPE	0.5%	0.6%
<b>TOTAL</b>	<b>93%</b>	<b>94%</b>

## Waste management

Destination of **generated waste**



**+7%**

valued waste  
compared to the previous period

**-34%**

eliminated waste  
compared to the previous period

- Recovery (includes composting, energy recovery and animal food)
- Recycling
- Sludge as soil improver
- Final disposal / hazardous waste landfills

<sup>21</sup> Considered non-renewable, since we do not have an origin certificate for the wood used; therefore, it is not possible to ensure it is FSC.

<b>Non-hazardous waste (in tons)</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>Variation</b>
<b>Valorization</b>	<b>18,120</b>	<b>17,928</b>	<b>19,223</b>	<b>7%</b>
Reuse	90	71	98	
Recycling	2,124	2,074	1,883	
Other valorization operations <sup>22</sup>	15,906	15,783	17,242	
<b>Elimination</b>	<b>5,151</b>	<b>4,631</b>	<b>3,046</b>	<b>-34%</b>
Final disposal/hazardous waste landfills	2,006	1,733	1,543 <sup>23</sup>	
Sludge as soil improver	3,145	2,898	1,503	
<b>Total</b>	<b>23,271</b>	<b>22,559</b>	<b>22,269</b>	<b>-1%</b>

<b>Hazardous waste (in tons)</b> On account of its potential to pollute the environment if not appropriately managed (examples: waste oil, electronic scrap, solvents)	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>Variation</b>
<b>Valorization</b>	<b>50</b>	<b>43</b>	<b>51</b>	<b>19%</b>
Recycling	13	13	11	
Recovery	37	30	39	
<b>Elimination</b>	<b>58</b>	<b>24</b>	<b>23</b>	
Incineration	2	2	3	<b>-4%</b>
Final disposal/ hazardous waste landfills	24	18	20	
Other elimination operations <sup>24</sup>	32	4	2	
<b>Total</b>	<b>108</b>	<b>67</b>	<b>74</b>	<b>10%</b>

<sup>22</sup> Includes composting, energy recovery and animal food.

<sup>23</sup> Reduction of final disposal mainly at Rodríguez Industrial Complex due to: less amount of ash generated by the operation of new boilers (70 tons less), less staff from contracting companies at the industrial plant after works, leading to less household-type waste being generated (50 tons less) and less generation of biomass waste (200 tons less)

<sup>24</sup> Includes on-site storage and self-disposal.

## Sombra Project

We transform post-industrial waste from different materials meant for the landfill into an added value product; in this case, fiberboard-imitation plastic sheets used for creating structures to provide shade and mitigate the effects of thermal stress on cattle.

Each manufactured sheet prevents **28 kg of plastic** from reaching a landfill.

**+ 41.6 tons** of post-industrial waste revalued thanks to the Sombra project during this financial year.

More about  
the project



## 2023-2024 Environmental challenges

- To develop the first ISO 50001 certification experience in one of our plants.
- To incorporate Artificial Intelligence to optimize operation in-plant services (steam/cooling).
- To assess projects that contribute to the decarbonization of the energy matrix, we will be evaluating projects such as utilizing biogas in the effluent treatment plant, recovering heat from fumes in oil heaters, and increasing the use of biomass for steam generation in plants 7, 9, and 11.
- To achieve 95% of renewable energy in thermal power at Rodriguez Industrial Complex.
- To implement an action plan to reduce the carbon footprint of primary production.
- To recover the water obtained in the evaporation process of the new drying tower at Rodriguez Industrial Complex.
- To create a predictive tool for the sustainable management of our wells.
- To explore effluent reuse.
- To reduce waste and increase profits by using industrial waste in unfavorable markets.
- To recycle packages after consumption, and recover Tetra Pak packages.





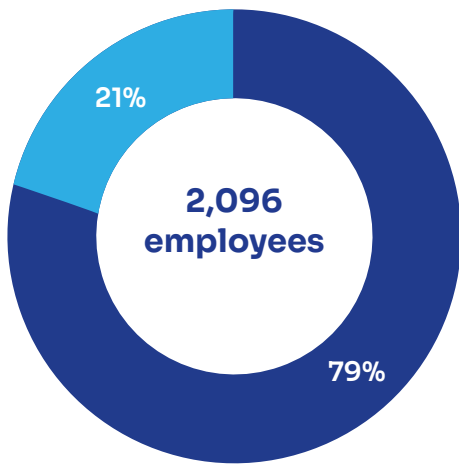


# 05 | Social Performance

- 5.1. Commitment to the Team
- 5.2. Customer Satisfaction
- 5.3. Healthy and Safe Products
- 5.4. Product Accessibility and Affordability
- 5.5. Participation in Community Development

# Commitment to the Team

**We are one of the largest employers in the country.** We recognize that our staff is a differential value, and we provide the appropriate environment for their integral development while developing teamwork. Additionally, we are committed to complying with labor laws and regulations.



- Men
- Women



- Permanent staff
- Temporary staff



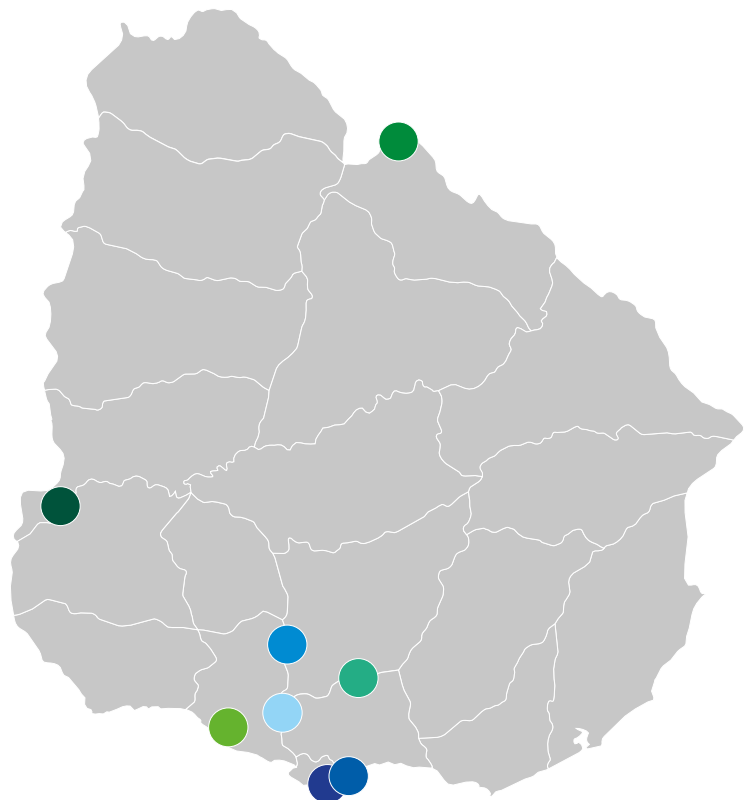
- Full-time
- Part-time



- Between 30 and 50 years old
- Over 50 years old
- Under 30 years old

## Number of employees by region

- 452 Corporate building
- 600 Montevideo Industrial Complex
- 194 Florida Industrial Complex
- 398 Rodriguez Industrial Complex
- 279 San Ramon Industrial Complex
- 69 Rincón del Pino, San José
- 28 Rivera
- 76 Mercedes, Soriano



Collective agreements cover **100%** employees.

## Diversity and equality

Our goal is to foster a healthy, stimulating, and productive work environment that values fairness and respect for all.

Our committee meets quarterly to discuss equal opportunity issues.

Steps towards equality:

- In our company men and women **are compensated equally for the same job category** as per the wage/salary scale.
- **There were no cases of discrimination** based on race, color, sex, religion, political opinion, national or social origin, or other relevant forms of discrimination.
- Additionally, we have established a **dedicated leave for victims of domestic violence**, which provides support and assistance to individuals during such a vulnerable time.





## Staff's **well-being**

We provide competitive benefits that cater to a healthy work-life balance.

Our value proposition offers a range of benefits to our employees, including support for **maternity and paternity leave**. We understand the importance of this significant time in our employees' lives and provide additional support beyond the statutory leave. New mothers can benefit from reduced working hours for up to the first year of their child's life.

**Special leave and accompaniment.** We offer an extra day of bereavement leave for the loss of a grandparent.

Additionally, **we provide guidance and support to our employees who are approaching retirement.** We accompany them through the process and help them transition into this new stage of their lives with ease.

## **Culture, motivation, and commitment**

Our company values framework creates a work environment that encourages the realization of each team member's potential and creativity. We prioritize open communication and effective feedback mechanisms, while basing promotions on the individual's merits and competencies.

### **Cultural Development Program.**

This program was created to equip leaders and middle management teams with the necessary tools to maximize individual talents and enhance overall leadership capabilities. We believe that the development and transformation processes can only be successful if every team member is recognized as a valuable contributor to the team.

Designed for medium to long-term, the program includes in-person training, online meetings, and monitored follow-up.

This year, we expanded the program to 2024 with new content for middle management.

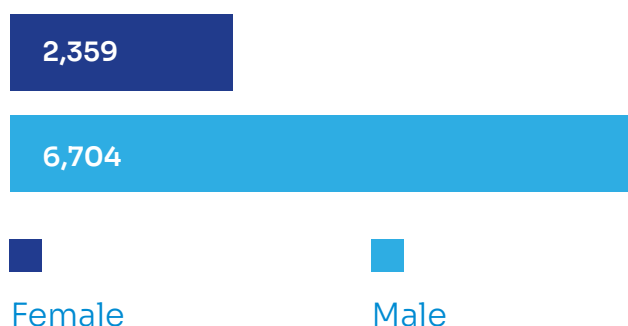
## Professional development

**The global landscape requires competitive teams.** We encourage individuals growth and improvement, leading the changes required by our 2025 strategy. Our training program enhances commitment, leadership, and competencies to meet these challenges.

We optimize and manage knowledge with internal training across departments so that the record of this “know-how” is not lost with generational change.

### Hours of training by gender

Total: 9,063



Job category	Training hours
Laboratory Assistant	317
Administrative	299
Laboratory Analyst	97
Laboratory Assistant	110
Laboratory Auxiliary Staff	4
Intern	23
Manager	569
Chief	1,371
Operator	1,476
Temporary operator	648
Maintenance operator	1,045
Supervisor	1,628
Technician	508
Controller	17
Foreperson	953
<b>Total general</b>	<b>9,063</b>



## Occupational **health and safety**

We are firmly committed to and prioritize occupational health and safety, as important as quality and competitiveness in production.

Our Occupational Health and Safety Management System (OHSMS) is certified by the ISO 45001 standard.

The Occupational Health and Safety Department has been dedicatedly working for more than thirty years to ensure the highest occupational safety standards. We are committed to complying with all internal and legal regulations and strictly follow our Occupational Health and Safety Manual. The manual is easily accessible to all our team members.

We conduct annual internal system audits at all plants. This year we have created a special Safety Committee.

100% of the people entering our plants are covered by the system without exclusion.

### Occupational risk management

At our organization, the identification of hazards and assessment of risks and opportunities are carefully recorded in the SAP system. We also develop action plans that include timelines, responsible parties, and resources to address any deviations, non-conformities or other findings.

It is the responsibility of every employee to be vigilant in detecting and evaluating any risky activity, and to immediately communicate any concerns to their supervisor or the Occupational Health and Safety Department using the established channels. All reports will be treated confidentially, and there will be no reprisals for reporting. Anonymity is not required, and we guarantee the protection of the reporting worker.

We investigate every occurrence thoroughly using the 5 Whys methodology. This helps us identify the root cause and develop an effective action plan. The investigation process involves the employee, supervisor, prevention technician, and plant management. Furthermore, incidents causing injuries must be reported to the State Insurance Bank (Banco de Seguros del Estado) for further action.

## Joint Health and Safety Committees

Our company holds joint meetings with employee representatives on a monthly basis. During these meetings, our employees can present safety and occupational health-related problems and suggest solutions.

Conaprole analyzes each incident, proposes effective solutions, and follows up to ensure the implementation of the solutions.

The topics discussed during the meetings include safety, ergonomics, hygiene, labor relations, and health aspects in specific cases.

The Committee represents 100% of employees.

## Safety and health culture

We promote a culture of safety and health by permanently training our team.

We educate all new personnel on topics related to:

- Safety
- Hygiene
- Ergonomics
- Accident prevention
- Emergency response

In addition, all personnel receive training according to their task and the risk involved.

- Forklifts
- Work permits
- First aid
- Evacuation drills
- Fire
- Machine safety
- Blocking and labeling



## Health assistance

The Social Services and Health Insurance Fund for Conaprole’s Personnel (CASSECO) is our health care system and covers all employees and their families. It includes, among others:

- Social assistance
- Dentistry
- Psychology
- Reimbursement of medical expenses
- Supplementary allowances for occupational accidents and illnesses
- Accident insurance
- Life insurance
- Funeral service
- Death benefit
- Agreements with escort services
- Ophthalmologic control
- Birth and marriage bonuses



During this period, we reduced the accident rate: **Accident frequency rate 24 vs. 26.4 for the previous year.**

Injury, illness, and absenteeism indicators	2022-2023
Accident frequency rate <sup>25</sup>	24
Number of deaths due to occupational accidents	0
Number of occupational injuries	1
Number of occupational injuries with major consequences for the worker	0
Number of deaths due to occupational diseases and illnesses	0
Number of hours worked	3,912,212
Lost day rate <sup>26</sup>	0.5

<sup>25</sup> Frequency of accidents concerning the total time worked by employees during the period.

<sup>26</sup> Lost day rate is calculated by comparing the total number of days lost to the total number of working hours scheduled for the period.

Number of occupational fatalities of workers who are not employees but whose work and/or workplace is controlled by the organization:0.



# Customer Satisfaction

We measure customer satisfaction for the domestic (distributors, direct customers, and special accounts) and export markets.

This year, we conducted a survey aimed at customers in the international market. The qualities highlighted were:

- Seriousness, reliability, and solvency of the supplier
- Product Quality
- Attention and service

In addition to following up on customer claims, we incorporate new ways for them to contact us and seek to incorporate cutting-edge technology, thus bringing constant evolution.

## Consumers

**We handle more than 4,000 queries a year through our Consumer Service Department.**

### Number of followers 2022-2023

 Facebook Conaprole **428,000**  
 Facebook Conamigos **71,000**

 LinkedIn **70,415**  
 LinkedIn Conaprole Dairy Nutrition **1,434**

 Instagram Conaprole **741,500**  
 Instagram Colet **41,500**

 Twitter **6,264**     YouTube **6,890**

## Customer relations

We maintain an open-door relationship with our clients and provide them with differentiated attention, taking into account their needs, market requirements, and consumer demands.

With the help of our internal logistics and international cargo equipment, we ensure timely delivery of our orders. We are also implementing a new system for client shipments to expedite our efficiency and effectiveness.

Participation in trade fairs provides us with an opportunity to connect with international customers, to be at the forefront with the latest global market trends and expand our network.

Our value proposition and differentiating factors focus on Food Safety, Quality, Sustainability, and Efficient Logistics.

## We invite our consumers to be part of the change

We encourage the proper disposal of packaging after consumption for revaluation.

We are active partners of **Corporate Commitment to Recycling (CEMPRE)**, a global non-profit civil association specializing in waste management, which has an application called **¿Dónde Reciclo?** [Where do I recycle?]. This app informs consumers where the nearest points for proper delivery and disposal of packaging are.

We also play an active role in the **Plan Vale**, a national plan to recover and recover post-consumer packaging and packaging materials promoted by the Chamber of Industries of Uruguay (CIU).

### First Things First

Our commitment is to continue promoting healthy eating and living habits. Our campaign **First Things First** centers on the importance of milk as a crucial food in all the stages of life, especially in infant development.

Learn more about the First Things First campaign.



## Healthy and Safe Product

We enhance the value of milk by providing innovative, quality, and healthy products. Our goals for 2025:

- To contribute to the healthy diets of 9 million people by 2025 and 11 million by 2030.
- To increase the participation of daily consumption products in compliance with the nutritional standard.
- To launch products that address spatial nutritional needs.
- To increase the number of functional products in the portfolio by 25%.
- To keep reducing added sugar content by 5-10% and avoid excessive sweetness.
- To avoid excessive use and decrease the level of added sodium by 5-10%.
- To reduce the use of artificial colors and avoid them in products for children.
- To ensure our communications are handled in a responsible, simple, clear, honest, and transparent manner in compliance with regulations and scientifically supported.
- To contribute to the education and promotion of healthy eating.

### Responsible communication

Ensuring responsible commercial communication is our top priority. To achieve this, we apply a strict set of criteria and procedures. Our actions are guided by the Code of Ethics, which is mandated by the National Council of Advertising Self-Regulation (CONARP). In addition, we are proud members of the Chamber of Advertisers of Uruguay.

## New products and **nutritional improvements**

**Conaprole always strives to meet new challenges, changing customer demands, and keep up with the latest consumer trends.**

Our **Research, Innovation, and Development Division (IID)**, located in our Innovation and Quality Center, is responsible for developing new products, conducting sensory analysis, designing packaging, and ensuring regulatory compliance.

We incorporate emerging trends by **using natural ingredients, new flavors, and functional ingredients with high nutritional value** in our product development process, using scientific methodologies.

In the previous fiscal year, we successfully completed the development of 25 projects and launched 19 new products or redesigns in the domestic market.





## Healthy and nutritious product portfolio

We assess all the items in our collection based on nutritional standards and in accordance with the national rules for Front-of-Package Nutrition Labeling.

We recognize the nutritional requirements of customers and deliver specific product enhancements to satisfy their needs. We offer lactose-free milk and products without added sugar, among other products.

We launched 4 products to meet special nutritional needs.

This identification results from interaction with health professionals, medical associations, and sometimes with suppliers. We keep abreast of new developments in food and health issues through publications. Once a nutritional need has been identified, we initiate the development of a new product according to our internal procedure.

8

new products or redesigned products in compliance with the nutritional standard, from different categories, such as milk, juices, and yogurts.

100%

of our products comply with the National Front-of-Package Nutrition Labeling Law<sup>27</sup>.

Our product design criteria avoid excessive levels of sweetness and sodium.

We eliminated artificial coloring in the base of dulce de leche ice cream, favorably impacting 38 Sku.

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<sup>27</sup> In addition, labeling includes the origin of components, contents, safety instructions, product disposal, Grass Fed Certification, Acelu, ADU, and recyclable quality.

### Child Nutrition

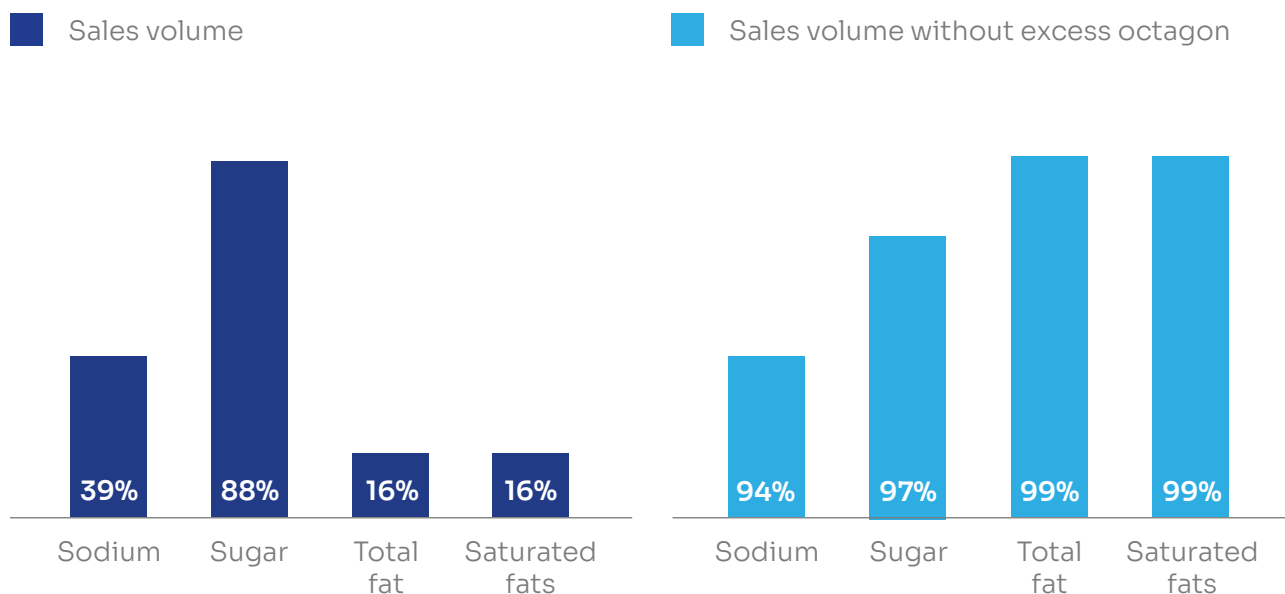
We have established a solid ongoing research group in collaboration with the Uruguayan Society of Pediatrics (SUP) to study the nutritional progression of children under the age of 20.

Learn about our products suitable for celiacs 

### Fight osteoporosis

We support to various health organizations in Uruguay that are working towards preventing and treating osteoporosis and rheumatic diseases. These organizations include the Osteopathic Group of the Uruguayan Society of Rheumatology (SUR), the Uruguayan Society of Gerontology and Geriatrics (SUGG), and the Herrera Ramos Foundation, which focus on educating patients suffering from chronic conditions and preventing rheumatic diseases.

### Percentage of total sales volume of products with low content:



Classification of the National Bromatological Regulation.

Functional foods accounted for 6% of product sales volume.

## Food **quality and safety**

Consumers around the world are becoming more concerned about the safety of the products they purchase.

Our priority is the safety and quality of our products by implementing an Integrated Management System. Our certifications meet the highest expectations of our customers, in the domestic and international market.

### Quality standards

Our seals and certifications guarantee responsible, safe, and sustainable production.

**ISO 9001: 2015**  
Quality Management System

**ISO 22000: 2018**  
Food Safety Management System

**FSSC 22000 V5.1**  
Food Safety Certification System

**ISO 17025: 2017**  
Requirements for Laboratory competences

**ISO/TS 220002-1:2009**  
Food safety prerequisite system

**HACCP**  
Safety according to CODEX Alimentarius

**ACELU**  
Suitable for consumption by people with celiac disease

**ADU**  
Suitable for consumption by diabetics

## Grass fed consolidation: a certification we are proud of

We continue to incorporate certification into our products.

+ 90% of the dairy farmers have adhered to the Grass-fed Certification.



Grass feeding



Absence of hormones or antibiotics



Traceability



Animal welfare



Social dimension



Learn more about grass-fed





## Traceability

To ensure high product quality, we implemented a program for continuous improvement and control of milk quality from the dairy farm.

At each of our plants, a detailed procedure is in place that enables us to **identify and trace the raw materials, the products in process, and the finished products**. This allows us to reconstruct the complete history of each product, following it through every stage of manufacturing, from the moment the raw material is received to the point of dispatch from the plant. Additionally, our marketed products can be traced back to the individual customer they were sold to.

In the case of milk, information of the dairy producer can be accessed.

Approximately 30% of suppliers are certified by a food safety program recognized by the Global Food Safety Initiative (GFSI).

## Milk Quality and Safety Control and Continuous Improvement Program at the dairy farm

Our Manual of Best Dairy Practices underlines the improvement of dairy processes and encourages the use of computerized tools for better control of hygienic and sanitary quality.

A team of twelve technicians specialized in food safety and quality, which provide permanent support to shippers, guaranteeing excellent results.

- We visited 600 dairy farms to verify milk quality and safety.
- Development of equipment hygiene and disinfection protocols.
- Mastitis control programs tailored to each dairy farm.

This program ensures the delivery of quality milk to our plants.



## Accessibility and affordability of products

Access to affordable and nutritious food is crucial to combat malnutrition, promote healthy growth, development, and prevent diet-related diseases.

Conaprole provides accessible, nutritious food to promote a balanced diet.

We are committed to developing a portfolio of functional and nutraceutical products as nutritional supplements for people with specific needs.

A new product in the **Affordable Nutrition** category was launched for the overseas market.



## Community **Participation and development**

Conaprole is highly committed to the development and well-being of our communities.

We contribute to civil society and educational organizations to enhance quality of life while maintaining open communication channels.

We focus on:

- Visiting our plants
- Donating products
- Supporting initiatives of civil society organizations

### Open doors to the **community**

We welcomed students to our Montevideo Industrial Complex to observe the production process of our dairy products. The following institutions visited us:

- Georgia Institute of Technology undergraduates
- Rio Grande International Relations Study Center
- School of Engineering
- Catholic University (UCU) Industrial Engineering
- UTU - UTEC Chemical Technologist



6 visits in this last period.

## Food donation

Through our partnership with the Food Bank of Uruguay, various social organizations were supported with food donations.

# 52,167

kilos of donated products

# 100,813

people benefited

# 328

social organizations benefited

In addition, we contributed with products for the visits of rural schools to the shows organized by **SODRE** as part of its program “**En primera fila: escuelas rurales al Auditorio**”, in which 1,700 children from 730 rural schools throughout the country participate.

As part of **Rural Education Day**, we accompanied ANEP (National Administration of Public Education) with products to celebrate it with children from rural schools in Paysandú.

## Support for education



### Scholarships to participate in Moscalab

We awarded **20 scholarships** for girls and boys from vulnerable contexts who will be trained in robotics and programming through a methodology that combines creativity and play.

### Reading to count, counting to read

Our program is designed to **develop the reading and writing skills of children attending rural schools** in our community. It combines both reading and writing abilities to create a strong foundation for further language and communication skill development. By focusing on language reception (reading) and production (writing), we contribute to strengthen children’s language skills in an integrated manner.

Watch the video [Read to count, count to read](#)



## Strengthening **civil society**

We support the work of social organizations that strive to improve the quality of life of people in vulnerable environments.

### Fundraising

The **Teleton Foundation** works to provide a physical rehabilitation model for children and adolescents in need. Once again, this year, we participated in the Telethon, raising \$1,500,000 thanks to the dairy farmers and collaborators who joined us.

**Amigos del Pereira Rossell Foundation**  
We collaborated with a **new waiting room** in the Pediatric Emergency Room of the Hospital Center.

**Piñeyro del Campo Hospital**  
We accompanied the solidarity bingo with an extensive donation of prizes.

**Corazoncitos Foundation**  
We donate products for the annual Mega Stroganoff fundraising event.

In the edition of Children’s Day 2023 and together with Prolesa, we participated with the theme “My adventure in the dairy farm”, focusing on our roots, through visual exercises and concentration games.



## Promotion of **Sports**

We granted Club Atlético Oriental a **7.52-hectare** piece of land for building soccer training fields to benefit Nueva Unión and Rodríguez clubs through a 10-year gratuitous bailment agreement. We support **long and medium races**, such as the Conaprote PLUS Cup of the Corrida de San José and Florida.







06

## Report's **Technical Information**

- 6.1.** GRI Table of Contents
- 6.2.** SASB Index Notes (Sustainability Accounting Standards Board)
- 6.3.** Scope and Guidelines

# GRI Table of Contents

**Statement of Use:** Conaprole has prepared this report following the GRI Standards for the period from August 1, 2022, to July 31, 2023.

**Applicable GRI Sectoral Standards:** Agriculture, Aquaculture, and Fisheries Sector Supplement GRI 13 and the Food Processing Sector Supplement GRI G4.

**GRI 1 used:** GRI 1: Fundamentals 2021.

Content	Location
GRI 2: General Contents 2021	
<b>1. The organization and its sustainability reporting practices</b>	
2-1 Organization details	9-14, Note 1
2-2 Entities included in the organization's sustainability report	119
2-3 Reporting period, frequency, and point of contact	119
2-4 Rectification of information	Nota 2
2-5 External verification	119
<b>2. Activities and collaborators</b>	
2-6 Activities, value chain, and other business relations	9, 15-16
2-7 Employees	Note 3
2-8 Non-employee workers	Note 4
<b>3. Governance</b>	
2-9 Structure and composition of government	27-34
2-10 Nomination and selection of the highest governance body	28
2-11 Chairperson of the highest governance body	28

\*As of the publication date of this report, there is no official alignment available between the updated GRI standards for 2021 and ISO 26000 standard.



2-12 Highest governance body's role in overseeing management impact	31
2-13 Delegation of responsibility for impact management	28-34
2-14 Highest governance body's role in sustainability reporting	Note 5
2-15 Conflicts of interest	Note 6
2-16 Communication of critical concerns	Note 7
2-17 Collective knowledge of the highest governance body	30
2-18 Evaluation of the highest governance body's performance	Note 8
2-19 Compensation policies	Note 9
2-20 Process for determining compensation	Note 9
2-21 Total annual compensation ratio	Note 10
<b>4. Strategy, policies and practices</b>	
2-22 Sustainable Development Strategy Statement	1-6
2-23 Regulatory commitments	36, Note 11
2-24 Incorporation of regulatory commitments	36, Note 12
2-25 Process to remediate negative impacts	35-36
2-26 Mechanisms for seeking guidance and raising ethical concerns	36
2-27 Compliance with laws and regulations	Note 13
2-28 Membership in associations	24
<b>5. Participación de los grupos de interés</b>	
2-29 Approach to stakeholder engagement	30
2-30 Collective bargaining agreements	72
<b>GRI 3: MATERIAL ISSUES 2021</b>	
3-1 Process for determining material issues	19-20
3-2 List of material items	19-20

GRI Standard	Content	Location	Omission			Sector Supplement Reference
			Missing requirements	Reason	Explanation	
Economic performance and profitability						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 45-46				13.25.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	45				13.22.2
	201-4 Financial assistance received from the government	Note 14				
GRI 206: Unfair Competition	206-1 Legal actions related to unfair competition, monopolistic practices, and against free competition	None				13.25.2
Ethics and transparency						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 35-36, 71-72, 78-80, Note 15				13.11.1, 13.15.1 13.16.1, 13.17.1 13.18.1, 13.24.1 13.26.1 13.26.2
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for corruption-related risks	35				
	205-2 Anti-corruption communication and training policies and procedures	35				16.26.3
	205-3 Confirmed cases of corruption and actions taken	Nota 16				13.26.4
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk	Nota 17				13.18.2
GRI 408: Child Labor 2016	408-1 Operations and suppliers with significant risk of child labor cases	Nota 17				13.17.2
GRI 406: Non discrimination 2016	406-1 Cases of discrimination and corrective actions taken	72				13.15.4

GRI Standard	Content	Location	Omission			Sector Supplement Reference
			Missing requirements	Reason	Explanation	
Ethics and transparency (continuation)						
GRI 13: Agriculture, Aquaculture and Fisheries Sectors 2022-Nondiscrimination and Equal Opportunity	Describe any differences in the terms of employment and the organization's approach to compensation based on the nationality and migrant status of employees, by location of operation.	Note 17				13.15.5
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers with significant risk of cases of forced or compulsory labor	Note 17				13.16.2
GRI 410: Safety Practices 2016	410-1 Security staff trained in human rights policies or procedures	Note 18				
GRI 415: Public Policy 2016	415-1 Contribution to parties and/or political representatives	Note 19				13.24.2
GRI 417: Marketing y etiquetado 2016	417-1 Product and service information and labeling requirements	80, 83, 84				
	417-2 Non compliance cases related to information and labeling of products and services	There were no notices of non compliance				
	417-3 Cases of non-compliance related to marketing communications	There were no notices of non compliance				
	Policies and practices for communicating to consumers about ingredients and nutrition information beyond legal requirements	78-80				FP8
GRI G4 Food Sector Supplement - Animal Welfare	Percentage and total number of animals processed by species and breed		FP9	Information not available	We did not quantify the total number of animals according to this classification	FP9

GRI Standard	Content	Location	Omission			Sector Supplement Reference
			Missing requirements	Reason	Explanation	
Ethics and transparency (continuation)						
GRI G4 Food Sector Supplement - Animal Welfare	Policies and practices regarding physical alterations and the use of anesthetics, by species and race.	No se verificó este tipo de alteraciones				FP10
	Percentage and total number of animals raised or processed by species and breed type, by type of household		FP11	Information not available	Not quantified	FP11
	Policies and practices, by species and breed, on the use of antibiotics, anti-inflammatories, hormones, and growth promotion.	Note 20				FP12
	Total number of incidents of significant non-compliance with laws and regulations and adherence to voluntary standards related to the transportation, handling, and slaughter of terrestrial and aquatic animals		FP13	Information not available	Not quantified	FP13
	Submit information on the percentage of production volume coming from the organization's establishments certified by third parties according to animal health and welfare standards and list such standards.	Note 21				13.11.2
Integrated risk management (ASG)						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 31-32, 35-36				
Cooperative Culture						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 25				

GRI Standard	Content	Location	Omission			Sector Supplement Reference
			Missing requirements	Reason	Explanation	
Technology and development - Sustainable production system						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 37-44				13.22.1
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	44				13.22.3
	203-2 Significant indirect economic impacts	37-42				13.22.4
Responsible supply chain management						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 35, 37-42, 80, 85-86, Note 22				13.4.1, 13.5.1, 13.6.1, 13.20.1, 13.21.1, 13.23.1
GRI 204: Sourcing Practices 2016	204-1 Proportion of spending on local suppliers	42				
GRI 13: Agriculture, Aquaculture and Fisheries Sectors 2022-Supply Chain Traceability	Describe the level of traceability implemented for each product supplied.	86				13.23.2
	Present information on the percentage of the volume supplied certified according to recognized international standards, which allow product traceability.	85-86				13.23.3
	Describe improvement projects to certify suppliers following recognized international standards, which allows product traceability	38-40, 85-86				13.23.4
	Percentage of suppliers that comply with the company's purchasing policies.	35,37, 42, Nota 23, Note 24				FP1
GRI G4 Food Sector Supplement	Percentage purchased that is verified in compliance with internationally recognized and responsible production standards	85-86, Note 23, Note 24				FP2

GRI Standard	Content	Location	Omission			Sector Supplement Reference
			Missing requirements	Reason	Explanation	
Responsible supply chain management (continuation)						
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that have passed evaluation and selection filters under the environmental criteria	Note 23				
	308-2 Negative environmental impacts on the supply chain and actions taken	There were no reports				
GRI 13: Agriculture, Aquaculture and Fisheries Sectors	Percentage of production volume from land owned, leased, or managed by the organization that is deemed to be free of deforestation or conversion, by product, and describe the assessment methods used.	No land belonging to the farmers comes from deforested areas				13.4.2
	Report the percentage of purchased volume of origin determined to be free of deforestation or conversion Report the percentage of purchased volume whose origin is unknown to the extent that it cannot be determined whether it is free of deforestation or conversion.	100% of the milk comes from deforested areas				13.4.3
	Size in hectares, location, and type of natural ecosystems converted to land owned, leased or managed by the organization.	No land was converted				13.4.4
	Report the size in hectares, location, and type of natural ecosystems converted by suppliers or at sourcing locations.	No land was converted				13.4.5

GRI Standard	Content	Location	Omission			Sector Supplement Reference
			Missing requirements	Reason	Explanation	
Responsible supply chain management (continuation)						
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that have passed selection filters according to social criteria	Note 24				
	414-2 Negative social impacts in the supply chain and actions taken	Note 25				
Commitment to the team						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 72-77				13.15.1, 13.19.1, 13.20.1, 13.21.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	75				13.19.2
	403-2 Hazard identification, risk assessment, and incident investigation	75				13.19.3
	403-3 Occupational health services	75, 77				13.19.4
	403-4 Worker participation, consultation, and communication on occupational health and safety.	76				13.19.5
	403-5 Training of workers in occupational health and safety.	76				13.19.6
	403-6 Workers' health promotion	77				13.19.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	76				13.19.8
	403-8 Coverage of occupational safety and health management system	75				13.19.9
	403-9 Work related injuries.	77				13.19.10
	403-10 Work related occupational diseases	77				13.19.11

GRI Standard	Content	Location	Omission			Sector Supplement Reference
			Missing requirements	Reason	Explanation	
Commitment to the team (continuation)						
GRI 404: Training and Education 2016	404-1 Average number of training hours per year per employee	74				
	404-2 Programs to improve employees' skills and transition assistance programs	73-74				
GRI 401: Empleo 2016	401-1 New employee hires and employee turnover	Nota 26				
	401-2 Benefits for full-time employees that are not provided to part-time or temporary employees	73				13.21.2
	401-3 Parental leave	Nota 27				
GRI 13: Agriculture, Aquaculture and Fisheries Sectors 2022-Living Income and Living Wages	Report the percentage of employees and non-employees whose work is controlled and covered by collective bargaining agreements that establish provisions for wage levels and frequency of payment of wages at significant locations of operation.	72				
	Provide information on the percentage of employees and non-employees whose work is controlled and who are paid above the living wage, with a breakdown by gender.		13.21.3	Information not available	We do not quantify this information	13.21.3
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity in governing bodies and employees	Note 28				13.15.2
	405-2 Ratio of basic salary and remuneration of women to men	72				13.15.3
GRI 13: Agriculture, Aquaculture and Fisheries Sectors 2022-ondiscrimination and Equal Opportunities	Report the ratio of basic salary and remuneration of women to men for non-employees whose work is controlled by the organization.		13.15.4	Information not available	We do not quantify this information	13.15.4



GRI Standard	Content	Location	Omission			Sector Supplement Reference
			Missing requirements	Reason	Explanation	
Commitment to the team (continuation)						
GRI 402: Worker-Company Relations 2016	402-1 Minimum notice periods for operational changes	Note 29				
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	34				
GRI G4 Food Sector Supplement	Percentage of working time lost due to industrial disputes, strikes, and/or blockades, broken down by region		FP3	Not applicable	Note 30	FP3
Healthy and safe products						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 80-86				
GRI 416: Customer Health and Safety 2016	416-1 416-1 Assessment of the health and safety impacts of product or service categories	85				13.10.2
	416-2 Non-compliance cases related to health and safety impacts of categories of products and services	There were no non-compliances				13.10.3
GRI G4 Food Sector Supplement: Consumer Health and Safety	Percentage of total sales of products reduced in saturated fat, trans fat, sodium, and added sugars	84				FP6
	Percentage of total sales of products containing added nutritional ingredients such as fiber, vitamins, minerals, phytochemicals, or functional food additives		FP7	Information not available	We do not quantify this information	FP7
Access to healthy food	Nature, scope, and effectiveness of any program or practice that promotes access to healthy lifestyles; prevention of chronic diseases; access to healthy, nutritious, and affordable food; and to improve the well-being of communities.	81-84, 87-90				FP4

GRI Standard	Content	Location	Omission			Sector Supplement Reference
			Missing requirements	Reason	Explanation	
Productos sanos y seguros (continuation)						
Food Sector Supplement GRI G4	Percentage of production volume manufactured at sites certified by an independent third party following internationally recognized food safety standards.	85				FP5
GRI 13: Agriculture, Aquaculture and Fisheries Sectors 2022- Food Safety	Percentage of production volume from sites certified to internationally recognized food safety standards, and list such standards. Report the number of recalls issued for food safety reasons and the total volume of products recalled.	85-86 No recalls have been carried out for safety reasons				13.10.4 13.10.5
Customer experience and satisfaction						
GRI 3: Material Issues 2021	3-3 Management of the material issue	20-22, 78				
Customer satisfaction	G4 PR5 Results of surveys to measure customer satisfaction and to evaluate customer service	78				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints regarding violations of customer privacy and loss of customer data	There were no claims				
Accessibility and affordability of products						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 45, 88				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	45				
	201-4 Financial assistance received from the government	Note 14				
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	88				

GRI Standard	Content	Location	Omission			Sector Supplement Reference
			Missing requirements	Reason	Explanation	
Participation in community development						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 88-90				13.12.1
GRI 413: Local Communities 2016	413-1 Operations with local community participation, impact evaluations, and development programs	88				13.12.2
Healthy and affordable food	Programs that promote healthy lifestyles, prevention of chronic diseases, access to healthy, nutritious, and affordable food, improvement of community well-being, etc.	88-90				FP4
Water management						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 49, 59-62				13.7.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Note 31				13.7.2
	303-2 Management of impacts related to water discharge.	Note 32				13.7.3
	303-3 Water extraction	61				13.7.4
	303-4 Water discharge	62				13.7.5
	303-5 Water consumption	61				13.7.6
Waste management and circular economy						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 49, 63-68				13.8.1 13.9.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste related impacts	66				13.8.2
	306-2 Management of significant impacts related to wastes	Note 33				13.8.3
	306-3 Waste generated	67				13.8.4
	306-4 Waste not for disposal	67				13.8.5
	306-5 Waste for disposal	67				13.8.6
GRI 301: Materials 2016	301-1 Materials by weight or volume	65-66				

GRI Standard	Content	Location	Omission			Sector Supplement Reference
			Missing requirements	Reason	Explanation	
Climate change, risks and opportunities						
GRI 3: Material Issues 2021	3-3 Management of the material issue					13.2.1
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities of climate change					13.2.2
Energy management						
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 49-58				13.1.1
GRI 302: Energy 2016	302-1 Energy consumption within the organization	52, Note 34				
	302-3 Energy intensity	54				
	302-4 Reduction of energy consumption	52-53				
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	56				13.1.2
	305-2 Indirect GHG emissions from energy generation (Scope 2)	56				13.1.3
	305-3 Other indirect GHG emissions (Scope 3)	57				13.1.4
	305-4 Intensity of GHG emissions	57				13.1.5
	305-5 Reduction of GHG emissions	56	a, b, c, d, e	Incomplete information	56	13.1.6
	305-6 Emissions of ozone-depleting substances (ODS)	56				13.1.7
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	56				13.1.8
	Sustainable agriculture and biodiversity					
GRI 3: Material Issues 2021	3-3 Management of the material issue	19-22, 49				13.3.1

# Notes to the GRI Content Index

## Note 1

Conaprole, which stands for Cooperativa Nacional de Productores de Leche, is a cooperative that was established by Law 9.526 on December 14th, 1935. Unlike other companies, Conaprole does not issue equity participation. According to Article No. 18 of Law 9,526, each voter in the cooperative is entitled to a specific number of votes. This article specifies that no voter may have more than three votes. Currently, there are 1,417 members with voting capacity, and the maximum number of possible votes is 1,622. As a result, the member with the greatest voting capacity only has a weight of 0.18% (3/1,622) in the election of authorities, which is held every five years.

## Note 2

If there are any changes to information or numbers, they are communicated throughout the report.

## Note 3

Employees by gender	2021-2022			2022-2023		
	Women	Men	Total	Women	Men	Total
Number of employees	409	1,652	2,061	439	1,657	2,096
Number of permanent employees	351	1,472	1,823	358	1,464	1,822
Number of temporary employees	58	180	238	81	193	274
Number of full-time employees	408	1,651	2,059	436	1,653	2,089
Number of part-time employees	1	1	2	3	4	7

Data taken as of 07/31/2022 and 2023. We do not have employees for non-guaranteed hours.

Employees by region	2022-2023							
	Mvd	CIM	Florida (CIF), Florida	Ciudad Rodríguez (CIR), San José	San Ramón (CISR), Canelones	Rincón del pino, San José	Rivera	Mercedes, Soriano
Number of employees	452	600	194	398	279	69	28	76
Number of permanent employees	430	529	174	320	221	62	23	63
Number of temporary employees	22	71	20	78	58	7	5	13
Number of employees per hour is not guaranteed	0	0	0	0	0	0	0	0
Number of full-time employees	447	598	194	398	279	69	28	76
Number of part-time employees	5	2	0	0	0	0	0	0

Mvd = Montevideo, Corporate Building / Montevideo (CIM), Montevideo/ Florida (CIF-Plant 7), Florida /Rodríguez City (CIR-Plant 8), San José / San Ramón (CISR-Plant 9), Canelones / Rincón del Pino (Plant 11), San José / Rivera (Plant 14), Rivera/ Mercedes (Plant 16), Soriano.

Employees by region	2021-2022							
	Mvd	CIM	Florida (CIF), Florida	Ciudad Rodríguez (CIR), San José	San Ramón (CISR), Canelones	Rincón del pino, San José	Rivera	Mercedes, Soriano
Number of employees	451	595	184	386	262	70	28	85
Number of permanent employees	438	531	169	313	223	58	22	69
Number of temporary employees	13	64	15	73	39	12	6	16
Number of employees per hour is not guaranteed	0	0	0	0	0	0	0	0
Number of full-time employees	449	595	184	386	262	70	28	85
Number of part-time employees	2	0	0	0	0	0	0	0

Mvd= Montevideo, Corporate Building / Montevideo (CIM), Montevideo/ Florida (CIF-Plant 7), Florida /Rodríguez City (CIR-Plant 8), San José / San Ramón (CISR-Plant 9), Canelones / Rincón del Pino (Plant 11), San José / Rivera (Plant 14), Rivera/ Mercedes (Plant 16), Soriano.

#### Note 4

Workers who are not employees but whose work is controlled by the organization: contracted personnel such as interns, technicians, architects, security, cleaning staff, among others; and workers of subcontracted companies such as maintenance and construction staff. Approximately 500 subcontracted workers were engaged by CIM in the last fiscal year. To ensure that subcontractors comply with regulations, the following documents are required: certificate of payment of contributions, proof of insurance against accidents, DGI's Single Certificate, unified work control form, identity document, and current health check for each person (health card). A description of tasks, machines and tools, identification of occupational risks with control measures, PPE, safety study and plan including risk assessment, and training record for task risks, PPE, first aid, vehicle handling, and work at heights are also required. Upon review of the documentation, the corresponding observations are made or the subcontractor is notified about the entry authorization.

#### Note 5

This Report includes all the information required by articles 184.11 and 184.12 of the Compilation of Rules of the National Securities Commission (RNCV). All the contents of this document were approved by the Board of Directors at its meeting held on October 24, 2023, and submitted for the consideration of the Farmers' Meeting for approval.

#### Note 6

The ethics committee requires all individuals under the anti-corruption program to sign a conflict of interest statement.

#### Note 7

We submit monthly reports to the General Manager and the Audit and Oversight Committee outlining opportunities for improvement. Over 50 opportunities have been identified this fiscal year.

#### Note 8

During the 29th Assembly, the organization's performance is reviewed with its primary cooperative partners.

**Note 9**

The Board of Directors' remuneration is determined according to Law No. 16,002 of November 25, 1988, and is adjusted based on general salary increases granted to Conaprole's employees since then. The Audit and Supervisory Committee members serve as the Fiscal Commission and do not receive payment for their services. Senior personnel's compensation is determined annually by the Management. Conaprole fully complies with the agreements reached in the Salary Councils to determine employee salary adjustments.

**Note 10**

Ratio between the annual total compensation of the highest paid person to the average annual compensation of all employees (excluding the highest paid person): 9.10%.

Ratio of the percentage increase in annual total compensation of the highest compensated person to the average percentage increase in annual total compensation of all persons (excluding the highest paid person): 8.43%. For increases approved by salary councils, 01/2023: 4.64% and 07/2023: 3.79%.

**Note 11**

We adhere to the principles related to the promotion and respect for Human Rights of the United Nations Global Compact - Board Resolution N°89.899 of 12/15/2020.

**Note 12**

The Human Capital Committee, responsible for implementing the principles, meets weekly and is made up of senior managers of the Cooperative: President, Director, General Manager, Human Capital Manager, Planning and Technological Transformation Manager, Head of Labor Relations, Head of Personnel Administration, CIM Manager and/or Operations and Nutritional Manager (upon request).

**Note 13**

We understand that notifications from regulatory entities such as the Ministry of the Environment or departmental municipalities are significant. However, cases where Conaprole notified regulatory bodies of specific non-compliances without any subsequent requests for action plans are not considered significant. Out of the ten notifications, two resulted in a total fine of USD 4,929, and there were no non-monetary sanctions imposed.

**Note 14**

Financial assistance received from governments: Tax Credits for USD 20,115,454 (vs. USD 19,126,109 of the previous period).

**Note 15**

Most farms have veterinary advice for caring for animals with health issues and developing sanitary plans. Regarding the responsible use of antibiotics in animals, we offer training to farmers and operators and monitor and penalize their inappropriate use.

**Note 16**

Total number and nature of confirmed corruption cases: there is an ongoing process, but we consider innocence.

**Note 17**

None of the considered dairy farmers are at risk of child labor or have young employees exposed to hazardous work.

There are no farmers at significant risk of forced or compulsory labor.

The country has a regulatory framework in place that ensures freedom of association and collective bargaining.

Our labor relations system is robust and involves continuous dialogue with unions at the plant, central, and tripartite levels. We cover various topics jointly, and there is a regulatory framework for union activity hours that applies to the entire dairy industry, guaranteeing the exercise of union activity and collective bargaining. Our Code of Ethics also upholds the principle of freedom of association. Our social performance has been evaluated based on SMETA, which reinforces our historical commitment to international best management practices, audits in labor relations, business ethics, occupational health and safety, and the environment. As part of this audit conducted at the Rodriguez Industrial Complex, it was found that:

- The plant has a policy for Quality, Food Safety, Health and Safety, Environment, and Social Compliance. According to this policy, the company is committed to complying with the law, ensuring sustainability, promoting communication, and showing respect.
- The plant is also dedicated to upholding social responsibility values such as prohibiting child labor, forced labor, and discrimination. It is also committed to following local and national laws. Managers and area managers have already received training in social responsibility, and currently, they are reviewing the policy and planning to conduct training for all employees.
- Conaprole confirms that all its industrial facilities have no employees under the age of 18.
- All workers, regardless of their position, have the right to join a union. At Conaprole, the Asociación de Obreros y Empleados de Conaprole is the official union for all employees. Workers report feeling well-represented by the union representatives.
- The company maintains a positive relationship with its employees, providing ample time and space for open dialogue between the parties. Employees work comfortably and peacefully, enjoying good relationships with their supervisors and managers, and are content with their working hours and conditions. They are also encouraged to make suggestions to their supervisors, who take their feedback into consideration. As a result, they feel comfortable bringing complaints directly to their supervisors as well.
- In a survey of 26 employees, all expressed satisfaction with their work and salary, and emphasized that payments are always on time.
- When overtime work is needed, the employees are given a chance to express their willingness to work beyond their regular working hours.
- There are designated first responders throughout the plant who are trained in providing first aid.
- All workers have social security deductions for pension, unemployment, sickness, maternity, and injury benefits. The contributions for social security, union, and retirement are paid accurately.
- The plant is committed to non-discrimination in all aspects of employment, including hiring, compensation, access to training, promotion, termination, or retirement. This means that individuals are not discriminated against based on their race, caste, national origin, religion, disability, gender, marital status, sexual orientation, or political affiliation.

#### **Note 18**

The contractor companies must comply with guard training regulations.

#### **Note 19**

According to section 12.6 of the Code of Ethics, it is strictly forbidden to make any contributions, whether in cash or in kind, on behalf of Conaprole to any political institution, unless prior approval from the Board of Directors has been obtained. The policy clearly states that Conaprole will not be associated with any political party or institution.

#### **Note 20**

Over 90% of farmers participate in the Grass Fed certification program, ensuring the absence of hormones and antibiotics.



**Note 21**

More than 90% of the production facilities are certified by LATU-LSQA, complying with animal welfare standards as a requirement for Grass Fed certification.

**Note 22**

Soil erosion is the primary threat to soil health. Crop rotation with pastures, having a soil plan, and using no-tillage are effective measures to control erosion.

To prevent, mitigate, or remedy negative impacts associated with using extreme and highly hazardous pesticides, it's essential to train operators and provide them with personal protective equipment. Pest management and pesticide application training courses are also recommended for dairy farmers.

All work in the supply chain should follow appropriate institutional and legal frameworks.

Our policy and commitments for hiring workers are published in our internal media. The Code of Ethics is also available on our website and is written in clear language. It prohibits the withholding of identity documents.

We have an internal audit area that addresses these issues, and we also have a Sedex ethical trade audit. Lastly, our base salary is 250% higher than the national minimum wage.

**Note 23**

We screen and select 100% of new dairy farmers according to environmental criteria. The Cooperative's technicians visit each applicant and prepare a detailed report to approve or reject the application.

**Note 24**

The Cooperative's technicians visit 100% of the new farmers to be admitted, and then they are subject to an admission process made through the Board of Directors.

**Note 25**

Not reported. Our suppliers comply with all employment standards and requirements related to decent work conditions.

**Note 26**

New hires by age group, gender and region	08/21 a 07/22	
	Quantity	%
Total employees	1,821	100
Total new hires	102	5.60
<b>By gender</b>		
Women	30	29.41
Men	72	70.59
<b>By age</b>		
Between 18 and 25 years old	11	10.78
Between 26 and 30 years old	29	28.43
Between 31 and 50 years old	58	56.86
Over 50 years old	4	3.93
<b>By region</b>		
Montevideo	37	36.27
CIM	15	14.70
Plant 7	7	6.86
Plant 8	28	27.45
Plant 9	9	8.82
Plant 11	2	1.96
Plant 14	0	0
Plant 16	4	3.94

The calculation of new hires takes into account the assets as of 07/31/22 without temporary employees.

Rotation by age group, gender, and region	08/22 a 07/23	
	Quantity	%
Total employees	1,822	100
Total new hires	143	7.85
<b>By gender</b>		
Women	33	23.07
Men	110	76.93
<b>By age</b>		
Between 18 and 25 years old	5	3.50
Between 26 and 30 years old	25	17.48
Between 31 and 50 years old	56	39.16
Over 50 years old	57	39.86
<b>By region</b>		
Montevideo	58	40.56
CIM	33	23.07
Plant 7	9	6.29
Plant 8	22	15.38
Plant 9	9	6.30
Plant 11	6	4.20
Plant 14	2	1.40
Plant 16	4	2.80

To calculate retirements, we consider assets as of 07/31/23 without temporary employees

## Note 27

Parental Leave Indicators 2022-2023	Men	Women	Total
Total number of employees entitled to parental leave	439	1,657	2,096
Total number of employees who took parental leave	60	17	77
Total number of employees who returned to work after parental leave ended	60	17	77
Total number of employees who returned to work after parental leave ended and were still employed 12 months later	46	17	63
Rate of return to work of employees who have taken parental leave	100%	100%	100%
Retention rate of employees on parental leave	76.67%	100%	81.82%

## Note 28

Gender diversity in the board of directors	2021-2022		2022-2023	
	Men	Women	Men	Women
Between 30 and 50 years old	20%	-	20%	-
More than 50 years	80%	-	80%	-

Data as of 07/31 of each year

Gender diversity in the executive structure	2021-2022		2022-2023	
	Men	Women	Men	Women
Between 30 and 50 years old	33.33%	16.66%	33.33%	8.33%
Over 50 years	41.68%	8.33%	41.68%	16.66%

Data as of 07/31 of each year

Gender diversity among teams (by job category and gender)	2021-2022		2022-2023	
	Men	Women	Men	Women
Confidential	79	36	81	38
Monthly employees	473	178	475	177
Day laborers	920	137	908	143
Temporary monthly employees	4	5	11	12
Temporary Day laborers	176	53	182	69

Data as of 07/31 of each year

Diversity in teams (by job, category and age)	2021-2022			2022-2023		
	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old
Confidential	2	67	46	4	71	44
Monthly employees	57	363	231	70	373	209
Day laborers	61	749	247	83	751	217
Temporary monthly employees	7	2	0	19	3	1
Temporary Day Laborers	137	90	2	163	87	1

Data as of 07/31 of each year

**Note 29**

The minimum number of weeks' notice given to employees and their representatives before the implementation of important operational changes that could significantly affect them. We always notify them in advance. Notice varies depending on the subject matter.

**Note 30**

According to the information provided in Note 17, the numerical data is omitted since it does not provide additional information on compliance with the labor relations system.

**Note 31**

We do not currently perform life cycle, scenario, or water footprint assessments. The timeline, scope of analysis, and tools or methodologies used are annual, according to ISO 14000.

**Note 32**

There are national and international regulations for waste management (IFC) and we apply the strictest parameters.

**Note 33**

Regarding hazardous waste, we outsource its management through tenders, and guarantee its transportation so that it does not remain stored in our facilities for more than one year. We carefully treat the waste before discharging it into landfills to eliminate any potential hazards. We do not import or export hazardous waste and all waste is managed and transported by authorized waste collectors who have been approved by the Ministry of Environment. Every year, we submit a "Solid Waste Affidavit" to the Ministry which provides detailed information on how each plant manages hazardous and non-hazardous waste. This includes whether the plant or third parties treated or conditioned the waste before disposal, where it was discharged and who were the transportation agents involved.

**Note 34**

We do disaggregate electricity, heating, cooling, and steam consumption.

**Note 35**

In the August 2022 FSSC 22.000 certification audit, 33 nonconformities were identified across the 6 certified plants, and 33 associated corrective actions were taken.

**Note 36**

The use of antibiotics is strictly limited to treatments of veterinary medical importance and must be administered under professional supervision. More than 90% of dairy farmers are enrolled in the Grass Fed certification program that ensures the absence of hormones or growth promoters, among other things.

**Note 37**

We conduct respiratory function tests with an occupational physician and closely monitor specific cases. We assess risks by measuring the materials and fumes involved, and take appropriate measures to mitigate the risks. This includes implementing engineering controls such as localized extraction to address the risk at its source. In addition, we provide training to workers on the subject and the use of personal protective equipment. It is strictly prohibited to smoke inside Conaprole's industrial plants.

**Note 38**

We guarantee milk production on pasture and open range, keeping more than 90% of our farmers in the Grass Fed Certification program, which also covers animal welfare.

**GENERAL NOTE**

In this report, the term 'facilities or locations with significant operations' refers to all of our locations. If there are any cases where this definition is not applicable, we will provide a clarification along with the corresponding scope.

# SASB Table of Contents

(Sustainability Accounting Standards Board)

## SASB – Processed Foods 2018

Subject	Parameter	Code	Page / response
Energy management	Total energy consumed	FB-PF-130a.1	53
	Percentage of electricity from the grid		53
	Percentage of renewables		52
Water management	Total water extracted	FB-PF-140a.1	61
	Total water consumed, percentage of each in regions with initial high or extremely high water stress		61
	Number of non-compliance incidents related to water quantity or quality permits, standards, and regulations.	FB-PF-140a.2	Note 1
	Description of water management risks and analysis of strategies and practices to mitigate them.	FB-PF-140a.3	61
Food safety	Global Food Safety Initiative (GFSI) audit: (1) rate of nonconformities and (2) rate of corresponding corrective actions for (a) major and (b) minor nonconformities.	FB-PF-250a.1	Note 2
	Percentage of ingredients sourced from Tier 1 supplier facilities certified by a Global Food Safety Initiative (GFSI) recognized food safety certification program.	FB-PF-250a.2	84
	(1) Total number of notifications of food safety violations received, (2) percentage corrected	FB-PF-250a.3	We do not receive notifications
	(1) Number of recalls issued and (2) total number of food products recalled.	FB-PF-250a.4	No product recalls
	Revenues from products with labeling or marketing that promotes health and nutrition attributes	FB-PF-260a.1	45
Health and nutrition	Analysis of the process of identification and management of products and ingredients related to nutritional and health concerns of consumers.	FB-PF-260a.2	81-82
Product labeling and marketing	Percentage of advertisements (1) made for children and (2) made for children promoting products that comply with dietary recommendations	FB-PF-270a.1	No work has been performed
	Revenues from products labeled as (1) containing genetically modified organisms (GMOs) and (2) not containing GMOs	FB-PF-270a.2	45
	Number of incidents of non-compliance with regulatory or industry codes for labeling or marketing	FB-PF-270a.3	There were no incidents
	The total amount of monetary losses as a result of legal proceedings related to labeling or marketing.	FB-PF-270a.4	We have not been a party to any such legal proceedings.

Subject	Parameter	Code	Page / response
Packaging life cycle management	Total weight of containers		65-66
	Percentage made from recycled or renewable materials	FB-PF-410a.1	65-66
	Percentage that is recyclable, reusable, or compostable		65-66
	Analysis of strategies to reduce the environmental impact of packaging throughout its life cycle.	FB-PF-410a.2	63-64
Environmental and social impacts of the ingredient supply chain	Percentage of food purchased that is certified to third-party environmental or social standards.	FB-PF-430a.1	37, 83-84
	Suppliers' social and environmental responsibility audit: (1) rate of nonconformities and (2) rate of corresponding corrective actions for (a) major and (b) minor nonconformities.	FB-PF-430a.2	No
Ingredient supply	Percentage of food ingredients sourced from regions with high or extremely high initial water stress	FB-PF-440a.1	No ingredients from this type of region are verified.
	List of priority food ingredients and analysis of sourcing risks due to environmental and social considerations	FB-PF-440a.2	15-16, 50

Activity parameter	Code	Page / response
Weight of products sold	FB-PF-000.A	10-11, 15-16
Number of production facilities	FB-PF-000.B	14

### SASB - Meat, Poultry & Dairy 2018

Subject	Parameter	Code	Page / response
Greenhouse gas emissions	Global gross Scope 1 emissions	FB-MP-110a1	56
	Analysis of the long- and short-term strategy or plan for managing Scope 1 emissions, emission reduction targets, and analysis of performance against these targets.	FB-MP-110a.2	65-66
Energy management	Total energy consumed	FB-MP-130a.1	53
	Percentage of electricity from the grid		53
	Percentage of renewables		52
Water management	Total water withdrawn	FB-MP-140a.1	61
	Total water consumed, percentage of each in regions with initial high or extremely high water stress		61
	Description of water management risks and analysis of strategies and practices to mitigate them.	FB-MP-140a.2	59
	Number of non-compliance incidents related to water quantity or quality permits, standards, and regulations.	FB-MP-140a.3	Note 1

Tema	Parámetro	Código	Página / respuesta
Land use and ecological effects	Amount of manure and animal waste generated, percentage managed according to a nutrient management plan.	FB-MP-160a.1	Not quantified according to a nutrient management plan
	Percentage of pasture and rangeland managed according to Natural Resources Conservation Service (NRCS) conservation plan criteria.	FB-MP-160a.2	Not evaluated under this conservation plan
	Production of animal proteins from concentrated animal feeding operations (CAFOs)	FB-MP-160a.3	Not performed
Food safety	Global Food Safety Initiative (GFSI) audit: (1) rate of nonconformities and (2) rate of corresponding corrective actions for (a) major and (b) minor nonconformities.	FB-MP-250a.1	Note 2
	Percentage of supplier facilities certified under a Global Food Safety Initiative (GFSI) food safety certification program.	FB-MP-250a.2	84
	(1) Number of recalls issued and (2) total weight of products recalled.	FB-MP-250a.3	No product recalls
Use of antibiotics in animal production	Percentage of animal production that received (1) medically important antibiotics and (2) non-medically important antibiotics, by type of animal.	FB-MP-260a.1	Note 3
Workforce health and safety	Total Recordable Incident Rate (TRIR)	FB-MP-320a.1	77
	Mortality rate	FB-MP-320a.1	77
	Description of activities to assess, monitor, and mitigate acute and chronic respiratory conditions.	FB-MP-320a.2	Note 4
Animal care and welfare	Percentage of pork produced without farrowing crates	FB-MP-410a.1	Not produced
	Percentage of sales of eggs from cage-free hens	FB-MP-410a.2	Not for sale
	Percentage of production certified to an external animal welfare standard.	FB-MP-410a.3	90% Grass Fed certified (LATU-LSQA)
Environmental and social impacts of the animal supply chain	Percentage of suppliers' livestock applying Natural Resources Conservation Service (NRCS) conservation plan criteria or equivalent.	FB-MP-430a.1	Not verified according to this service
	Percentage of supplier and contracted production facilities verified as meeting animal welfare standards.	FB-MP-430a.2	Note 5
Procurement of feed and animals	Percentage of contracts with farmers located in regions experiencing high or extreme water stress.	FB-MP-440a.2	No
	Assessing our strategy, we must take into account the challenges and opportunities that come with climate change in terms of feeding and managing livestock supply.	FB-MP-440a.3	60

Activity parameter	Code	Page / response
Number of processing and manufacturing facilities	FB-MP-000.A	14
Animal protein production by category; percentage outsourced	FB-MP-000.B	Not applicable



## SASB Index Notes

### Note 1

We acknowledge that incidents are considered significant only if there is a notification from the regulatory entity such as the Ministry of the Environment or departmental municipalities. It is important to note that incidents where Conaprole failed to notify the regulatory entities of specific non-compliances, and where no subsequent requests for action plans were made by the regulatory entities, are not considered significant. We had a total of ten notifications, out of which two resulted in a total fine of USD 4,929, while none resulted in non-monetary sanctions.

### Note 2

In the August 2022 FSSC 22.000 certification audit, 33 nonconformities were identified across the 6 certified plants, and 33 associated corrective actions were taken.

### Note 3

Although appropriate use of antibiotics is not quantified, Grass Fed guarantees hormone and antibiotic free production that reaches 90% of farmers.

### Note 4

We conduct respiratory function tests with an occupational physician and closely monitor specific cases. We assess risks by measuring the materials and fumes involved, and take appropriate measures to mitigate the risks. This includes implementing engineering controls such as localized extraction to address the risk at its source. In addition, we provide training to workers on the subject and the use of personal protective equipment. It is strictly prohibited to smoke inside Conaprole's industrial plants.

### Note 5

We guarantee milk production on pasture and open range, keeping more than 90% of our farmers in the Grass Fed Certification program, which also covers animal welfare.

# Scope and Guidelines

This is Conaprole's 6th Annual Report and covers all operations for the fiscal year from August 1, 2022, to July 31, 2023.

Both the Report and the sustainability management rely on the guidelines below.

- GRI Standards (Global Reporting Initiative)
- GRI Sector Supplement 13: Agriculture, Aquaculture and Fisheries Sectors 2022
- Food Processing Sector Supplement GRI G4
- SASB- Sustainability Accounting Standards Board -Processed Food 2018 Standards
- SASB- Sustainability Accounting Standards Board -Meat, Poultry and Dairy Standards 2018
- Sustainable Development Goals (SDGs) and United Nations 2030 Goals. SDG Compass-Guide 2015 tool (United Nations Global Compact, GRI, WBCSD).

**Reporting period:** anual

**External verification:** Only the financial data were externally verified.

**Publication date:** November 2023

Our sustainability management spans across the entire business. Therefore, all areas involved in managing key issues for sustainable development contributed to this document.

**External facilitators:**

Punto ESG: [www.puntoesg.com](http://www.puntoesg.com)

We welcome and value your feedback in regard to the management outlined in this Report.







Nurturing a healthy life 

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