

**SUSTAINABILITY AND
SOCIAL ACTION REPORT**

2021



Granjas Carroll de México, S. de R.L. de C.V.

ABOUT GRANJAS CARROLL DE MÉXICO

Granjas Carroll de México was born in 1993 as a joint venture between Carroll's Foods from the United States, producer of pigs and turkeys, together with Agroindustrias Unidas de México, S.A de C.V. (AMSA) a commodity oriented company.

We are located in Mexico, in the states of Puebla and Veracruz, placing both states, respectively, in second and fifth place in pig production in the country. In a sustainable way, we have consolidated our presence in the pig market as the main swine producer in Mexico, contributing annually with 1.6 million pigs, equivalent to 13% of national production. 35% of GCM production is sold on-foot and 65% as pork. We distribute in the State of Mexico, Guanajuato, Puebla, Veracruz, Jalisco and others. We are a leading Mexican company in environmental care, food production and in promoting the development our communities, in constant growth and diversification, thus placing the name of Mexico high, offering pork of the best quality for families in Mexico and around the world.

•Employees:



2700+ employees

•Sales:

214,812 tons of meat

1,674,629 pigs

•Brand:



Our Altosano Brand is a promise of quality and altitude-freshness

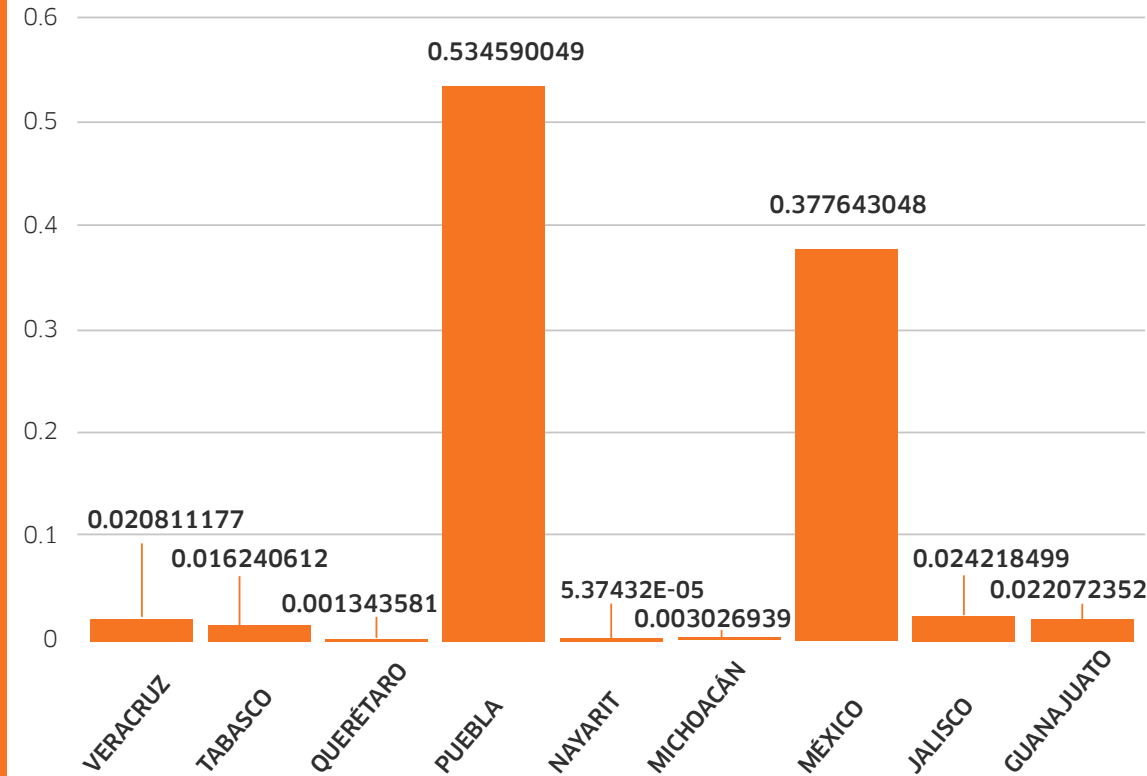
•Our national market:

92%

goes to the markets of Mexico City and Puebla

8%

goes to the states of Veracruz, Guanajuato, Tabasco, Querétaro, Jalisco, Michoacán and Nayarit Below



•Our exports:



Canada	88,502 KG	\$8,500,270 MXP
United States	3,968,435 KG	\$295,637,843 MXP
Japan	5,474,516 KG	\$507,345,424 MXP
Hong Kong SAR (China)	21,516 KG	\$1,712,363 MXP
Total	9,552,969 KG	\$813,195,900 MXP

•Our presence:



Supermarket stores at **14.9%**

Exports at **10.9%**

Wholesale sales at **49.4%**

Processors and packers at **23.7%**

Restaurants at **1.1%**

•Our customers:

Walmart, Chedraui, Soriana, H-E-B, alsuper, Casa Ley



•Our facilities:

19 farms

1 pig feed production plant

1 pork processing plant

121 production sites



2 distribution centers, (Mexico City and Puebla)

•Our NEW values:

Mission Statement:

To be leaders in the pork market in Mexico, sustainably producing pigs of the highest quality for the consumer.

Vision:

To be the Mexican pork brand most valued by consumers in the markets where we participate.

•Values:



Attitude

We work with the best attitude. We are optimistic, our work generates satisfaction and fulfillment.



Reliability

We are an organization that earns the trust of its clients on a daily basis by acting with integrity.



Excellence

We are persevering and effective. We build innovative and harmonic solutions.



Sustainability

We are an organization open to diversity, promoter of a society for all.



Inclusion

We project ourselves in the long term, being profitable and looking in everything for the care of resources.



Transcendence

We build a legacy with each of our decisions and actions.

OUR HISTORY



GCM is born from the association of AMSA with Carroll's Foods

1993

We partner with Smithfield Foods

2000

We inaugurated the pig feed plant

2001

2005

We started the installation of anaerobic digesters for capturing biogas

We obtained the Socially Responsible Company Distinction for the first time

2007

2008

We created the Granjas Carroll de México Foundation

2019

We inaugurated the energy cogeneration plant

The new vision is outlined

We are certified with ISO 50001:2011 Energy management

The meat processing plant is inaugurated and the ALTOSANO brand is born. We start international export

2018

2015

Start our 67K Expansion project

Shuanghui Intl buys Smithfield Foods with a presence in the US, Romania, Poland and Mexico. Becomes WH Group.

We started our Carbon Footprint registry

2014

2012

We adhere to the United Nations Global Compact

We are certified as an ISO 14001: 2004 Environmental Management System company

We are recognized continentally for CSR Best Practices in the communities

2009

We certify ourselves as a Clean Industry

2021

Smithfield Foods participation grows and becomes our main partner.

Recertification of ISO 50001: 2018 Energy management and of ISO 14001: 2015 Environmental Management System

OUR SUSTAINABILITY PILLARS

In 2012 we committed ourselves at a global, national and regional level and we are part of the United Nations Global Compact. We seek long-term sustainability, which means operating in accordance with core responsibilities in the areas of human rights, labor, the environment and anti-corruption. We are a responsible company that proclaims the same values and principles within all its divisions. Our main contribution to this global initiative benefits all our stakeholders. We have been recognized as a Socially Responsible Company since 2007 by the Mexican CEMEFI and the Alliance for Corporate Social Responsibility in Mexico. This distinction is awarded to those organizations or companies that reliably demonstrate that they have institutional principles and projects in favor of their various interest groups. Obtaining the distinction represents the recognition and validation of a third party, to responsible practices, but, above all, it commits to redouble efforts to always seek the benefit of all stakeholders, by offering pork of the highest quality. Contributing to the comprehensive development of employees, promoting a business culture based on ethical standards, supporting the conservation of natural resources, and caring for the well-being of neighboring communities.

Pillar	SDG Impact	Commitment	Scope
Wellbeing		Contributing to the comprehensive development of employees	Operations
Animal Welfare		The animals are treated with dignity and humanely, which results in healthy, clean and nutritious food.	Operations
Environment		Science-based emissions reduction in line with a 1.5°C pathway	Operations Products & Services
Zero Corruption		Promoting a business culture based on ethical standards	Operations Products & Services Value Chain
Community Outreach		Caring for the well-being of neighboring communities	Value Chain, Operations



PROGRESS IN OUR 2030 SUSTAINABILITY DEVELOPMENT GOALS

Pillar	Commitment	SDG Impact	Main Actions
Wellbeing	Contributing to the comprehensive development of employees		<p>Decent work for all, including social protection.</p> <ul style="list-style-type: none"> - Salary tabulator above the minimum wage. Life insurance and major medical expenses for all employees. - Community Affairs Area identifies and recognizes the rights of communities and the use of their resources. - Donation of pork meat to public institutions. - Nutritional guidance for employees and communities. - Health programs for employees and their immediate families. - Activities in support and fight against COVID-19. - Scholarship program for children of employees. <p>Scholarship and continuing education program for employees.</p> <ul style="list-style-type: none"> - Training Learn GCM -Recruitment and selection of personnel without discrimination - Gender pay equality - Guarantee decent work for men and women and equal pay for work of equal value. - Eradicate forced labor and child labor in all its forms. - Protect labor rights and promote a safe and secure work environment. - Decent work and fair income, with staff development programs. - Guarantee equality through non-discriminatory practices. -Employee Assistance Program.
Animal Welfare	The animals are treated with dignity and humanely, which results in healthy, clean and nutritious food.		<ul style="list-style-type: none"> - No thirst, hunger and malnutrition. - No stress nor fear or anguish conditions. - No physical nor thermal discomfort. - No physical pain, injury and disease. - Free to conduct natural behavior within our farms.
Environment	Science-based emissions reduction in line with a 1.5°C pathway		<p>Recycling of water in farms with treatment lagoons.</p> <ul style="list-style-type: none"> - Comprehensive Management Policy. - Management of wells for water supply in communities. - Appropriate waste management from generation to final disposal and recovery. - Responsible purchases based on their life cycle. <p>Take urgent action to combat climate change and its effects</p> <ul style="list-style-type: none"> - Alert Management System. - Supply of energy from natural gas and biogas. - Audits to mitigate the emission of greenhouse gases. <p>Use of biodigesters for wastewater treatment and water recycling.</p> <ul style="list-style-type: none"> - Induce forest in company areas with endemic species. - Manage forests sustainably with commercial plantations. - Conservation of a protected area "La Recompensa". - Plant production in the forest nursery. - Cogeneration project based on natural gas. - Anaerobic biodigesters electricity production. - Sale of electricity to the Wholesale Electricity Market.
Zero Corruption	Promoting a business culture based on ethical standards		<ul style="list-style-type: none"> - Training on the code of ethics and conduct regarding expected behavior, bribery and acts of corruption. - Use of the Extension of Confidence the infractions are investigated, in an expeditious manner, by an independent party.
Community Outreach	<p>-Caring for the well-being of neighboring communities</p> <p>- Promote the formalization and growth of local supplier micro-enterprises</p>		<ul style="list-style-type: none"> - Development of road infrastructure for use by companies and communities. Installation of 2 power plants. - Campaign to replace conventional lighting with LED. - Pine reforestation campaigns. - Delivery of meal packages as an emergency fund for Hurricane Grace in 2021. - Delivery of health supplies to combat CoVid-19 in public health institutions. - Rural agricultural economic activity technification projects, such as High-agricultural yield corn plots. - Delivery of donations of pork to community kitchens and social assistance institutions. - Program of online workshops for training business and entrepreneurial skills for small and medium-sized companies and producers. - This year we also started the process to become an NGO certified by the Mexican certification body CONFIO, AC, a Mexican member of the International Committee of Fundraising Organizations, which grants the status of "CSO ANALYZED", which will allow us to be listed as "trusted NGO" with high standards of institutionalization, transparency and good practices.

WELLBEING



Covid-Free facilities in the company:

•Personal protection equipment:



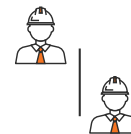
We provided face masks to all collaborators, making available to our personnel 4,000 pieces each month, as of March 2020, we distributed a total of 40,000 pieces in the year.

•Work spaces:



We implemented acrylic barriers or separators in desks, tables, dining rooms, as well as in pig production areas.

•Meeting room:



We restrict the number of people for occupancy in the use of common spaces and meeting rooms.

•Medical Service:



We have a 24/7 medical service for all employees and their direct family members, through medical offices and the telephone line for immediate attention.

•Sanitary filters:



We implement and attend through sanitary filters, protocols for prevention and detection of symptoms, action and follow-up in suspected and confirmed cases, for visits or trips, performing antigen and PCR tests, care in prescriptions and medical dispensations. Medical waivers with paid salaries were granted throughout the year, without exception, for situations of suspected COVID-19.



Gender Equality at the Workplace

We are part of the first generation of companies participants of the Target Gender Equality initiative in Mexico. We joined the more than 300 companies from 19 countries working together, committed companies that address the obstacles that prevent the economic empowerment of women and contribute to the achievement of Sustainable Development Goal 5.5, which advocates for the full participation and empowerment of women and equal opportunities in leadership by 2030. The Target Gender Equality program was designed to support companies committed to Gender Equality in setting and refining ambitious targets for women's representation and leadership in business and in taking meaningful action to dismantle persistent barriers to progress. At the end of 2021, our distribution of employees by gender is 84% men and 16% women.



Home Office

Teleworking: For the second year in a row, we continued adapting to the various ways to continue working, we implemented the Telecommuting/Home Office Policy, which includes different alternatives in days depending on the nature of the work. It is already developed as an institutional and permanent program in the company, regardless of the health situation due to COVID - 19, which applied to all personnel who, due to the activities or functions they perform, allowed them to work from home. A total of 127 employees are working remotely during the year. According to the job roles and needs for interaction and relationship with areas or clients, this option was implemented from 1 to 5 days working from home.



Scholarship program

We have benefits for our collaborators, but also for their direct relatives, this year we granted 175 scholarships for elementary, secondary, high school and university students. This in recognition of academic excellence, said support costs \$600.00 pesos per month during the 10 months of the school year, it is support for public and private education and the children of unionized and trusted personnel participate. Each scholarship child must meet requirements according to the call to maintain their scholarship, as well as verification of the school average. This benefit motivates children and young people to make an effort and seek better opportunities and reduce school dropout rates.



Permanent Program against Diabetes Mellitus II

This program was awarded as a Best Practice of Corporate Social Responsibility, by the Mexican Center for Philanthropy. We continue to respond and care for this disease. In Mexico, Diabetes Mellitus II ranks first in number of deaths per year, both in men and women. This year increased to 180 people between women and men of all ages were detected with this disease and are receiving timely treatment 1, 120 packages were delivered.

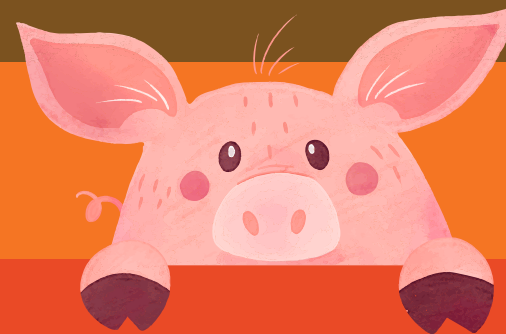
ANIMAL WELFARE



We are committed to being leaders in responsible animal welfare practices, ensuring respectful and humane treatment for the pigs we produce. The care of animals from birth to their final destination is our highest priority and is also the basis of our operations, for this reason, in 2021 we published our Animal Welfare Policy, in which we are firmly committed to maintaining the 5 freedoms of animals that are:

- No thirst, hunger and malnutrition.
- No stress nor fear or anguish conditions.
- No physical nor thermal discomfort.
- No physical pain, injury and disease.
- Free to conduct natural behavior within our farms.

Animal Rights:



In October 2021 we began the animal welfare certification process, submitting ourselves to voluntary audits carried out by the American company CloverLeaf, which is dedicated to the evaluation of animal care and welfare. on an international level. The foregoing will allow us, by 2022, to be the first company in Latin America to have a certification of this type.

Animal Welfare

Being aware of seeking comfort and well-being for the pigs we produce and raise at all times, we encourage and promote the following principles among our collaborators:

Taking care of their health

01

Let's put all our attention to keep them free from pain, injuries, wounds and diseases. Provide specific and timely medical treatment to any animal that requires it. If no improvement is shown, assess the appropriate application of timely euthanasia.

02 Provide comfort

Keep your space free of anything that prevents you from moving easily or causes you any discomfort.

03 Contribute to their well-being

Express any idea or suggestion that arises to improve the animal's stay. Be proactive.

04 Report abuse

If we become aware of any form of animal abuse or mistreatment, please report it. Don't stay silent.

05 Monitor facilities

Immediately report any anomaly. Preventing a malfunction from affecting them is of utmost importance.

06 Take care of their integrity

Notify or correct any risk factor immediately. We are aware of strange situations. They do not.

07 Be prudent

Remember they obey instinct and condition of animals. Never demand different behaviors from them. Don't punish them.

08 Comply with the law

There is an existing animal welfare regulation. It must always be fulfilled and under no circumstances pass it.

09 Biosecurity

One of our main objectives is to safeguard the health of the herd through strict biosafety protocols, which are constantly audited, allowing us to identify and minimize risk factors that may lead to the entry or exit of infectious agents to our pig farms.



Those gases are collected by an isolated pipe towards a caldera where the steam is produced. In such a way we can produce 80% of the vapor used to produce our pig's feed, thus reducing greenhouse gas emission and therefore GCM's CO₂ footprint.

IMPLEMENTATION AND CERTIFICATION OF THE ISO 50001 STANDARD

During 2021 we carried out the first recertification and, at the same time, the update of the standard to the 2018 version. This is thanks to the efforts of our collaborators in each of the areas that make up our process, to the implementation of continuous improvement actions and to the monitoring of performance.

▶ During 2021, the total energy consumption in GCM was 1,015,757 GJ, an amount distributed in six different energy sources:

Natural Gas:	625,823
Diesel:	127,898
Public electricity net:	100,240
Gas:	85,581
Biogas:	54,372
Gasoline	21,843

IMPLEMENTATION AND CERTIFICATION OF THE ISO 50001 STANDARD

We have 2 electrical cogeneration plants or CHP, the first located in the food factory with operations since May 2018, the second located in the Pork Meat Processing Plant (PPCC) starting operations since January 2019 and each one with an investment of more than 8 million dollars.

Our electric energy is produced by an inner combustion engine, which uses natural gas as fuel. A remarkable fact is that this fuel has lower greenhouse gases emissions and does not liberate neither suspended particles nor Sulphur dioxide, which are acid rain precursors.

Since May 2018, we produce 7,480 kW per hour, which is an equivalent amount of energy to power 74,800 100-Watt light bulbs. In other words, we're able to provide electric energy to an urban center of basic dimensions.

Out of those produced 7,480 kW/h, 20% is consumed by our food processing plant and the remaining 80% is sold to the national energy system for its sale in the national market. For the case of steam production, we exploit thermal energy found in the plant's engine's exhaust.

Total energy produced:
49,685 MWh.

Energy sold in the Wholesale Electricity Market (MEM): 15,986 MWh. Energy delivered to the food factory: **11,678 MWh.**

Total steam produced:
41,276 GJ.

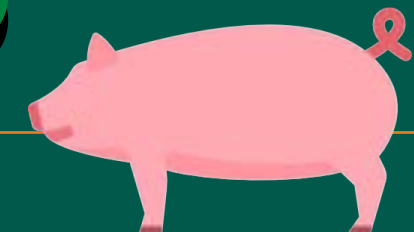
Income from sales in the MEM:
15,980,247 MXN.

Savings for delivery of steam to the factory:
6,420,262 MXN.

Savings for delivery of electricity to the factory:
4,075,060 MXN.



CO₂ e in reduction of emissions into the atmosphere.



ELECTRICITY

GENERATION WITH BIOGAS

Consumed bio gas

2,167,610 m3 per year

Generated power

3,863,138 GW/Hr per year

Profit

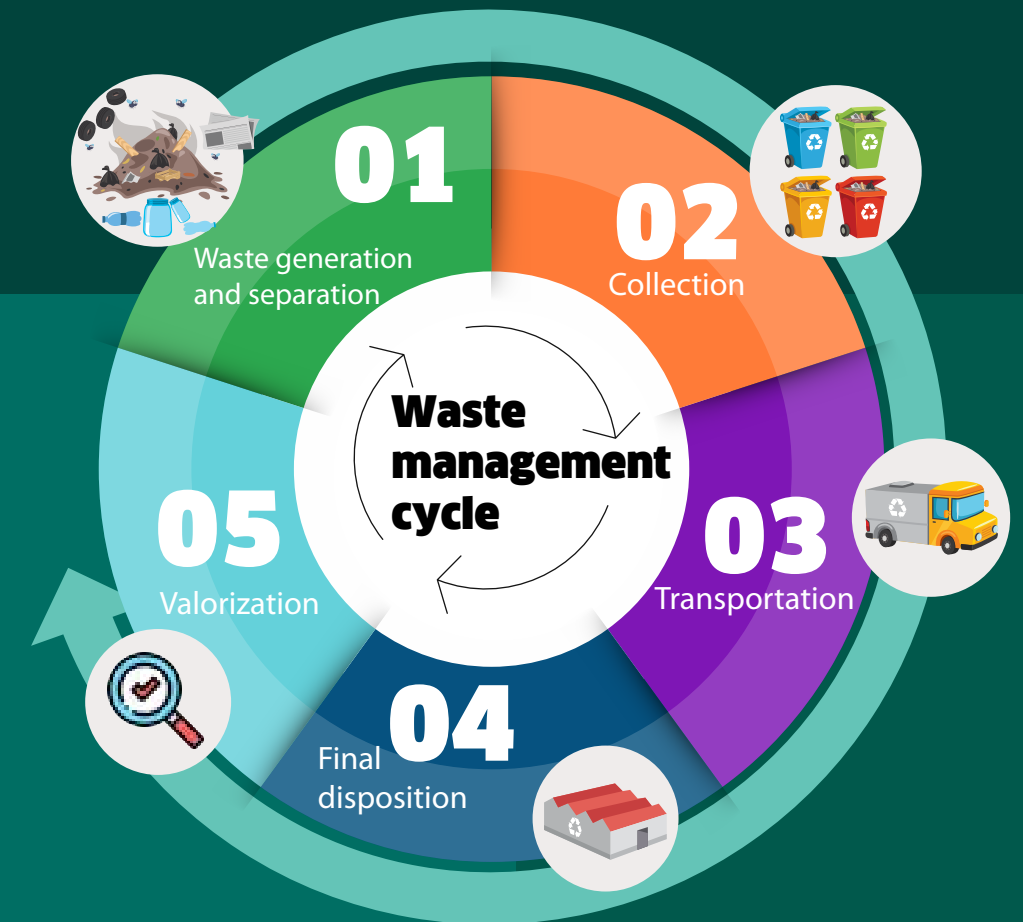
1.3 Million pesos per year



BIOGAS

WASTE MANAGEMENT

Based on our circular economy and environmental and energy management models, as well as compliance with Laws, Regulations and Official Standards, we seek to optimize our waste management capacity, which represents an environmental, legal and social commitment, so it is essential to carry out adequate management from its generation to its final disposal.



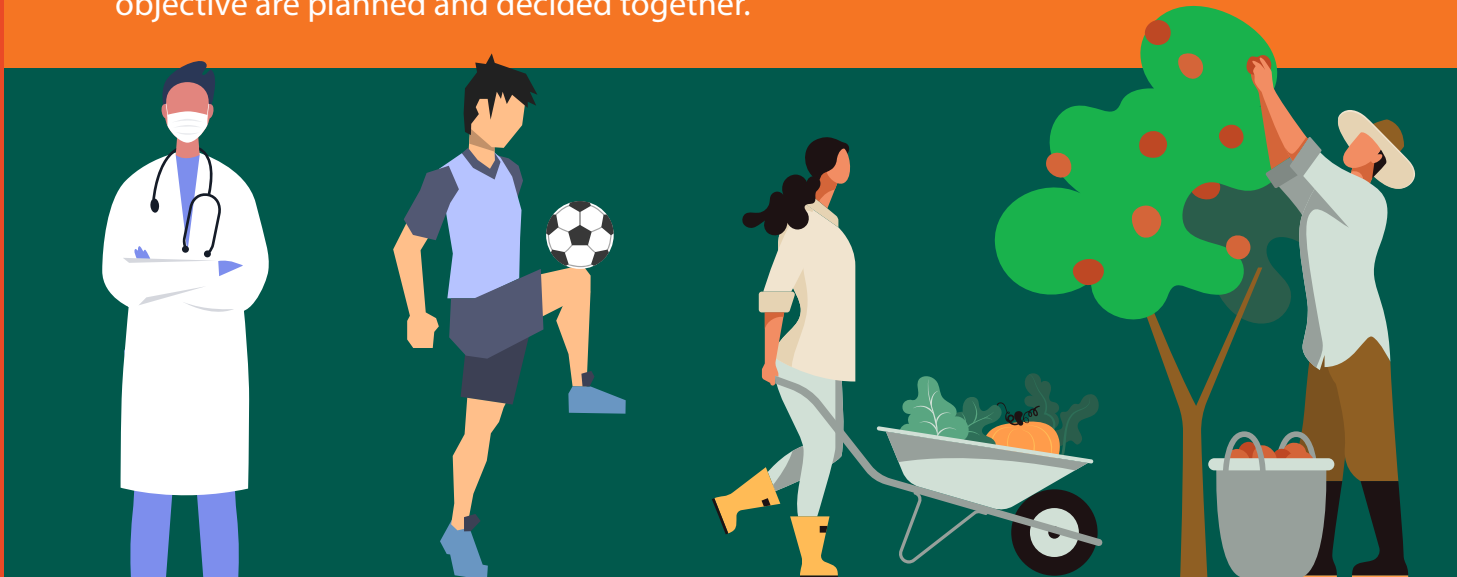
Responsible waste management benefits:

- ✓ Avoid soil or air pollution by gases produced in the decomposition of garbage and by burning.
- ✓ Avoid groundwater contamination.
- ✓ Maintain concessions, licenses, permits or authorizations.
- ✓ Economic recovery through the recovery of waste.
- ✓ Operations without fines and/or lawsuits by authorities or society

GCM Foundation

At the GCM Foundation we have established alliances with companies and institutions to multiply actions to benefit education, health, sports, recreation, culture, community development and environmental care.

Since 2010, we have focused our efforts on specific projects, planned in accordance with the Participative Rural Diagnosis. We work with the communities and based on the understanding generated in the coexistence, the actions necessary to achieve an objective are planned and decided together.



Mision



Our Mission is to support and promote initiatives that meet the basic needs of the vulnerable communities where we live and work, providing opportunities and solutions to improve the quality of life in the region, thus promoting citizen solidarity and subsidiary co-responsibility.

Vision



To be recognized as the leading foundation in social development and community wellbeing with programs and actions based in integrity, respect and equality.



Results 2021



Beneficiaries:
44,5100

Donations delivered to the community worth:

\$2,458,016.51

Benefited communities:

16
Municipalities

IN

2
States

Veracruz

Perote
Jalacingo
Huayacocotla
Coatepec
Altotonga

Puebla

Tlachichuca
Teziultán
Tepeyahualco
San Salvador el Seco
Libres
Oriental
La Fragua
Guadalupe Victoria
Cuyoaco
Chalchicomula
San Nicolás Buenos Aires



Furthermore, in the interest of consolidating transparency, governance and institutional development of our NGO, we are to accomplish the third year of financial statement's external audit, which is a pivotal instrument for us to increase compliance and accountability standards. This year, we also started the process to become a certified NGO by Mexican certification body CONFIO, A.C., Mexican member of the International Committee on Fundraising Organizations, which grants the "ANALYZED CSO" status, which will allow us to be listed as a "trusted NGO" with high standards of institutionalization, transparency and good practices.

Alliances remain key for our Foundation, thus, in 2021 we worked alliances with 6 institutions, ranging from NGOs, such as the “Red de Asociaciones MX”, and universities, such as the Anahuac and the Universidad Veracruzana.

Implemented projects in this year:

Pine reforestation campaign.

Delivery of pantries as an emergency fund for Hurricane Grace in 2021.

Delivery of health supplies to combat CoVid-19 in public health institutions.

Demonstration plots of corn with high agricultural yield.

Delivery of donations of pork meat to soup kitchens and social assistance institutions.

Program of online workshops for training business and entrepreneurial skills for small and medium-sized companies and producers.



Granjas Carroll de México, S. de R.L. de C.V.

