



Pamplona

2021

*Sustainability*  
**REPORT**

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# HIGHLIGHTS *of the year*

**R\$ 81,2**  
MILLION NET INCOME

**EBITDA**  
**R\$ 126,4**  
MILLION, WITH 6.5% MARGIN

*Over*  
**R\$ 720**  
MILLION

to be invested by 2025 to grow industrial infrastructure, plus agriculture and livestock

**13,1%**  
*increase in*

Gross Operating Revenue (GOR)

*Product launches*

**PORK MINCED MEAT 500G, TOSCANA SAUSAGE 400G AND SLICED CALABRESA SAUSAGE 125G**



*Domestic market:*  
**GROWTH**

of sales in tons (from 70,909 in 2020 to 78,383) and in reais (from R\$ 928.8 million to R\$ 1.2 billion)

*Exports:*  
**VOLUME**

sales 63,420 tons in line with previous years

**ENVIRONMENTAL MANAGEMENT**  
System Restructured

Positioned as

*Pork*  
**BRAND SPECIALIST**



Our brand was the  
**2<sup>nd</sup>**

most recalled among packaged pork cut category retailers in the South and 4th highest in greater Sao Paulo per brand preference survey conducted by Varejo magazine

Our smoked sausage brand was

**5<sup>th</sup>**

most consumed in Brazil and 4th in the South, per the 17th edition of the "Mais Mais" survey made by SuperVarejo magazine

Consolidation and analysis of farm data enabled by the PecSmart Project in partnership with Softex, which was ranked

**4<sup>th</sup>**

*by the Ministry of Science, Technology and Innovation*

# CORPORATE *Profile*



*Farfalle com salame*

Pamplona has a commercial presence in 24 Brazilian states and exports a wide range of products. We are continually investing in innovation to fulfill our mission of providing practical, healthy and safe food.



# Recognized innovation and quality

Pamplona Alimentos, a family business from the state of Santa Catarina, was originally founded as a beef processing and marketing company in 1948. A few years later, it moved on to produce pork cuts too. By 2021, it had a presence in 24 states in Brazil and was exporting a wide range of products to almost all countries where Brazil's meat products are certified. **GRI 102-1, 102-6**

Our privately held company is recognized for its constant investment in innovation to modernize our industrial complex, optimize processes and continue making high quality products. **GRI 102-5**

We operate across the entire supply chain, from animal feed to sales of processed products from five industrial facilities, four of which are owned and one outsourced, that accounted for 93.78% and 6.22% respectively of our production in 2021.

Our operations, concentrated in Santa Catarina, consist of a feed mill; pig farming development and integration system; and three refrigerated units for food processing. Our headquarters are in the municipality of Rio do Sul, while our Concentrated Distribution Center is in the city of Camboriú, in addition to ten distribution centers located in eight states in Brazil. **GRI 102-3, 102-4; SASB FB-MP-000.A, FB-MP-000.B**

Due to its Pamplona, Saudável, Rio Sul and Paraná brands, Pamplona is a pioneer and leader in the Brazilian seasoned pork market with an 18-line portfolio including seasoned and fresh pork, sausages, smoked products, salami, ham and derivatives, savory, sliced meats and cheese. **GRI 102-2**

At the end of 2021, we had 3,699 directly employed workers and 4,050 suppliers, which includes more than 300 integrated producers. In the course of the year, we produced 150,746 tons of products (95.86% pork protein and 4.14% beef) and posted R\$1.9 billion net operating revenue. **GRI 102-7, 102-8; SASB FB-MP-000.B**



GRI 102-16



## Values

- Provide customer satisfaction.
- Ensure compliance with food safety standards.
- Social responsibility and respect for the environment.
- Occupational safety for employees.
- Encourage professional growth.
- Commit to results agreed with stakeholders.
- Maintain sustainable partnerships with suppliers.
- Deliver satisfactory results to shareholders.



## Mission

Provide practical, healthy, and safe food.



## Vision

To be a global food company.





1948



• Lauro and Ana Pamplona founded a beef processing and sales company in the city of Agronômica (SC)

1963



• First marketing and sales of pork products.

1969



• Company transferred to new and modern facilities in the city of Rio do Sul (SC).

1973



• Pamplona becomes a corporation.

1974



• Federal Inspection Service (SIF) covers Rio do Sul (SC).

1989



• Meatpacker in Presidente Getúlio (SC) acquired to drive substantial sales growth.

2015



• Processed meat plant opened and operational remodeling of plant in Rio do Sul (SC). Accreditation of ractopamine laboratory (ISO 17025/2005).

2014



• Pamplona becomes a food company.

2013



• Business name changed from Frigorífico Riosulense S.A. to Pamplona Alimentos S.A.

2006



• Launch of seasoned meats and construction of the administrative headquarters in Rio do Sul (SC).

2002



• Pamplona acquires the status of a certified farm by CIDASC and by MAPA.

1996



• First exports to Hong Kong and Uruguay.

2016



• First company in Brazil authorized to use "Brazilian Pork" seal.

2017



• Inauguration of the meat shop in Itajaí (SC). Extension of accreditation for the microbiology laboratory and accreditation of the ractopamine laboratory (ISO 17025/2017).

2018



• First Sustainability Report published. Sliced product line expanded.

2019



• Inauguration of the Distribution Center in Portão (RS). Entry into the dairy market is consolidated. Expansion of the cured, matured, and smoked meats lines.

2020



• Distribution Center in Camboriú is inaugurated with logistics optimization for the industry. Products in smaller servings to meet profile changes in the domestic market.

2021



Initial expansion in Presidente Getúlio (SC) and Rio do Sul (SC). Beef cattle abattoir in Caçador (SC).

# Timeline



*Roast pork*

# MANAGEMENT'S *Message*

To provide quality products for the main consumer markets and retain our benchmark status in pork, we are investing in modern manufacturing structures, production and storage capacity in the farms.



## Message from the Board of Directors

GRI 102-14

Our experience in the business goes back 74 years so we have outstanding ability to adapt our strategy and drive sales in step with changing social and economic situations, as we did in 2021. The global economic crisis – arising from the second year of restrictions to curb the spread of Covid-19 – saw rising prices paid for raw materials and international freight rates while pork exports to the Chinese market were fetching lower prices. Our focus was driving exports to other countries while favoring sales of higher added value products in the domestic market.

We aspire to be recognized as pork specialists – which is clearly seen in our products by the careful selection of raw materials, the characteristics of each cut, their quality handling, flavor, versatility and consumer safety. The year's highlights included findings from a brand architecture survey we conducted in order to design a new language targeting final consumers and generating data used to formulate our medium and long-term branding strategy.

Our business model is predominantly a vertically integrated one that covers development, including slaughter, deboning, industrialization and logistics to serve major consumer markets in Brazil and internationally. Being a reference for pork involves constant improvement for our factory structure, focused on the investments announced in 2021 both in Presidente Getúlio and in Rio do Sul, as well as expanding presence in the farms, the boosting production/storage capacity of our animal feed factory in Laurentino (SC) and ensuring efficient logistics.

Having consolidated our position in the beef market, especially in retail, we are also working to increase our share by starting operations at a new slaughtering and deboning unit in Caçador (SC). The idea is to serve the regional market with specific cuts and expand our offer of chilled carcasses for our Pamplona Premium, Grill and Campeiro lines.

At the same time, we are reinforcing our family values: hard work, honesty, quality and dependability – fundamental principles for us to continue growing despite adversity. Thank you all for another year of consistent deliveries.

**Valdecir Pamplona**

*Chairman of the Board of Directors*



## Executive Board's Message

GRI 102-14

2021 was a very challenging year because of oversupply in the second half of the year affecting pork prices in the market, combined with rising prices for leading commodities (corn and soybeans) throughout the year. With all these factors, we ended the period posting R\$ 2.2 billion Gross Revenue from Operations (13.1% higher than the previous year's R\$ 1.9 billion). Adjusted EBITDA was R\$126.4 million (6.5% margin), against R\$369 million (21.2% margin). Net income totaled R\$ 81.2 million (4.2% margin) against R\$ 298 million (17.1% margin), falling short of the previous year's exceptional numbers.

These numbers reflect agility in our pursuit of alternatives to cope with the steep climb in grain prices, which raised the cost of our own pork. Based on new formulations and prepaid policies for corn and soybeans, we were able to optimize cost of feed. On the same lines, we continued to migrate our energy consuming units to the Free Contracting Environment (ACL) – already underway for some years, which has meant that high prices in the captive market have less influence on our operating costs.

We were also able to obtain gains in volume by tapping pork's high per capita consumption in Brazil. In this context of the domestic market, our sales grew in tons (from 70,909, in 2020, to 78,383) and in reais (from R\$928.8 million to R\$1.2 billion). Reflecting our strategy, the production of processed products with higher added value was up 11% from 49,309 tons in 2020 to 54,802 tons.

This tendency drove GOR from R\$ 696 million to R\$ 893 million. Our exported volume sales in the year reached 63,420 tons, in line with the previous year's number (63,441). So despite lower prices in the Chinese market, we grew volume sales to other countries.

In relation to the Covid-19 pandemic, we were more prepared, due to the lessons learned in the previous year, and the major means of combat and control were maintained with safety and testing protocols – we were seen as a reference for our region – social distancing, wearing masks and hygiene procedures, prioritizing work from home format for suitable activities, monitoring cases and absences on a daily basis, monitoring federal, state and municipal legislation, internal campaign to raise awareness of the need for vaccination, among other initiatives guided by our Crisis Management Committee.



We restructured our Environmental Management System, showing our commitment to ESG agenda initiatives in partnership with producers and other social agents

Having ensured safety for operations, we continued to pursue our growth trajectory. Our Presidente Getúlio unit focuses on expanding slaughtering capacity by modernizing storage chambers, robotic palletizing and high levels of automation in order to strengthen our ability to serve selective markets and pursue new business opportunities with Mexico, Canada and the United States. Our Rio do Sul plant's processed product capacity will be expanded.

A major milestone for our ESG development initiatives was restructuring of our Environmental Management System to reaffirm internal Environmental Policy and show our commitment to society while highlighting projects undertaken together with producers and public initiatives such as Granja de Ouro Contest, support for the Municipal Photo Competition and our Puma Project partnership run by the state's Environmental police force. On the social side, note that the Legislative Assembly of the State of Santa Catarina made an award for our Social Responsibility. Our governance structure is being constantly updated with risk assessment/mitigation studies and we are compiling a Compliance Manual to be published in 2022.

For 2022, elections, new coronavirus variants, diplomatic crises, and other factors may affect costs, especially the main inputs for animal feed, so we will continue to pursue our risk mitigation policies and strategic purchases of key commodities to sustain the projected growth of approximately 5%, with the evolution of processed volumes resulting from our Rio do Sul unit's expansion project. In the domestic market, our strategy is finding new fronts for retailing, food service initiatives and more partners, thus boosting the brand's presence and driving out sales. We will be diversifying exports too, in all cases looking for the best opportunities.

We therefore remain confident in our business model and corporate strategy and their ability to deliver results. To those who remain with us – customers, shareholders, employees, integrated companies, logistics, suppliers, ABPA, Sindicarne, Embrapa, universities, governmental institutions and financial institutions – I am grateful for yet another year of your support for our mission of providing practical, healthy and safe food!

**Irani Pamplona Peters**  
Chief Executive Officer

# STRATEGY *and* management

*Ham, bacon and cheese ring*

Our growth paths are based particularly on the domestic market, where we strive to offer products that cater to consumers' needs and to remain aware to the need for sustainable operations.



# Enhanced supply chain

Brazil's domestic market is the main focus for Pamplona's growth strategy. We see exporting as a business opportunity that depends on the global outlook. Most of our efforts in the last decade have been to upscale production of portioned, processed and sliced foods that will meet consumer demand for practical products served in increasingly smaller portions. In line with market trends, Pamplona also looks to meet health criteria.

Although our 2021 results were impacted by the rising grain prices, our strategy has remained unchanged.

So proceeded to work on our projects expanding our industrial units by investing heavily in Rio do Sul and Presidente Getúlio, opening a cattle slaughtering unit in Caçador (SC), expanding the third slaughter facility at the Chapecó unit (SC) and the adopting management and operation technologies that are transforming our factories in line with the industry 4.0 concept.

**GRI 102-10**

To further improve pork production processes, we continue to invest in good practices for animal welfare, genetics, slaughter and product delivery and partnerships with startups, research institutions and our own integrated producers and suppliers.

Strategic goals



Maintain investments in the company's core business



Investments focused on modernizing and growing the mix



Work to increase market share



Ensure profitability of the mix



Geographically expand distribution



Increase customer purchase rates



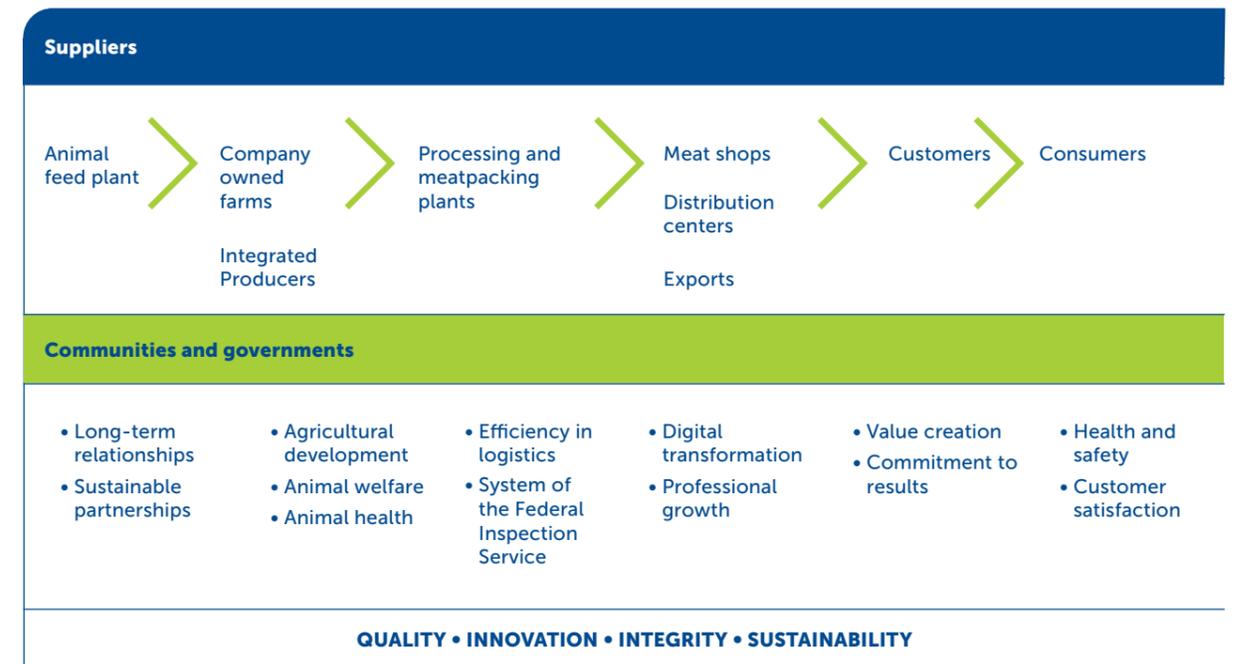
Seek greater opportunities in retail channels, food service, and regional chains



Strengthen the brand at the POS

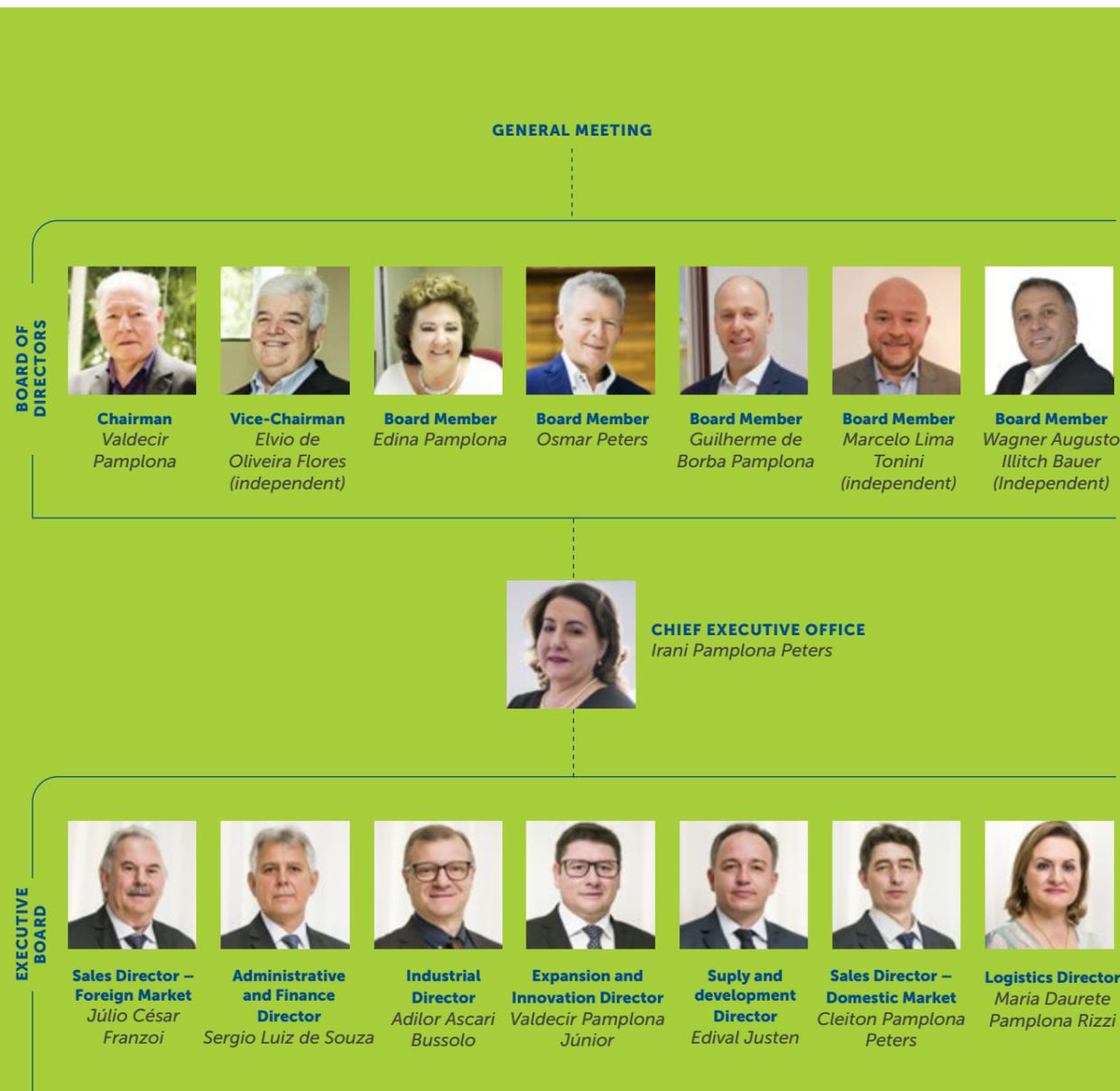


Chain of operation



## Corporate governance **GRI 103-1, 103-2, 103-3**

Pamplona's governance structure and practices align our activities with principles and values we have shared with stakeholders throughout our history. Compliance rules include anti-corruption issues and channels and control mechanisms to ensure compliance with ethical principles for all our relationships.



## Governance structure

### GRI 102-18

To ensure best practices for decision-making processes, our management structure includes a Board of Directors partly consisting of independent directors, and an Executive Board. All deliberations or resolutions involving financial health and structural and strategic matters are taken at periodic meetings scheduled on our annual calendar.

## Ethics and anti-corruption

Pamplona's Code of Ethics was issued in 2018 and it is part of everyday life for employees from the time they join us. To consolidate ethical culture and make it into a routine practice, we run twice-yearly training programs for in-depth study of the document's guidelines – which may be accessed by all stakeholders at [www.pamplona.com.br/governanca.html](http://www.pamplona.com.br/governanca.html). In 2021, 98 new hires for management positions, 59 for administrative functions and 1,836 for operational jobs that were given information and training on our anti-corruption policies and procedures. This means that all employees have been trained. In 2021 alone, there were 1,993 employees attending training programs. 100% of new suppliers were subject to anti-corruption clauses in their contracts. As a result, no cases of corruption were identified during the year. **GRI 205-2**

### TOTAL NUMBER AND PERCENTAGE OF EMPLOYEES INFORMED OF AND TRAINED IN ANTI-CORRUPTION POLICIES AND PROCEDURES, BY FUNCTIONAL CATEGORY **GRI 205-2**

Job category	2021		2020
	Total number informed and trained	Percentage (%) informed and trained	Total number informed and trained
Governance body	0	0%	14
Management	3	9%	0
Leadership/coordination	1	25%	0
Technical/supervision	94	25%	0
Administrative	59	26%	79
Operational	1,836	59%	1,625
<b>Total</b>	<b>1,993</b>	<b>53%</b>	<b>1,704</b>

Data source: Compliance Committee



Pamplona’s reporting channels receive complaints or messages related to a range of subjects, such as ethics and corruption, workplace practices, the environment, human rights and relations with communities. Contacts may be made anonymously by calling our telephone line (47) 3531-3055 (or internal extension 3055) or by emailing [etica@pamplona.com.br](mailto:etica@pamplona.com.br). **GRI 102-17**

In 2021, we received 22 complaints, and all were answered, processed and solved. Ethics-related issues are forwarded to the Ethics Committee, while operational issues go to the respective sectors. In 2021, there were no confirmed cases of corruption. **GRI 102-17, 205-3**

**COMPLAINTS AND MESSAGES RECEIVED**

	2021	2020
Total number of requests, messages and complaints received in the period	22	25
Requests for advice or guidance received and met, addressed and resolved in the period	22	25

*Data source: Compliance Committee*

As an integrated part of Pamplona’s governance structure, our Ethics Committee consists of five full members and five alternates who represent board members, officers, Internal Audit, Human Resources, Financial and Legal departments. Every two months, this instance meets to deal with complaints received by investigating and recommending any sanctions in cases of proven failure to comply with our Code of Ethics.

**Conformity**

In 2021, Pamplona finalized adjustments to the rules of the General Data Protection Law (Lei Geral de Proteção de Dados – LGPD) that were sanctioned in September 2020. The work was carried out with support from specialized consultants in order to speed up the process and ensure that we were complying with legislation.

LGPD is not just a legal requirement but also a guarantee for Pamplona’s data protection, therefore investments were made to control data storage and access to information. In this respect, we would highlight the publication of our new Privacy Policy for the purpose of reinforcing internal guidelines for treating personal data of suppliers, service providers and other entities with which the company relates. Their content is available to all interested at this [link https://pamplona.com.br/politica-de-privacidade.html](https://pamplona.com.br/politica-de-privacidade.html).

In addition to the LGPD, we use AmbLegis software to map legislation related to our activities at municipal, state and federal levels. All applicable legal requirements generate tasks to be completed and arrange for records of evidence and proof to be stored. Using AmbLegis, Pamplona monitors units’ legal and specific obligations in areas such as environment, occupational safety, occupational health and social responsibility. In 2021, no fines or sanctions were registered for non-conformities in the social, economic and environmental areas. **GRI 307-1; SASB FB-MP-140A.3**

# Targets and commitments

After consulting stakeholders, Pamplona has voluntarily outlined its commitments related to the sustainability of its operations, and their evolution may be monitored annually in our sustainability report.



TOPIC	GRI ASPECT	2021 COMMITMENT	STATUS	RESULT	2022 COMMITMENT
Commitment to sustainability	Strategy	Develop a system to remotely access data on water consumption and validate indicators. Authorize and implement the project.	●	Water meters were installed and Pamplona is looking for a partner company to install the system.	Present viable alternatives to measure and remotely manage own farm water use data.
Economic performance and governance	Fight against corruption	Conduct semiannual training for all employees on the main topics in the Code of Ethics. Complete the risk classification and mitigation strategy, as well as the compliance manual, in the first half of 2021.	●	Basic training programs related to the Code of Ethics were held for all new employees, in addition to training related to harassment issues for those in leadership positions, who would then pass the information on to their teams. The tasks of publishing our Compliance Manual and the concluding risk rating and mitigation strategy were not completed in 2021 and therefore have been held over as commitments for the year 2022.	Publication of the Compliance Manual and conclusion of study for risk rating and mitigation strategy
Development	Animal welfare	Maintain the commitment to carry out the transition from the individual breeder housing system to a collective housing system.	●	The integration system already holds 81% of the appropriate group or herd in the collective pens system.	Continue migrating to the collective management system by 2026. All new units and expansions of owned and integrated farms will be structured using the 'cover and let loose' system.
		Disclose Animal Welfare Policies in the second half of 2021.	●	Policy disclosed to the market in December 2021.	Having published its Animal Welfare Policy, Pamplona has voluntarily taken on the commitments described on page 35 of this report.
Product quality	Customer Health and Safety	Continue proficiency tests for the analysis of microbiological parameters according to schedule in alternate years. Conduct an external audit and obtain IFS Food Certification.	●	In 2021, Pamplona reached proficiency level in all tests carried out and continues to plan for IFS Food certification.	Continuation of proficiency tests for analysis of microbiological parameters following alternate year schedule. Continue implementation to meet all IFS requirements and plan for certification in 2023.
		Continue the development of a project to computerize traceability for the coming years.	●	Traceability across the production chain in the pork integration system is ensured using the R-SUI system, which stores each product's history throughout the production process.	Continuation of the project to ensure traceability for the industrialized line through the Way-v platform.
Product quality (R&D)		Continue the sensory analysis program depending on sanitation protocols due to the pandemic.	●	In 2021, 16 sensory analyzes were carried out internally, in addition to two analyses of Toscana sausage and one of ham performed by outside laboratories.	Continue the sensory analysis program by performing at least one monthly analysis of products processed by Pamplona's factory.
Environmental management	Environmental Aspects	Implement EMS and complete in the first half of 2021, with targets already applicable in the year.	●	In 2021, Pamplona concluded work on setting up its Environmental Management System (EMS), which had been started the previous year.	Strengthen the dissemination of SGA in the company and develop an application analysis study for certification of one of the units.
	Effluents and Waste	Develop and complete the project for the effluent treatment station.	●	Project started in 2021.	Update water treatment project to ensure reuse.
	Emissions	Continue with the air emissions inventory according to Scopes 1 and 2 of the GHG methodology.	●	In 2021, we performed the third inventory of atmospheric emissions from the factories in Presidente Getúlio and Rio do Sul and the second inventory with the GHG Protocol methodology.	Develop a strategic study to compile indicators and targets for the issue in the organization, in addition to assessing an extended scope for application of the inventory.
Logistics management	Social and environmental impacts	Implement the OTM to transport live animals in the first half of 2021.	●	Live pig transport will be integrated in 2022.	Conclusion of the MTO's arrangements for transporting live animals
GRI	Stakeholder Engagement	The consultation process was postponed to 2021 or 2022, so that it can be conducted when the methodology is more productive.	●	The consultation process has been postponed to 2022, to be held when the method may be more fruitful.	Conducting consultation process in 2022.
Digital Transformation	Innovation/ Digital Transformation	Select the new ERP and start the deployment phase. Focus on the formation of a digital culture within the organization with committees and study groups for innovation and search for new technologies for the fields, industry, and retail.	●	Selection of new ERP underway, having completed technical analysis. Creation of the Finance and IT Innovation group, targeted lectures and benchmarks shared with companies that are now in the process of digital transformation. In the field, increased collection, consolidation and analysis of data from farms through the Pecsma Project for real time monitoring of weight, consumption and respiratory health in order to identify the right time for slaughter and enhance the quality of its pork products. In the industry, execution of the quality management project and production processes using WayV software, thus enabling greater data mobility, agility and reliability. On the administrative side, providing new means of payment for customers (Pix), and automating receipt of Services Notes using Artificial Intelligence. On the commercial side, we started a pilot project for sales over digital channels.	Expansion of sales through Digital Channels. Focus on Information Security. Initiatives and projects to cut down printing and consumption of energy .



# INNOVATION *and digital transformation*

Automation and applied technology help to guide decisions and changes in order to boost production and ensure high quality products, in addition to cost saving and benefiting the environment.



## Growth vector

Since 2019, we have been investing to strengthen business intelligence. So, data from production lines is consolidated to streamline decisions and guide any changes required in production processes.

In 2021, we introduced the TaxFy platform for issuing Electronic Services Invoices (NFS-e). The innovation embeds Docs AI Artificial Intelligence technology, which enables better control of business information, organization of documents in a single environment, and detailed information by showing which documents are most often accessed, the most active users and those that generate and consume most information.

Since 2020, we have been expanding our Presidente Getúlio plant and applied high level automation and technology. Initiatives to reduce consumption of administrative materials, such as paper, have been implemented in several areas. Our target is to reduce this type of consumption by 30% while automating quality, production and administrative processes.

Another initiative was adopting Oracle Transport Management (OTM) software for remote monitoring when transporting animal feed from factories to farms and integrated producers. On the logistics side, we introduced an integrated system using smartphones to plan, control and monitor loads from origin to delivery. About 80% of animal feed transported is entered into the data system. Live pig transport will be integrated in 2022. In addition to heightened visibility across the entire production chain, these technologies add to our ability to manage costs, loads, vehicle occupancy and distance traveled (mileage/km), and to plan loads.

# 80%

**OF ANIMAL FEED TRANSPORT NOW  
MANAGED BY AUTOMATED SYSTEMS**



## Pig Farming 4.0

In 2021, Pamplona consolidated and continued to maintain its Business Intelligence system for the following functions: Development; Production Planning and Control (PPCP); Quality; and Logistics. On the Development side, the tool consolidates data from different sources in a dashboard format to enable dynamic visualization. PPCP manages scheduling and production control data faster, with improved internal communication, data analysis for directors and managers while spreadsheets and reports are compiled quickly. The Quality Control system compiles indicators to enhance evaluation of jobs, detect any deviations and enable faster and more assertive measures. In Logistics, it provides visibility of the chain, allowing decision-making focused on cost reduction, in addition to the projection of medium and long-term scenarios.

In 2021, to manage Pamplona's pig farming processes, we introduced a business intelligence system that provides real-time analysis of indicators using information to aid intelligent and healthy growth of the business, enabling easier and more streamlined decision making, since the tool extracts and compiles information more flexibly.

Other innovative technological solutions have been implemented in partnership with information technology companies and startups. With Granter, Pamplona developed the "Meu Lote" application, which now has 231 rural properties and pig producers activated.

During the Covid-19 pandemic, this platform was essential for communication with producers and helped ensure social distancing. Its features include real-time data capture from rural properties using sensors to monitor settings while centrali-

zing and handling data used for monitoring and managing production processes.

Focusing on predictable results and animal health, Pamplona invested in Internet of Things (IoT) technology to enable digital transformation using applications and devices developed in partnership with PecSmart, a startup that uses devices such as cameras, microphones and telemetry to identify the best times for intervention in handling and logistics. SmartFeed uses sensors to measure animal feed consumption and conversion; SmartMic works with sanitary sensors for daily event management; and SmartCam monitors farms using 3D cameras, generating swine body growth data and indicating the right time to have them sent for slaughter. Real-time data is available 24/7 so there is no need for visiting sites or entering data into the system. Preliminary results point to 98% accuracy for SmartCam data.

In 2021, Pamplona was approved as an anchor company in the Softex IAMCTI Public Notice, or IA<sup>2</sup> issued by the Science, Technology and Innovation Ministries (local acronym MCTI), whose main purpose is to foster innovative projects by using artificial intelligence and stimulating interaction and connection between actors participating in the innovation ecosystem, thus boosting competitiveness for Brazilian technologies in the productive sector.

# FARM TO FORK *care*



*Conchiglie stuffed with loin and creamed mozzarella*



Pamplona runs an Livestock Development and genetic improvement program. In 2021, we signed a technical cooperation agreement to encourage professionalization in the swine production chain.





## *Trained producers and technical staff*

### Livestock Development

Our Livestock Development area works to ensure supplies of the best raw material, producing top quality pork and fulfilling all of the production chain's requirements. In 2021, over R\$ 197,000 were invested in training programs for integrated producers and our technical team. Subjects addressed included animal welfare, routine management and enhanced zootechnical performance. Altogether, there are eight own farms, more than 300 properties run by integrated producers and partners and stock of over 518,000 own pigs.

To be one of Pamplona's integrated producers, suppliers must meet requirements for animal welfare, biosecurity and good management practices. In addition to compliance with labor and human rights legislation, they must be committed to the activity, have a history of good practices and relationship with the environment. Pamplona does not accept producers involved in child labor and/or slave-like labor. For animals to be housed, properties must submit a current environmental operating license. To ensure that environmental requirements are met, internal controls are run and audited by competent environmental entities.

Integrated producers are constantly monitored to make sure they

meet the requirements of official bodies such as the Environment Institute (local acronym, IMA), Santa Catarina Integrated Agricultural Development Company (Cidasc), Ministry of Agriculture, Livestock and Supply (Mapa) and State of Santa Catarina Environmental Police Battalion (BPMA) – with whom Pamplona has an agreement to cooperate for enforcement and environmental education activities in order to preserve, conserve and improve the environment.

In 2021, Pamplona partnered the Environmental Police force's United for the Environment Program (locally PUMA). This initiative provided environmental education for children of employees and integrated producers. Its three-month course showed children how to assimilate theoretical concepts and take part in practical activities that could later be shared with their families. The content taught addressed flora, fauna, garbage, pollution, water resources, pesticides and environmental crimes.

Production chain traceability is ensured using the R-SUI system, which stores a product's history throughout the production process. Aspects such as inputs for the production of animal feed, medicines, equipment used in production, standardized technical management, zootechnical indices and environmental and health legislation are monitored. The information is audited by our internal team and official bodies.



### Genetic enhancement

Pamplona's own genetic improvement program develops specific genetic lines to supply meat packers with better quality products while ensuring sanitary standards and financial viability. The program is developed in partnership with institutions such as Funding Authority for Studies and Projects (Finep) and the Brazilian Agricultural Research Corporation (Embrapa). The farms are certified by the Ministry of Agriculture, Livestock and Supply (Mapa), Santa Catarina Integrated Agricultural Development Company (CIDASC) through biannual audits and Professor Renato Irgang provides advisory services.

To grow our current pig lines, genetic materials were incorporated by importing breeding stock from the world's best pig genetic bank in 2020 and 2021. Pamplona has two agreements with Embrapa Suínos e Aves, from Concordia (SC). One is to build a Genetic Bank by freezing semen from both current genetic lines and imported animals. The idea is to use this material to add technology to the genetic enhancement program itself. The other is to genotype animals belonging to the genetic improvement program in order to obtain gains in traits of economic interest, since genomic data make selection more accurate and therefore accelerate genetic progress.

## *Production incentives*

**In the state of Santa Catarina, Pamplona signed a technical and financial cooperation agreement to incentivize the Alto Vale do Itajaí region's pig production chain together with Banrisul's initial allocation of R\$ 50 million, as well as other financial institutions adding R\$ 18 million, although not covered by special agreements. We designated integrated producers adhering to the agreement who will be able to register with the financial institution which will arrange technical analysis, approval for financing and inspection. Pamplona remains responsible for production during the integration contract periods, thus encouraging development of its biological assets and generating income for its integrated producers.**

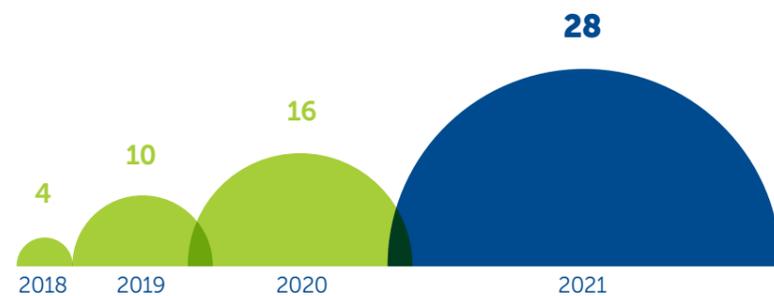
## Feed Plant

For Pamplona, one of the great challenges of the year was grain shortage caused by drought that ruined harvests in several states and raised the cost of inputs used to produce feed. Nevertheless, due to its solid partnership with long-standing suppliers and the long-term purchasing strategy, we continued to receive the raw material needed to meet the herd's nutritional needs.

Investment to build up physical stock was crucial at this time. In 2020, the maximum volume of stock was 16 thousand tons, which was sufficient for 17 days production. By 2021, we had 28 thousand tons, which is stock for about 30 days production. So, Pamplona multiplied volumes and made the process even more efficient. Investments in the feed plant, asphalt paving infrastructure, raw material storage, and bulk unloading amounted to approximately R\$7 million.

**FEED MANUFACTURING UNIT – RAW MATERIAL STORAGE CAPACITY O (THOUSAND TONS)**

Source: Animal Feed Factory



### Animal nutrition

Pamplona uses nutritional enzymes (phytases, proteases and carbohydrases) in its diets to improve digestion of nutrients naturally present in the ingredients. These enzymes enhance animal absorption and consequently make for better performance, while also lowering atmospheric emissions of phosphorus, nitrogen and Greenhouse Gases. As a re-

sult, we were able to reduce emission by 11,345 tons of Greenhouse Gases (CO2 ep) – equivalent to removing 4,727 cars from the streets or planting 293,841 tree seedlings. As a result, we earned special recognition from DSM Produtos Nutricionais Brasil S.A., a major trading partner.

Internal Animal Welfare policy involves the entire production chain and includes aspects such as transport and humane slaughter at both of our plants

## Experimental units

Ongoing technical assistance for integrated producers and Pamplona's own farms is based on innovative research conducted in three experimental units located on different farms. This work is done in partnership with Instituto Federal Catarinense (IFC) and Embrapa in order to develop experiments to optimize nutritional investment in animals and subsequent returns.

In 2021, we ran 22 nutritional, animal health, environmental and animal welfare experiments. In nutrition, our practices follow the World Animal Health Organization's recommendations to have antibiotics replaced by alternative substances and treatments. Pamplona uses antibiotics for therapeutic applications only, not to foster growth. Ractopamine is not used for our own animals since some markets do not approve of its use.

**GRI G4-FP12**

## Animal welfare

By closely watching the market and current sector trends that indicate challenges such as animal welfare, healthiness of products, food safety and sustainable production practices, among others, Pamplona stays ahead of social needs and market trends by setting management and production standards above legally required levels. In this respect, its Animal Welfare Policy has been disclosed to the market together with guidelines that shape its conduct on this highly relevant matter.

The policy applies to the entire production chain, involving production on our own farms and integration farms, the stage of transporting the different categories of pigs and humane slaughter in our factories in Rio do Sul and Presidente Getúlio. We also prioritize purchases of animals from suppliers that are committed to the same principles as us.



Pamplona also developed its Pig Welfare Program based on indicators and the most recent scientific research, adapted to its context, combined with a management model that permeates all its farming operations to deliver better quality meat. Therefore, it measures animal welfare using evaluation protocols and thus adds to practices adopted.

Actions within the scope of this theme are structured by a Standing Animal Welfare Committee consisting of employees from different areas of the company, who meet regularly to assess the results of improvement projects and prioritize actions.

Our livestock development, logistics and industry teams consist of professionals specialized in implementing and maintaining procedures to ensure best management practices at all stages of our operation, thus ensuring traceability too.

The company has a modern real-time operational management system that facilitates quick decision-making based on indicators while ensuring supplies of inputs required for production and quality of life for its animals.

Employees are trained and abusive or other practices that characterize mistreatment won't be tolerated. The company adopts the principles of the 3Rs (Replacement, Reduction and Refinement) for its practices with newborn piglets and in research carried out on its experimental farms and industries.

The physical structures designed and maintained, and technologies used for production cover the physiological and behavioral needs of the different age groups of pigs and facilitate management and human-animal relations.

Pamplona also establishes partnerships with the sector's research institutions, universities and professionals to find innovative solutions and foster development in matters such as ambience, use of environmental enrichment materials, reduced use of antimicrobials and appropriate genetic improvement for breeding conditions.

The company's commitment extends to the unique well-being concept which harmonizes people, the environment and animals in order to assure sustainable growth and serve customers in Brazil and abroad.

Since 2019, the company has been working on its transition from the traditional model of individual housing for pregnant sows to a collective gestation model – with completion scheduled for 2026. The integration system is holding 81% of animals suitable for the collective stall system, thus showing the progress made on reaching targets.



## *Pamplona's animal welfare commitments*

- Continue migration to the collective gestation system until 2026. All new units and expansions of owned and integrated farms will be structured using the 'cover and set loose system';
- Continue immunocastration in 100% of male pigs – the company has pioneered this technology ever since its introduction in Brazil;
- Maintain the non-use of growth-promoting antibiotics at any stage of the production system;
- Not wearing down the teeth of the piglets (except when a sow and/or litter's welfare may be compromised, and taking veterinary advice);
- Eliminate notching as a means of identification by 2026;
- Continue tail handling until the third day of life, per Normative Instruction 113;
- Validate environmental enrichment models in the production system;
- Pig transport vehicles to be incorporated into the fleet will reflect new concepts for the use of materials and accessories that benefit health and well-being for animals and convenience for operations;
- Adopt North American Meat Institute (NAMI) standards in the Rio do Sul and Presidente Getúlio industries by December 2024.

## Product quality and safety

**GRI 103-1, 103-2, 103-3, 416-1**

Pamplona's Quality Program means quality assurance for products that reaches a consumer's table and ensures food safety. To do so, it invests in continuous improvement, product testing and development, process control and metering, measurement of customer returns and compliance with regulatory and market requirements.

The company is audited annually by some of its customers. The criteria are even stricter, especially those involving human health and animal welfare. A target on Pamplona's radar is obtaining IFS Food certification, which is required by several companies to join their production chain. This international standard assesses food safety and quality conformity of products and processes. In 2021, company audits based on this protocol got an average approval rate of 90.86%, which reflects quality management and control, with the application of its entire self-control program to meet customer requirements. **SASB FB-MP-250A.1**

On a daily basis, all cuts produced are subjected to microbiological analysis in our own laboratory. In addition to ensuring healthy, high-quality products, this procedure meets requirements for international food safety certifications.

During the product development phase, 100% of them were tested to check that food additives were within permitted limits per resolution of the Board of Directors (RDC) 272 of March 14, 2019 "Food Additives for use in meat and meat products". Any products not meeting all requirements are reexamined. To analyze sodium and fat contents in each formulation, Pamplona follows the rules of Anvisa and Identity and Quality Regulations (Regulamento Técnico de Identidade e Qualidade – RTIQ). During the year, there was no need to reduce fat, sodium or sugar levels since all products complied with current legislation. **GRI G4-FP6**

Before products are launched, they are sent for external analysis and to have nutritional tables described for registration with the Ministry of Agriculture, Livestock and Supply (Mapa). Pamplona also follows specific legislation for labeling products. In 2021, mandatory instructions for preparation, use and conservation were included on labels of raw pork products, including pork cuts and offal, bacon, ground pork, raw and seasoned sausages, per RDC 459-21/Dec/2020. **GRI 417-1**

In order to comply with domestic and export market legislation, our laboratory performed 51,238 microbiological and ractopamine analyzes in 2021, which was 24.27% more than in 2020.

We also performed 8,550 analyzes of moisture and water activity in processed product samples, in addition to 384 analyzes of acidity in lard and animal fat. The laboratory is submitted to nine types of proficiency tests every year on an alternating basis in order to keep its ABNT NBR ISO/IEC17025:2017 accreditation. In 2021, Pamplona obtained proficiency on all tests performed. **GRI G4-FP5**

Our sensory laboratory rates products in terms of their flavor, texture, aroma and other characteristics, in order to adapt them to consumer trends. During 2021, we performed 16 sensory analyses in addition to two for Tuscan sausage and one for ham, that were performed by outside laboratories, thus validating the results.





*Thin cut sausage small savory snack*

# BUSINESS *performance*

By closely watching markets and managing risk, supplies and operations, we have reached several targets set for the year, such as increasing production and storage space.



## Focus on operational efficiency

GRI 103-1, 103-2, 103-3

After two years of resizing operations due to the Covid-19 pandemic, Pamplona moved ahead with plans to improve its operational efficiency. In the previous year, many sectors of the economy had seen a steep fall in their level of activity, but the meat industry went on operating – both for animal welfare reasons and to ensure the nation's food security. In 2021, Pamplona conducted intensive studies to monitor markets, risk management, supply and operational management, in addition to occupational health and safety.

Many of the targets set for the year were reached, such as increased production of sliced, portioned and cooked sausages. The factory at Rio do Sul produced 83,222 tons while the one at Presidente Getúlio reached 60,077 tons. The Concentrator Distribution Center added more space to be used by the factory for stocks, thus adding fluidity for production.

We focused on total quality management for the industry and higher production volumes. The activities of the Logistics and Cargo Transport areas were maintained while complying with health conditions imposed by the pandemic.

Transporters and loading teams attended animal welfare training programs. By renewing our partner-contractor fleet we raised levels of logistical efficiency and ensured quality products were delivered to customers. In addition, Pamplona has been constantly investing in technology, in particular implementing operational standards across all distribution centers.

To broaden our product mix, we also opened a beef slaughtering unit in the city of Caçador (SC) in order to produce carcasses for Pamplona's Premium, Grill and Campeiro lines. This unit's daily output of approximately 85 heads will be supplying the regional market. In 2021, 1,974 tons were produced. Counting Caçador, between proprietary and partner slaughterhouses, Pamplona has four operations.



## Efficient Logistics

In 2021, the Logistics area got its own executive board and a tool to enable support for predictive analyses and closely monitor operations for any corrective actions needed

Pamplona's logistics are run by outsourced transporters, divided between animal feed, animal and refrigerated segments. All of these operations follow the best efficiency, traceability and animal welfare parameters. Both transporters and loading teams are trained to foster animal welfare and comply with legislation. For customers to enjoy high quality deliveries of their products, the outsourced fleet is constantly renewed to ensure the best levels of service, which is a crucial aspect for Pamplona to uphold its competitiveness. In 2021, the Logistics area's growth led to the creation of a new department of its own. Previously, the area operated jointly with the Growth and New Business department.

To streamline logistics processes, a business intelligence tool was adopted that enables analysts, coordinators and managers to work with support from predictive analyses, monitor results from operations and use the data to adopt preventive or corrective actions.

In order to reduce claims, Pamplona has a Risk Management Committee in partnership with a risk manager, in which speed, journey time and product temperature control systems were installed, while also devising safer routes and offering driver training programs, which got positive results such as fewer or no serious accidents during the year.

With Oracle Transport Management (OTM), Pamplona has gained visibility and control throughout its logistics chain, thus optimizing routes and improving vehicle productivity.

With outsourcers, the company has also been working to reduce the average age of the live animal transport fleet and order adjustments made to vehicles in line with animal welfare standards. Our Logistics area made visits to manufacturers of trucks used for transporting feed and pigs and worked out the ideal rules for this type of transport. In 2021, the company also focused on ensuring accurate stock controls.

Pamplona gained a six-percentage point improvement over the previous year's accuracy for inventory counts, – a result achieved with the joint efforts of logistics operators and teams from proprietary branches working on this control.



## IFS Certification

In 2021, Pamplona started preparing to apply for International Featured Standard (IFS) certification for all its outbound logistics. For this purpose, we hired a consulting firm that specializes in the methodology applied and it will arrange certification audits for next year. In addition to products and processes complying with food safety and quality rules, certification helps reduce the need for repeat audits. The program also sets standards that provide uniformity and transparency throughout the supply chain.



### Concentrator Distribution Center

Located in Camboriú (SC), the Concentrator Distribution Center (CDC) is part of Pamplona's expansion and logistics efficiency project. It can take an average of 60 trucks per day and handle up to 12,000 tons of food per month. Its strategic location is accessible to all of Brazil's regions.

CDC enables stocks to be stored at a single location, thus improving product turnover and out flow – which speeds up shipment and dispatch, enhances replenishment for branches, heightens control over products' dates and shortens customer service time. In addition, prime areas in factories are freed up for expansion and the company gets more export storage capacity.

#### Concentrator Distribution Center – Benefits

- Stocks concentrated in one single place;
- Better inventory turnover;
- Better outflow of production from factories;
- More agile dispatch;
- Better date control;
- Faster replenishment for branches;
- Shorter journey time;
- Loss prevention;
- Less low turnover stock;
- Customer service; and
- Lower costs.

### New operating standards

In 2021, Standard Operating Procedures (SOPs) were introduced, beginning with logistics, shipping, transport and invoicing operations. The pilot unit was Camboriú, where tests were carried out on management of deliveries from a supplier, through a management system that shows a vehicle's location, any incidences en route, status and time of delivery and receipt record, among other items.

Everything is stored in the cloud with real-time monitoring. By using this solution, Pamplona hopes to reduce re-deliveries and returns while centralizing the records of each delivery for future consultations and audits. In 2022, the system is to be expanded to cover animal feed and collecting pigs. A system for managing pallets and reverse logistics will also be installed to reduce breakdowns and reprocessing.

To ensure continuity for these standards, Pamplona created its Logistics Unit of Excellence Program (PULE). PULE's purpose is ensuring continuity for processes in all branches. Audits will be conducted out at distribution centers to raise safety levels by complying with standard operating procedures and combining processes.



## Markets

Pamplona's growth strategy is aimed at processed products for the domestic market, focusing on customer positivation and more processed products in its sales mix – at the same time, it does not fail to take advantage of export market opportunities. Despite the pandemic's adverse effects, Brazil broke pork export records in both 2020 and 2021.

The domestic market's pork consumption projections are positive too. According to the Brazilian Association of Pig Farmers (ABCS), while Brazilian consumers bought less beef (-6.95%), pork sales posted their highest growth (+21.48%), since 2015, well above chicken (+6.62%). In absolute numbers, Brazilians were then consuming 4.12 kg more per capita per year of all meats, but beef was down 2 kg with chicken and pork practically the same amounts (3.02 kg and 3.11 kg respectively).

### Export market

In recent years, Brazil has established its position as the world's fourth largest exporter of pork, behind only the European Union, the United States and Canada. One of the reasons for this was higher consumption in China, which since 2018 has been feeling the effects of swine fever and depending on imports of various types of protein to meet local demand. Although starting to stabilize its domestic production, China is expected to continue importing from other countries next year.

To accompany this evolution, Pamplona announced an investment of R\$ 720 million through 2025 for its two units in Rio do Sul and Presidente Getúlio. Annual production capacity will rise from 138,000 to 246,000 tons. Our Presidente Getúlio plant's slaughter and deboning capacity will be expanded and modernized.

In 2021, the company's GOR grew 13.1% to reach R\$ 2.2 billion. Despite exports having fallen 4.2%, they accounted for 43.4% of total revenue. In the domestic market, 31.4% growth accounted for 56.6% of GOR. For 2022, we are expecting R\$ 2.5 billion gross revenues.

Even with this positive scenario for exports to China, Pamplona continues to expand its markets – opening new ones or expanding shares in those where it already operates. And there is an advantage: it is one of the few Brazilian pork companies whose exports can bear the Brazilian Pork seal, a certificate of product quality guaranteed by the Brazilian government.

During the year among the many challenges, the biggest one was the rising price of grains such as corn and soybeans, the main inputs for feeding pigs – accounting for over 70% of costs. Nevertheless, Pamplona continued to export pork throughout 2021.

In order to follow international trends, the company will structure the factory to meet demand from these places, whether fresh, portioned or processed products, depending on each country's legislation. There are high levels of demand in several markets, which have been looking for products designed to satisfy their consumers' varied preferences.

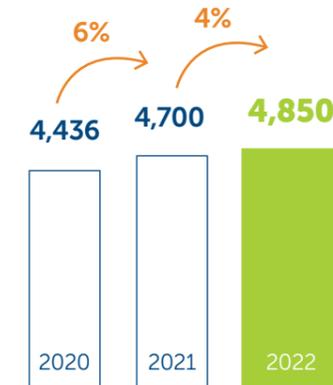
### EXPORT MARKET SHARE (VOLUME)



### Favorable timing

The Brazilian Animal Protein Association (Associação Brasileira de Proteína Animal – ABPA) is predicting new records for pig production, exports and consumption in 2022. Both production and exports and per capita consumption numbers projected for 2021 and 2022 are historical records.

#### PORK PRODUCTION IN BRAZIL (millions of tons)



#### PORK EXPORTS (millions of tons)



#### PER CAPITA CONSUMPTION (kg)





**BRAZILIAN DOMESTIC MARKET SHARE (VOLUME)**



**Domestic market**

In the first few months of the year, given continuing social distancing, Pamplona wagered on new products for domestic consumption. Convenient ready-to-eat foods – such as sliced products – posted high levels of growth and were incorporated into consumer habits. Portioned products – such as ground pork and Calabrian and Tuscan sausages – attracted people whose household consumption levels were lower. On the other hand, specific products for food service were also created with larger pieces and packages of slices, which earned acceptance.

Even with difficulties due to grain shortages impacting pig production, Pamplona managed to maintain its stocks and cater for higher consumption. Production resumed in the second half of the year with higher customer numbers and good volume sales. We continued to invest in marketing initiatives focused on products consumed at home, that we placed at points of sale and in the media, and maintained their presence on partners' e-commerce sites, thus broadening our consumer base.

**Launches**

The Brazilian Pig Farmers' Association reports that pork is present in 75% of Brazilian homes. In addition, according to the Brazilian Animal Protein Association, the local market's consumption of pork has grown by more than 30% in the last 20 years. Having detected this scenario, Pamplona launched three products in 2021:

**Ground pork 500g**

Ground meat made from fresh pork was the company's great innovation in 2021. It is quick to prepare, adjusts to different seasonings and may be used for different types of meals.

**Sliced Calabrian sausage 125g**

Promotion for the product focused on its excellent cost-benefit ratio and being easy to match with several menu options on a daily basis.

**Tuscan sausage 400g**

The product's great differential is its special weight, which reduces leftovers, minimizes waste and is ideal for smaller families or singles.

At the end of the year, nine options in kit format were launched together with thermal bags to cover domestic market sales.



*Share*



Data from the Brazilian Association of Animal Protein show that pork accounts for a major share of the nation's diet

**75%**

**OF BRAZILIAN HOUSEHOLDS CONSUME PORK**



**30%**

**INCREASE IN CONSUMPTION IN THE LAST 20 YEARS**

## Marketing and communication

In the first semester, Pamplona consolidated results from a brand architecture survey conducted in partnership with specialized consultants. Planned to design a new Pamplona brand language for final consumers, the study took eight months and covered the South region's states in addition to São Paulo, Rio de Janeiro, Minas Gerais and Bahia.

The survey examined current perceptions of its portfolio brands and generated data to build medium- and long-term branding strategy. To become a reference company in pork and reach people in regions where it is not yet known, the company will adopt a new positioning, show its experience in the market, its products' flavor and versatility and safety for consumption, among other relevant aspects.

In 2021, the highlight communication was the launching of a digital campaign with tips on how to prepare everyday recipes on a barbecue grill. The initiative, which was named Varanda Pamplona, was led by chef Carlos Bertolazzi. Using a web series format, its four chapters featured exclusive recipes for pork cuts prepared on a grill. The campaign was carried on Pamplona's social networks (Instagram, Facebook and YouTube).

Bertolazzi was also a key actor for another nationwide marketing initiative alongside presenter and journalist Chris Flores. Videos of the duo's recipes were shared weekly on the company's Instagram and Facebook profiles. The campaign extended to TV, Out of Home (OOH) media and point-of-sale materials.

To place the brand closer to digital influencers, Pamplona also ran a special campaign to publicize its latest products and chose 20 Brazilian influencers with a cuisine and family focus, who were given a thermal pack containing Ground Pork, Sliced Calabrian Sausage and Tuscan Sausage 400g. The narrative was based on this appeal: due to the pandemic, people are spending more time in their homes. So, a wider range of options were sent to flesh out the menu. In addition to products, the kit came with a letter introducing the manufacturer.

Working with two agencies – one communication and the other public relations (SMBB and Trama Comunicação, respectively) – Pamplona has had significant growth on social networks and in numbers of mentions in the press. In 2021, the brand reached 13,427 followers on Instagram, 29,118 on Facebook and 1,820 on YouTube. The effort put into building the brand in the press led to vehicles publishing 158 articles worth R\$ 3,592 thousand – indicating how much could have been spent to get the same result by investing in advertising.

In addition to these results, outside surveys of recognition show that the Pamplona brand has found a place in consumers' hearts and minds. In the second semester, Super-Varejo magazine posted the results of its 17th survey (named "Mais Mais") conducted in partnership with Kantar Worldpanel.

The study shows the brands that consumers were purchasing most from self-service outlets in Brazil. From a sample of 11,300 representing 55 million Brazilian households, data was collected weekly for brands purchased throughout 2020, covering 120 categories. In the survey, the five brands that stand out in self-service outlets in Brazil and its regions are shown in volume terms. Pamplona ranked fifth in leadership in Brazil and fourth in the south of the country. This information was used in advertising campaigns for the brand, which stated that Pamplona's smoked sausage was one of the top five most consumed in Brazil.

The company was also one of those most often recalled in Greater São Paulo and Brazil's South region, according to a study published by Varejo S/A magazine that involved 3,622 retailers from all over the country. Pamplona ranked second among the most remembered brands of packaged pork cuts in southern Brazil (in 2020 it had been in fourth place). In Greater São Paulo, it was fourth position and this was the first time it had appeared in the region. A survey found that retailers mentioned three brands as the top sellers in their stores, according to each category.



## Economic-Financial Performance

### GOR AND NOR EVOLVED

**13%**  
2021

**11%**  
2020

The year 2021 was marked by challenges such as significant increases in raw material prices, especially that of corn, which rose 66%, and fuel, which impacted transfer and distribution freight rates – which were up 21%. These factors raised costs for own pigs too. Nevertheless, it was possible to obtain volume gains since the per capita consumption of pork also rose in Brazil, so Pamplona posted higher sales both in tons (from 70,909 in 2020 to 78,383 in 2021, in the domestic market) and in reais (from R\$928.8 million to R\$1.2 billion in the same comparison).

The year's export market volume sales totaled 63,420 tons and remained in line with the previous year's (63,441). However, GOR was 7.7% down from US\$ 188 million to US\$ 174 million, due to falling pork prices in the Chinese market – reflecting the country's recovery after it had been affected by an outbreak of African swine fever (ASF) at the end of 2020.

Pamplona has been in business for 74 years, so this kind of experience enables the company to allocate some of its production more flexibly in order to adapt its commercial strategy and direct sales depending on the social-economic situation. This strategy involves looking at options given uncertainties related to prices and margins in its main export markets, especially China. In 2021, therefore, the company went for higher volume sales to other countries and ended the year with satisfactory results.

Gross Operating Revenue (GOR) reached BRL 2.2 billion, 13.1% higher than in 2020. Net Income totaled R\$ 81.2 million and adjusted EBITDA R\$ 126.4 million with a 6.5% margin – against R\$ 369 million and a 21.2% margin in 2020. However, these comparisons are outliers on the historical curve due to the previous year's exceptional scenario.

Since we are constantly watching consumer preferences, Pamplona has sought to develop practical products that follow slicing and portioning trends. Presenting products in smaller portions to be consumed at home consolidates the successful strategy of growing the share of higher added value items in the company's GOR from 36.5% to 41.4% over the last two years. The number of tons processed rose from 49,309 in 2020 to 54,802 in 2021 (+11%); comparing the same years in reais, sales grew from R\$696 million to R\$893 million (+28.4%).

For 2022, Pamplona is expecting periods of uncertainty, with elections, new coronavirus variants, and diplomatic crises, among other factors affecting costs, especially the main inputs for rations. On the other hand, production levels are set to rise by approximately 5%, with volumes processed showing evolution as a result of our Rio do Sul unit's expansion project. In the domestic market, our strategy is to find new fronts involving retailing, food service, wholesale and other strategic partners, thus growing brand presence and boosting sales. Internationally we are expecting diversified exports to improve prices and margins.

### ECONOMIC RESULTS

#### GROSS OPERATING REVENUE (GOR) (R\$ thousand)

13,14%

2.156.134  
1.905.748



#### DOMESTIC MARKET GOR (R\$ thousand)

31,42%

1.220.555  
928.742



#### EXPORT MARKET GOR (R\$ thousand)

-4,24%

935.579 977.006



#### GROSS INCOME (R\$ thousand)

-48,56%

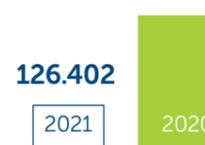
262.018  
509.341



#### ADJUSTED EBITDA (R\$ thousand)

-65,75%

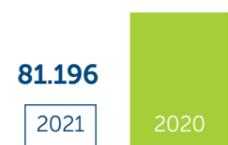
126.402  
369.033



#### NET INCOME (R\$ thousand)

-72,75%

81.196  
298.029



### FINANCIAL RESULTS

#### TOTAL ASSETS (R\$ thousand)

11,63%

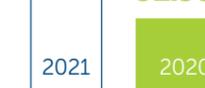
1.244.889  
1.115.161



#### INVESTMENTS (CAPEX) (R\$ thousand)

77,21%

92.144  
51.998



#### SHAREHOLDERS' EQUITY (R\$ thousand)

14,32%

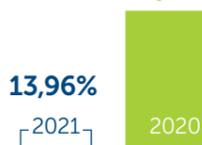
665.065  
581.770



#### ROE (%)

-73,17 p.p.

13,96%  
87,12%



#### NET DEBT/ADJUSTED EBITDA (R\$ thousand)

-1,27X

1,27X  
0X



Source: Controllership



*Meatloaf with bacon*

# VALUE *chain*



Pamplona values the satisfaction of all its stakeholders – from employees to end customers – and invests in the development of actions that promote sustainability, in order to be recognized for the quality of its products and food safety.





# Values that show responsibility

Pamplona's values include care for customers, employees, suppliers, shareholders and integrated producers, which translates into social-environmental responsibility, compliance with food safety standards, incentives for professional growth, sustainable partnerships

and commitment to results agreed with stakeholders. Acting responsibly, showing respect for people and the environment, the company wants to be a reference in the pork market and be recognized for the quality of its products and food safety.



## Employees **GRI 102-8, 103-1, 103-2, 103-3**

Pamplona ended 2021 with 3,699 employees, all hired for an indefinite period – of which 39% are women – and almost all of them living in Brazil's southern region. All workers are on full-time contracts. The increase in relation to the number of professionals hired in the previous year (3,405) is due to higher levels of production and new operations <sup>1</sup>.

NUMBER OF EMPLOYEES BY TYPE OF CONTRACT AND REGION	
Region	2021
North	0
Northeast	2
Central-west	5
Southeast	33
South	3,659
<b>Total</b>	<b>3,699</b>

Source: Personnel Management Department

NUMBER OF EMPLOYEES BY AGE GROUP	
Faixa etária	2021
Age group	1,664
Under 30	1,770
Aged 30 – 50	265
<b>Over 50</b>	<b>3,699</b>

Source: Personnel Management Department

NUMBER OF EMPLOYEES BY JOB CATEGORY	
Job category	2021
General Meeting	7
Executive Board	8
Management	33
Leadership/coordinator	4
Technical/supervisory	370
Administrative	220
Operational	3,057
<b>Total</b>	<b>3,699</b>

Source: Personnel Management Department

During the year, we separated the Personnel Department from People Management to offer more specific assistance for employee needs and people development, conflict management and supervisor management. The objective was to better structure the internal processes and create more specialized areas. Personnel Department is therefore responsible for day-to-day issues such as payroll and time control, while Personnel Management starts to coordinate recruitment, selection, mapping internal opportunities and people development.

<sup>1</sup> Numbers do not include interns and apprentices but do count members of the Executive Board and Board of Directors.

### Recruitment and selection

Faced with the Covid-19 pandemic, Pamplona digitized its entire selection process. We had been recruiting employees face-to-face but started using video platforms, so there were fewer people circulating in workplaces. To attract more applicants, Pamplona strengthened its presence on social networks, and we started to conduct long-distance interviews by video call thus making for more agile selection processes. In 2021, we took yet another step to optimize these processes by investing in recruitment and selection software, which is to be used in 2022.

Partnering Brazil's National Apprenticeship Service (Serviço Nacional de Aprendizagem – Senai), Pamplona runs an annual Young Apprentice Program. In 2021, applicants were selected for two

courses: one for students who are not employed; and the other (occupational practice) for those now working at the company on shifts starting after or before they attend Senai's industrial apprenticeship courses. In this case, in addition to tests, applicants take part in group dynamics sessions. For all selected Young Apprentices, their work experience at Pamplona lasts for the same duration as Senai's course. Depending on existing opportunities, those who perform well may be hired for specific departments, depending on their profile. In 2021, around 50 young people were selected and 14 of them took part in the occupational practice program.

Our Trainee Program was suspended because of the pandemic. Pamplona plans to start the first group in 2023.

**8,68**  
**TRAINING HOURS PER EMPLOYEE IN THE YEAR**

### Training and development

Due to the Covid-19 pandemic, face-to-face activities were suspended so the company hired an (EAD) training platform and created the Pamplona Learning Trail to offer short-term courses for employees. Subjects covered included assertive and persuasive communication, organizational culture and change management, negotiation and sales strategies, time management, emotional intelligence, leadership and team management, neuromarketing and consumer behavior, business writing and presentation and public speaking techniques. Since its launch in December 2020, the tool has been made available to 550 employees.

As vaccination against Covid-19 made progress during the year, some face-to-face activities were re-introduced. Pamplona Leadership School, for example, had its first class scheduled for April 2022 graduation and new students could apply for the next course. In all, there are 35 members of current groups, which have a total of 600 hours divided into fortnightly classes lasting eight hours.

The school is open to any employee interested in developing leadership skills as long as they have been with the company for over six months, graduated high school and have basic computer skills. The syllabus involves optimizing production processes, decision making, conflict management, team leadership, people retention and improving organizational climate. This training program's graduates are eligible for future leadership positions with Pamplona, which should open new classes each year.

Our Machine Operator program offered a total of 60 places in partnership with Senai in Rio do Sul (SC) and took on two new groups in 2021 – one at our Rio do Sul headquarters and another in Presidente Getúlio. The purpose of this training program is to provide technical qualifications for machine operators, reduce downtime and breakdowns by incurring lower expenses for spare parts and technical labor, retain people and prepare employees for industry 4.0.

On concluding the course, they may be hired as machine operator 1, 2 or 3, depending on the machine they operate, and they will be paid the proper salary for the position. Pamplona is expecting to start two new groups in 2022, each with 30 places.

## Operation Welcome

In partnership with the Brazilian Army, this year Pamplona made room for another 46 Venezuelans, who came to Brazil as refugees housed in shelters in Boa Vista (RR). Within the scope of this partnership, we committed to providing job opportunities for immigrants and supporting their adaptation in locations near the workplace. The Brazilian Army acted as intermediary to get the necessary documentation authorized and took charge of all the logistics of transporting these people to Rio do Sul (SC).

AVERAGE HOURS OF TRAINING HELD BY EMPLOYEES AND GENDER IN 2021 404-1			
Gender	Total Number of Employees	Training hours	Average Training hours
Men	1,606	14,343	8,93
Women	972	8,023	8,25
<b>Total</b>	<b>2,578</b>	<b>22,366</b>	<b>8,68</b>
AVERAGE EMPLOYEE TRAINING HOURS BY JOB CATEGORY IN 2021 404-1			
Job Category	Total number of employees	Training hours	Average training hours
Administrative	103	2,962	28,76
Operational	2,475	19,404	7,84
<b>Total</b>	<b>2,578</b>	<b>22,366</b>	<b>8,68</b>

Source: Personnel Management Department  
 Note: 'Total number of employees' covers only administrative and operational categories.

Investment in training and spreading good practices was the reason for the 10% increase in supervisors participating in the Management Tournament stimulating excellence

### Management culture and excellence

To encourage all teams to strive for excellence, Pamplona holds a Management Tournament every four months. This initiative evaluates the 25 supervisors from Rio do Sul and Presidente Getúlio on five pillars: people, safety, quality, maintenance and performance versus results. In 2021, there were two iterations of the tournament and their results evolved 10% from the first to the second – which means more adherence to Pamplona standards across all pillars. The company attributes this evolution to the investments we made in training, communicating pillars and sharing good practices.

During the tournament, a workshop was held with the people who had the highest scores so that they could talk about the attitudes that had made them stand out in the evaluation and share this with employees. New knowledge was acquired and practices assimilation in a simple but result-oriented manner. Management Tournaments are also opportunities to identify weaknesses to be tackled and show employees what can be done to reach a solution. The best areas participating in the tournament are awarded trophies.

For another initiative – Pamplona Quality Circle – groups of employees are formed to undertake studies used to improve industrial processes. In 2021, three iterations were held in which 14 groups in Rio do Sul and ten in Presidente Getúlio led initiatives. In all, 102 works were completed and 60 were submitted to management, our Industrial Department and special guests.

### Retention and turnover **GRI 401-1**

In 2021, Pamplona's headcount rose 10.1% against 2020's, from 3,405 employees to 3,699. The year's numbers were 1,994 admissions and 1,642 terminations.



TOTAL NUMBER AND RATE OF NEW HIRES, BY AGE GROUP				
Age group	2021		2020	
	Total number	Rate	Total number	Rate
Under 30	1,313	35,50	1,169	34,33
31 – 50	647	17,49	506	14,86
Over 50	34	0,92	23	0,68
<b>Total</b>	<b>1,994</b>	<b>53,91</b>	<b>1,698</b>	<b>49,87</b>
TOTAL NUMBER AND RATE OF CONTRACTORS HIRED, BY GENDER				
Gender	2021		2020	
	Total number	Rate	Total number	Rate
Men	1,304	35,25	1,022	30,01
Women	690	18,65	676	19,85
<b>Total</b>	<b>1,994</b>	<b>53,91</b>	<b>1,698</b>	<b>49,87</b>
TOTAL NUMBER AND RATE OF EMPLOYEES HIRED BY REGION				
Region	2021		2020	
	Total number	Rate	Total number	Rate
Northeast	0	0,00	0	0,00
Southeast	15	0,41	13	0,38
South	1,979	53,50	1,685	49,49
<b>Total</b>	<b>1,994</b>	<b>53,91</b>	<b>1,698</b>	<b>49,87</b>
TOTAL NUMBER AND RATE OF EMPLOYEES WHO LEFT THE COMPANY BY AGE GROUP				
Age group	2021		2020	
	Total number	Rate	Total number	Rate
Under 30	1,034	27,95	871	25,58
31 – 50	569	15,38	379	11,13
Over 50	39	1,05	53	1,56
<b>Total</b>	<b>1,642</b>	<b>44,39</b>	<b>1,303</b>	<b>38,27</b>
TOTAL NUMBER AND RATE OF EMPLOYEES LEAVING THE COMPANY, BY GENDER				
Gender	2021		2020	
	Total number	Rate	Total number	Rate
Men	1,116	30,17	839	24,64
Women	526	14,22	464	13,63
<b>Total</b>	<b>1,642</b>	<b>44,39</b>	<b>1,303</b>	<b>38,27</b>
TOTAL NUMBER AND RATE OF EMPLOYEES WHO LEFT THE COMPANY BY REGION				
Região	2021		2020	
	Número total	Taxa	Número total	Taxa
Northeast	0	0,00	0	0,00
Southeast	9	0,24	12	0,35
South	1,633	44,15	1,291	37,91
<b>Total</b>	<b>1,642</b>	<b>44,39</b>	<b>1,303</b>	<b>38,27</b>

Source: Personnel Management Department

Our People Management Committee conducted work to identify the causes of turnover growth, which led to an action plan that included acclimatization and monitoring for new employees during their probation periods. This process takes place every 15 days and involves questions about adaptation to the workplace or any difficulties performing tasks. The information obtained is then used to find solutions.

As part of a program devised to facilitate adaptation, an employee is assigned to act as a godfather or sponsor who will keep an eye on social follow-up for a new employee and help with their integration process during the latter's first 90 days on the team. Another initiative is retaining information when someone leaving the company is being interviewed. Depending on the arguments an employee poses, Pamplona may try to resolve the problem assertively.

### Occupational safety

**GRI 403-2, 403-4, 403-5**

Pamplona is focusing on reducing accident numbers and having a solid safety culture, thus ensuring integrity for professionals. One of the main initiatives in this respect is its Pamplona Zero Accident Program (PAZ), whose tools include a Safe Practices Index (IPS) and Safety Deviation Administrative Standard (PADS) – both of which are designed to identify unsafe behaviors and generate data to be used when monitoring and applying improvements. In addition, in 2021, a Safe Work Permit (PTS) adopted for all non-routine activities consists of assessing risks before clearing a workplace so that activities will be carried out in a safe and duly authorized manner by the person in charge. Department leaders and those doing the jobs are responsible for defining measures that must be taken in order to ensure proper working conditions.

Another measure to encourage workers to report dangerous situations and occupational risks is holding a weekly safety dialogue, in which difficulties are discussed and improvements suggested directly with supervisors.

Investigations of critical deviations and accidents follow cause analysis methodology and are led by the department supervisor, accompanied by the safety team. Their objective is to identify any failures in the system and prevent recurrences. Once the analysis has been completed, the safety team will monitor action plans each week.

Pamplona's Occupational Health and Safety Committee consists of managers from Personnel Department and from Maintenance, Production and Safety areas, in addition to the chair of the Internal Accident Prevention Commission (CIPA) and industry supervisors. In 2021, to help its members carry out their duties successfully, the committee drew up a formal statement of its mission, vision and values

There are safety training programs for all new employees when they join. Training sessions are taught in person by safety technicians who introduce the company's internal rules, such as wearing Personal Protective Equipment (PPE) and risks involved in activities. For the next stage, specific training sessions cover operating machinery and equipment, operating pallet trucks, forklifts and working at heights.

In 2021, training for safety leaders continued to reinforce the leadership's responsibility to spread active care and solidify safety culture, in addition to training on Safe Work Permits (PTS).

During the year, the Internal Accident Prevention Commission (CIPA) also held Internal Workplace Accident Prevention Week (SIPAT), including ini-

**NUMBER OF ACCIDENTS IN THE YEAR: DOWN 23%**

tiatives for traffic safety, home security and occupational accident prevention. The initiative included the traditional lightning inspections to eliminate security deviations, in addition to a photo contest featuring employees' children and other awareness initiatives.

In order to comply with legislation and ensure safer workplaces, Pamplona started the Risk Management Program (PGR). Its methodology uses a probability and severity matrix to analyze risk for all activities, enabling selection of protective gear to be more assertive and facilitating training for new employees. A safety team logbook was also used as a means of detecting deviations before they can cause accidents.

With safety measures in place, Rio do Sul and Presidente Getúlio accident numbers fell 23% in the year. There were only two serious incidents and measures for which actions were taken to prevent their repetition, such as fitting protection

to machines and equipment, training and risk analysis together with supervisors. No fatalities were recorded. The PADS tool saw 6,190 observations made, and accident rates were 7.09 in Rio do Sul and 7.89 in Presidente Getúlio. The reportable incident rate was 7.37, indicating reductions of 19% in Rio do Sul and 28% in Presidente Getúlio. **GRI 403-9; SASB FB-MP-320A.1**

In 2022, Pamplona will be investing in more initiatives to strengthen occupational health and safety management. One of them is controlling electric hazards in all units, which should help lower serious accidents in the maintenance, electrical, mechanical and operation areas. As for chemical hazard risks, the company is still in the phase of surveying products used by sector in the units. In 2022, specific training will be given to the employees handling these products, based on each of their Chemical Product Safety Information Sheets (FISPQ).

HEALTH AND SAFETY NUMBERS <sup>1</sup> GRI 403-9						
	Pres. Getúlio Factory		Rio do Sul Factory		Feed Plant + Development	
	2021	2020	2021	2020	2021	2020
Lost time – accidents <sup>2</sup>	20	28	33	41	0	0
No lost time – accidents <sup>3</sup>	51	42	85	64	0	0
Number of accidents	71	70	118	105	0	0
Injury rate	78,43	91,66	43,21	111,17	0	0
Occupational disease rate	0	0,25	0	0,24	0	0
Number of lost days	199	220	201	309	0	0
Frequency rate	7,89	11,67	7,09	9,74	0	0
Absentee rate	2,10%	2,29%	3,03%	3,27%	1,68%	1,49%

<sup>1</sup> Rates are calculated using 1 million/hours worked. (No. accidents) X 1 million/manhours of risk exposure. <sup>2</sup> Including any case in which an employee is unable to return to work the next day after the accident. <sup>3</sup> When an employee is able to return to their job after being treated at the company's outpatient clinic on the following day. Source: Occupational Safety and Medicine – Specialized Services (SESMT)

OCCUPATIONAL RATES ASB FB-MP-320A.1		
	2021	2020
Total Reportable Incident Rate	7,37	104,70
Fatality rate	0,00	0,00

<sup>1</sup> Frequency rate = Number of accidents with lost time 1 million/Number of hours worked. Source: Occupational Safety and Medicine – Specialized Services (SESMT)

## Health and wellness **GRI 403-6**

Since the beginning of the Covid-19 pandemic, Pamplona has adopted all measures required by the Ministry of Health and the Labor office. It also provided social services for employees, including individual and online assistance as and when needed. In addition, for employees suspected of having Covid, the company pays for exams, provides assistance and remotely monitors positive cases.

Even before the pandemic, there were annual influenza vaccination campaigns and low-cost tetravalent vaccines available against pay day deduction. In 2021, in partnership with Rio de Janeiro's municipal health department, Pamplona arranged a space for Covid-19 vaccinations in addition to transport to the site.

In addition to precautions arising from the health crisis, several initiatives are being taken to raise employee awareness concerning body and mind care.

World Suicide Prevention Day, September 10, was commemorated through the Yellow September campaign. Employees were given yellow ribbons and could attend talks; there were communication materials, banners and murals at the units too.

During the Internal Workplace Accident Prevention Week (SIPAT), organized by the Internal Accident Prevention Commission (CIPA), employees were encouraged to look after their health. In this respect, a bio-resistance device analysis was available to advise on healthier lifestyles. Condoms were distributed and STDs awareness raised.

Also in the second half of 2021, Pamplona's anti-harassment campaign sought to raise all employees' awareness of the subject, including the concept of harassment and the negative consequences of this type of behavior. Pamplona also highlighted its repudiation of any act of harassment, whether moral or sexual, and its channels for complaints. A total of 239 employees attended lectures and talks.

The Pamplona Sporting, Cultural and Recreational Association (Arcep) offers dental and nutritional services for employees and their dependents. It also runs awareness campaigns highlighting diseases, such as breast cancer, and facilitates free mammograms for women over 45. For male employees in the same age group, during the Blue November campaign, Pamplona also provides free PSA testing, which helps to detect prostate cancer.

The company's plans encouraging employees to care for their physical and mental health were stepped up; due to the pandemic, with individualized social assistance and online

There is a special program for pregnant women including payment for one ultrasound exam per pregnancy and a maternity kit for each newborn baby containing a bag, disposable diaper pack, wet wipes, woolen jacket, pair of baby socks, wool blanket and knitwear twinset. The program benefited 169 women in 2021. Due to the pandemic, pregnant women whose activities did not allow remote work were on leave from work without loss of earning.

Pamplona's social assistance area supports employees who find themselves in socially vulnerable situations. During the year, there were several doctor's office appointments, home visits and follow-ups from medical exams and consultations.

To support employees recruited from other states or countries, the company runs three support houses to provide temporary accommodation for those arriving without a place to stay or a home. For a 90-day period, they get follow-up and guidance to settle into their new city. In addition to housing, everyone receives personal hygiene kits, clothes, blankets, utensils for domestic use and food, all paid for by the company. About 233 people have been through these support houses.



## Suppliers **GRI 103-1, 103-2, 103-3**

Throughout its 74-year history, Pamplona has been building solid partnerships with suppliers in order to ensure that its consumers get fresh, high-quality products. Long-term relations with suppliers are mediated by our Procurement team, which upholds the company's ethical standards in all commercial agreements while establishing competitive partnerships to develop business and regions where it operates directly and indirectly. Our supply chain currently consists of 4,050 suppliers of pork, beef, cereal, frozen ingredients, packaging, equipment for investment in fixed assets and inputs, such as medicines and other auxiliary materials, in addition to service providers. Pigs, cattle and cereals account for most (72%) of Pamplona's purchase. **GRI 102-9**



To ensure that suppliers meet quality standards, they are assessed annually and required to submit documents to show that they comply with product quality requirements. They also answer questionnaires related to quality, traceability, safety and other criteria. Depending on their scores, they may be classified as suitable suppliers or otherwise. For pork, beef and grain categories, our procurement and contractual procedures stipulate the application of contractual procedures and clauses covering social-environmental and food safety aspects. **GRI G4-FP1**

In order to prevent our suppliers' employees from exposure to risky situations related to insufficient protection of their social and employment conditions, Pamplona requires suppliers to submit documents showing proper contractual situations for their employees. Specifically, we require suppliers of raw materials to be registered with the Ministry of Agriculture, Livestock and Supplies (Mapa), the Federal Inspection Service (SIF) or Brazilian Inspection System for Products of Animal Origin (SISBI/POA). Our annually renewed qualification program for these suppliers includes a food safety questionnaire to be answered together with documentary evidence submitted. The minimum score for entering into contracts is 75%. As of 2022, suppliers will be audited for IFS conformity. These raw material suppliers hold Rural Environmental Registration (CAR) and therefore apply environmental conservation criteria defined by Brazilian legislation on their properties. In addition, they must comply with current environmental legislation, labor and employment legislation and have a record of good practices and relationships with other entities and show commitment to their business activity. Any operation that involves child labor and/or 'modern slavery' labor is repudiated. **GRI 308-1, 414-1; SASB FB-MP-250A.2, FB-MP-430A.1**

### SHARE OF PURCHASES BY SUPPLIER CATEGORY (%) **GRI 102-9**

	2021	2020
Pigs	36	43
Grains	30	27
Cattle	7	7
Agribusiness Inputs	7	9
Packaging	5	6
Investments	5	4
Ingredients	2	2
Other	8	4

Source: Supplies Department

Since most contracts involve companies based in Santa Catarina, there is a positive impact on local employment, income and socioeconomic development. Therefore, we prioritize purchases from – this order – local, regional, state, national and international sources. In 2021, spending on local suppliers accounted for 51.49% of all purchases made by Pamplona (R\$979 million). **GRI 204-1**

### SHARES OF PURCHASES BY SUPPLIER AND REGION (%) **GRI 204-1**

Region	2021	2020
Mato Grosso, Mato Grosso do Sul and Goiás	14	9
São Paulo	5	6
Rio Grande do Sul	13	12
Santa Catarina	51	51
Parana	12	19
Other	5	3

Source: Supplies Department

## Materials used **GRI 301-1**

The main raw materials used for Pamplona's agro-industrial process are grains (corn and soybean meal) and animals (pigs and beef cattle). In 2021, 349,347 tons of inputs were used to produce animal feed (grains) and 159,638 tons of pork and beef.

### TOTAL VOLUME OF MATERIALS USED FOR MAIN PRODUCTS AND SERVICES (TONS)

	Material	Source	2021	2020
Agricultural inputs: used to feed pigs	Corn	Renewable	228,133	226,875
	Soybean meal	Renewable	59,785	57,425
	other	Renewable	61,429	30,437
	<b>Other</b>	<b>Renewable</b>	<b>349,347</b>	<b>314,737</b>
Factory: used in final product	Pork	Renewable	153,111	140,483
	Beef	Renewable	6,527	5,170
<b>Total</b>			<b>159,638</b>	<b>145,653</b>
<b>Total of material from renewable sources</b>			<b>508,985</b>	<b>460,390</b>

Source: Controller Department

## Customers

**COMPLAINTS ANSWERED WITHIN THREE DAYS**

**100%**

Customers and consumers may use Pamplona’s channel to submit any complaints by email: [sac@pamplona.com.br](mailto:sac@pamplona.com.br).

On the leading Brazilian consumer-complaints website Reclame Aqui, Pamplona was given an “Excellent” reputation rating for its customer service with an average score of 9.9. In the course of the year, 100% of complaints were answered within three days and earned 100% solution scores.

## Communities

**GRI 103-1, 103-2, 103-3**

Pamplona’s business has a positive impact on the social and economic development of the municipalities in which we operate, which is reflected in income generation for those directly employed and for local suppliers.

VALUE ADDED IN HIGHLY IMPACTED MUNICIPALITIES, ALTO VALE DO ITAJAÍ REGION – PERCENTAGE SHARE			
Municipality	Amount in 2021 (R\$ thousand)	Share in 2021 (%)	Share in 2020 (%)
Presidente Getúlio	318,436,65	33,24	49,65
Rio do Oeste	102,803,26	32,16	28,28
Witmarsum	48,337,03	30,42	25,90
Rio do Campo	68,848,62	26,12	22,57
Mirim Doce	27,954,99	23,55	21,08
Pouso Redondo	113,911,06	19,02	12,98
Dona Emma	27,418,64	18,27	17,25
Laurentino	49,248,75	18,19	14,88
Salete	80,598,40	17,66	15,11
Petrolândia	28,849,87	14,10	11,26
Taió	90,528,88	12,87	10,00
Agrolândia	34,908,04	11,99	7,05
Trombudo Central	43,477,97	11,35	11,94
Vitor Meireles	11,197,57	10,73	7,47
Chapadão Lageado	8,280,03	8,91	6,91
Presidente Nereu	2,719,50	7,10	7,02
Atalanta	6,790,04	7,03	8,43
Braço do Trombudo	13,438,57	5,09	4,46
Agronômica	9,332,80	4,95	6,48
Imbuia	5,564,61	2,76	1,98
Rio do Sul	55,219,42	2,52	7,00
Lontras	5,699,93	2,05	1,57
Vidal Ramos	8,825,39	1,99	2,02
Santa Terezinha	3,704,60	1,73	1,70
Ituporanga	15,077,74	1,70	2,50
Ibirama	3,618,06	0,99	1,00
Aurora	994,77	0,30	0,48
José Boiteux	237,27	0,26	0,00

Source: Association of Municipalities – Alto Vale do Itajaí (Amavi)

In 2021, Pamplona’s social engagement continued to focus on mitigating the effects of the Covid-19 pandemic on communities with which we interact. Together with the municipality of Rio do Sul, we took measures to vaccinate industrial workers and ran an internal campaign to raise awareness of the need to be vaccinated, in addition to continuous messaging around guidelines and precautionary measures for our workplaces and external environments, as well as making tetravalent influenza vaccine available for all employees, free of charge. Being cognizant of the impact of our operations for the regional

economy, we continued to bring forward certain pay days for our employees to avoid busiest or most crowded periods for supermarkets and other establishments.

Business leadership is articulated through dialogue with the following professional and trade associations in which we are actively participating (listed by their translated names followed by their Portuguese acronyms): Rio do Sul Commercial and Industrial Associations (ACIRS), Brazilian Animal Protein Association (ABPA), State of Santa Catarina Meat Industry Employer Organization (Sindicarne), State of Santa Catarina Business Federation (Fiesc), Santa Catarina Integrated Agricultural Development Company (CIDASC) and Santa Catarina Agricultural Research and Rural Extension Company (Epagri), among others, in addition to regional bodies equivalent to licensing boards such as those for Chemists, Veterinary and Administrative professionals **GRI 102-13**

The following amounts were invested in cultural, sports and educational projects.

PROJECTS ELIGIBLE FOR TAX INCENTIVES FROM THE STATES OF RIO GRANDE DO SUL AND SÃO PAULO (AMOUNTS IN R\$ THOUSAND)		
	2021	2020
Cultural projects	97	108
Sports projects	-	75
State Fund for Poverty Relief	750	-
Social Fund	7	-
Higher education support fund	6	-
<b>Total</b>	<b>860</b>	<b>183</b>

# Social Responsibility Certification

Pamplona was certified for its eleventh consecutive participation in the Social Responsibility Certification event held by the State of Santa Catarina’s Legislative Assembly (ALESC). Our ‘good practices’ status was recognized in the third edition of our Sustainability Report compiled in accordance with Global Reporting Initiative (GRI) guidelines.

## Annual Social Balance (amounts in R\$ thousand)

COMPANY: PAMPLONA ALIMENTOS S.A.						
1 – Calculation Base	2021 Amount (thousands of reais)			2020 Amount (thousands of reais)		
Net revenue (NR)	1,934,084			1,739,675		
Operating income (OI)	92,755			334,167		
Gross payroll (GPR)	164,269			132,528		
2 – Internal Social Indicators	Amount (thousands)	% over GPR	% over NR	Amount (thousands)	% over GPR	% over NR
Food	10,478	6,38%	0,54%	5,486	4,14%	0,32%
Mandatory payroll taxes and benefits	35,725	21,75%	1,85%	28,093	21,20%	1,61%
Health	726	0,44%	0,04%	331	0,25%	0,02%
Occupational health and safety	2,099	1,28%	0,11%	1,868	1,41%	0,11%
Education	75	0,05%	0,00%	19	0,01%	0,00%
Culture	254	0,15%	0,01%	222	0,17%	0,01%
Training and professional development	145	0,09%	0,01%	153	0,12%	0,01%
Daycare or daycare allowance	213	0,13%	0,01%	180	0,14%	0,01%
Transport allowance	972	0,59%	0,05%	808	0,61%	0,05%
Funeral assistance	7	0,00%	0,00%	7	0,01%	0,00%
Employee life insurance	335	0,20%	0,02%	285	0,22%	0,02%
Profit sharing	0	0,00%	0,03%	13,001	9,81%	0,75%
Other	688	0,42%	0,04%	358	0,27%	0,02%
Total – Internal social indicators	51,717	31,48%	2,68%	50,811	38,36%	2,93%
3 – External Social Indicators	Amount (thousands)	% over GPR	% over NR	Amount (thousands)	% over GPR	% over NR
Education	6	0,01%	0,00%	0	0,00%	0,00%
Culture	97	0,10%	0,00%	1,221	0,37%	0,07%
Health and sanitation	0	0,00%	0,00%	83	0,02%	0,00%
Sports	0	0,00%	0,00%	291	0,09%	0,02%
Hunger relief and food safety programs	750	0,81%	0,04%	0	0,00%	0,00%
Other	5	0,00%	0,00%	732	0,22%	0,04%
Total contributions to society	857	0,92%	0,04%	2,327	0,70%	0,13%
Taxes (excluding payroll taxes)	175,815	189,55%	9,09%	160,002	47,88%	9,20%
Total – External social indicators	176,672	190,47%	9,13%	162,329	48,58%	9,33%
4 – Environmental Indicators	Amount (thousands)	% over GPR	% over NR	Amount (thousands)	% over GPR	% over NR
Waste disposal	462	0,50%	0,02%	360	0,11%	0,02%
Environmental management and prevention costs	1,182	1,27%	0,06%	1,066	0,32%	0,06%
Investments in external programs and/or projects	18	0,02%	0,00%	40	0,01%	0,00%
Total environmental investments	1,662	1,79%	0,08%	1,466	0,44%	0,08%
Regarding the establishment of "annual goals" to minimize waste, overall consumption in production/operation, and increase efficiency in the use of natural resources, the Company:	() does not have goals ( ) fulfills 51% to 75% ( ) fulfills 0 to 50% (x) fulfills 76 to 100%		() does not have goals ( ) fulfills 51% to 75% ( ) fulfills 0 to 50% (x) fulfills 76 to 100%			

5 - Workforce Indicators	2021	2020	
End-period headcount	3,699	3,405	
No. of hires during the period	1,994	1,698	
No. of outsourced employees	90	94	
No. of interns	9	22	
No. of employees over the age of 45	535	534	
No. of women working for the company	1,452	1,299	
% of management positions held by women	23%	20%	
No. of black people working for the company	687	747	
% of management positions held by black people	1%	5%	
No. of people with disabilities or special needs	55	59	
6 - Relevant Information on the exercise of Corporate Citizenship	2021	Goals for 2022	
Ratio of highest to lowest remuneration in the company	29 (times)	29 (times)	
Total number of work-related accidents	53	0	
The company's social and environmental projects were defined by:	( ) upper management (x) upper and middle management	( ) all employees ( ) upper management (x) upper	( ) all employees
Workplace safety and sanitary standards were defined by:	( ) upper and middle management	( ) all employees (x) everyone + Internal Accident Prevention Committee	( ) all employees (x) everyone + Internal Commission for Accident Prevention (CIPA)
Regarding freedom of association, right to collective bargaining, and internal worker representation, the company:	(x) does not get involved	( ) per ILO rules ( ) per ILO rules ( ) supports and follows ILO standards	(x) will not get involved ( ) will follow ILO standards ( ) will support and follow ILO standards
Profit sharing program covers:	( ) upper management ( ) upper and middle management	(x) all employees ( ) upper management ( ) upper and middle management	(x) all employees
When selecting suppliers, we apply the same ethical, social responsibility and environmental standards adopted by the company:	( ) are not considered	( ) are suggested (x) are required	( ) will not be considered ( ) will be suggested (x) will be required
Regarding employee participation in volunteer work, the company:	( ) does not get involved	(x) supports and encourages ( ) organizes and encourages	( ) will not get involved (x) will support and encourage ( ) will organize and encourage
Total value added for distribution (R\$ thousand)	In 2021: 456,712 In 2020: 676,639		
Distribution of Value Added:	38,76% government 34,53% employees 6,22% shareholders 8,93% third parties 11,56% retained		
	26,84% government 20,45% employees 9,53% shareholders 8,66% third parties 34,52% retained		

# ENVIRONMENTAL *Management*

*Roast potatoes and ham cream*



On restructuring our Environmental Management System in 2021, Pamplona set new sustainability goals and targets reflecting our awareness of the importance of this aspect for business and society.





# Contribution to a prosperous future

GRI 103-1, 103-2, 103-3

Pamplona believes that good social-environmental practices are essential to project a prosperous future for our business and our stakeholders, as well as for the planet. Despite the effort involved in coping with challenges arising from the Covid-19 pandemic, we were able to make important progress on our social-environmental projects. The adaptations made created satisfactory conditions to keep everything running properly in line with the premises of our Environmental Policy, which may be accessed [here](#). **GRI 102-11**

In 2021, Pamplona concluded work to implement the Environmental Management System (EMS) that we started the previous year in partnership with Brazil's Industrial Apprenticeship Service (SENAI), which meets all ISO 14001 requirements, thus representing important progress for the company's environmental management. **GRI 102-11**

During the EMS restructuring process, both physical presence and online workshops were held for employees in order to foster greater awareness of the related methodology and each business area or department's responsibility for deploying and running an efficient EMS.

We want to develop its structure to ensure this system is standardized and efficient so that, in the future, it may evolve further to obtain certification. In 2022, work is set to continue our focus on strengthening the EMS for even more integrated management of processes and activities developed.

In 2021, the organization continued its partnership with the state's environmental police force by incentivizing the United for the Environment Program (Puma), which contacts the educational community – especially pupils – to encourage their interest in environmental issues and conservation. Due to the Covid-19 pandemic, this year's classes were held remotely for children of our integrated pig farmers (outgrowers) and employees of Pamplona's own company farms, thus involving dozens of children and adolescents aged 8 – 12. **GRI 102-12**



## Energy **GRI 302-1; FB-MP-130A.1**

More than 40% of the energy used in our industrial complexes comes from renewable sources

In 2021, renewable energy became even more relevant for our business activities, especially for our company-owned farms, where we stopped using LPG (zero-volume used) and replaced it with firewood from reforested areas.

Overall, our total consumption of natural gas was reduced, followed by improving the process' efficiency, which was reflected in a fall in the amount of natural gas used (m<sup>3</sup>/ton).

At present, over 40% of energy used for our facilities comes from renewable sources and our target is to reach 100% over the next few years. At our industrial units, we prioritize wind energy supplied by Engie, a privately owned electricity generating company with which we have had a marketing partnership since 2021, so the Pamplona brand has been shown on one of Engie's wind turbines as seen in videos posted on social networks and several media outlets to affirm the company's commitment to sustainability and conscious use of natural resources.

TOTAL NON-RENEWABLE SOURCES USED – M <sup>3</sup>		
	2021	2020
<b>Liquefied petroleum gas – LPG</b>		
Factory in Pres, Getúlio (SC)	86,786	82,414
Factory in Rio do Sul (SC)	0	0
Company-owned farms	0	70
<b>Natural gas – NG</b>		
Factory in Pres, Getúlio (SC)	0	0
Factory in Rio do Sul (SC)	246,009	281,075
Company-owned farms	0	0
Total non-renewable fuels	332,795	363,559

Source: Environment Department

LIQUIFIED PETROLEUM GAS (LPG) USED (M <sup>3</sup> ) PER VOLUME PRODUCED (TONS)		
Units	2021	2020
Factory in Pres, Getúlio (SC)	1,405	1,334

Source: Environment Department

NATURAL GAS (NG) USED (M <sup>3</sup> ) PER VOLUME PRODUCED (TONS)		
Units	2021	2020
Factory in Rio do Sul (SC)	2,994	3,583

Source: Environment Department

**TOTAL FUEL CONSUMPTION FROM RENEWABLE SOURCES**

	Unit of measure	2021	2020
<b>Wood shavings</b>			
Factory in Pres, Getúlio (SC)	Tons	146	191
Factory in Rio do Sul (SC)	Tons	52	110
Company-owned farms	Tons	539	548
<b>Wood chips</b>			
Factory in Pres, Getúlio (SC)	Tons	8,935	8,217
Factory in Rio do Sul (SC)	Tons	16,971	13,520
Company-owned farms	Tons	0	0
<b>Firewood</b>			
Factory in Pres, Getúlio (SC)	m <sup>3</sup>	0	88
Factory in Rio do Sul (SC)	m <sup>3</sup>	0	0
Company-owned farms	m <sup>3</sup>	3,992	3,611
<b>Total renewable fuels</b>	Tons	<b>26,643</b>	<b>22,586</b>
	m <sup>3</sup>	<b>3,992</b>	<b>3,699</b>

Source: Environment Department

**ENERGY USED – ELECTRICITY (KWH)**

	2021	2020
Feed plant (SC)	3,644,609	3,245,238
Factory in Pres, Getúlio (SC)	16,114,148	16,918,564
Factory in Rio do Sul (SC)	27,929,474	28,116,219
Company-owned farms	597,200	645,686
Total electricity consumption	45,285,431	48,925,707

Source: Environment Department

**ENERGY INTENSITY RATIO (KWH/TON)**

Units	2021	2020
Feed plant (SC)	10,47	9,89
Factory in Pres, Getúlio (SC)	260,86	273,99
Factory in Rio do Sul (SC)	343,30	342,87

Source: Environment Department

**WATER USED (M<sup>3</sup>) BY SURFACE SOURCE AND VOLUME PRODUCED (TON)****Factory in Pres. Getúlio (SC)**4,794  
20215,007  
2020**Factory in Rio do Sul (SC)**5,745  
20216,128  
2020**Water** GRI 303-3; SASB FB-MP-140A.1

Our annual water use totaled 942,057 m<sup>3</sup>, of which 99% from surface uptakes.

In addition to monitoring water used for refrigeration units, we started directly metering water use on our own company farms and fitted meters to 100% of our supply lines – this factor made a difference in the final number for water used on these farms in 2021 compared to previous years, which we had been estimating based on Embrapa's technical benchmarks.

We visited each farm to compile detailed assessments of our entire hydraulic network and identify points at which monitoring was needed, thus enabling us to identify volumes of water used for animals separately from those used for cleaning and sanitation procedures – which is an important factor for resource management in this line of business activity. The water meters we fitted are capable of connecting to intelligent systems collecting water usage data. Pamplona is now seeking to identify partner companies that have technologies capable of integrating with our water metering system and remotely transmitting the data to ensure speedy access to information, which should speed up more effective decision-making in order to improve resource management.

**TOTAL WATER VOLUME UPTAKE BY TYPE OF SOURCE (m<sup>3</sup>)**

Type of source	2021	2020
<b>Surface water (including wetlands, rivers, lakes, and oceans)</b>		
Feed plant (SC)	0	0
Factory in Pres, Getúlio (SC)	296,148	309,208
Factory in Rio do Sul (SC)	472,004	480,783
Company-owned farms	156,446	100,956 <sup>1</sup>
<b>Groundwater</b>		
Feed plant (SC)	0	0
Factory in Pres, Getúlio (SC)	0	0
Factory in Rio do Sul (SC)	0	0
Company-owned farms	14,493	5,095
<b>Municipal water supply or other water utility companies</b>		
Feed plant (SC)	1,577	1,414
Factory in Pres, Getúlio (SC)	0	0
Factory in Rio do Sul (SC)	0	0
Company-owned farms	1,389	1,232
<b>TOTAL</b>	<b>942,057</b>	<b>898,688</b>

<sup>1</sup> Estimate based on Embrapa data  
Source: Environment Department



## More Water ("Mais Água") Project

**413-1**

Pamplona is constantly raising awareness among outgrowers as to the importance of preserved areas. Our frequent initiatives in this respect include enlarging areas set aside for environmental protection and focusing water resource preservation. In the past year, we donated more than 40,000 native tree cuttings or seedlings to be used for source and headwater conservation as part of a campaign involving 229 rural properties.



## Effluents GRI 303-2, 303-4; SASB-FB-MP-140A.2

In 2021, a total of 851.1 megaliters (ML)<sup>1</sup> of treated effluents were discharged into surface water courses on land. All effluents generated are properly treated before being released into a tract of water and they are monitored in accordance with applicable regulations.

TOTAL WATER DISPOSAL, BREAKDOWN BY QUALITY AND DESTINATION (ML) <sup>1</sup>					
Units	Type of wastewater disposal	Water quality and treatment method	Reused water?	2021	2020
Feed plant	Surface water	Septic tank and disinfection box	No	1,498	1,343
Factory in Pres, Getúlio (SC)	Surface water	Physical, chemical and biological composting	No	281,341	293,748
Factory in Rio do Sul (SC)	Surface water	Physical and biological composting	No	448,404	456,744
Company-owned farms	Surface water, incorporation in compost, and distribution in soil as fertilizer	Physical stabilizing and composting pools	Yes	119,890	80,554
<b>TOTAL</b>				<b>851,133</b>	<b>832,389</b>

Source: Department of the Environment

Due to water meters we have fitted and the water monitoring system on our farms, effluents from these units are managed based on the ratio of effluent generated to amount of water used.

In addition to fully complying with standards for effluent discharge into water tracts, the company has set efficiency targets for our refrigeration units' removal of Biochemical Oxygen Demand (BOD) at 92% – which is above the number required under current legislation (80%). We succeeded in reaching our target for 2021 and expect to do so next year too.

One of the main projects for this subject is expanding and developing our biological treatment project (activated sludge), which includes a system with compacting tanks, thus reducing the area demanded and while ensuring more efficient treatment for our Presidente Getúlio unit in 2022, along with expanding the unit's facilities.

1. megaliter (ML) = 1000 m<sup>3</sup>.



PICTURE:  
Rafael Dell Antonio

## Environmental Photography Competition – Rio Itajaí

**GRI 102-12**

This initiative was organized by the municipality of Rio do Sul’s Cultural Foundation and Environment Department to encourage amateur photographers and raise the local community’s awareness of the importance of water resources. The competition also prompts interest in environmental matters and in art through photography, while encouraging participants to see everybody as part of the environment and realize that ecological equilibrium is essential for living beings.

In 2021, Pamplona played a key role in support of the initiative by donating semi-professional cameras as prizes for the first place in each of three categories: Rivers as Sources of Life; Itajaí River Geodiversity, and Itajaí River Fauna and Flora.

## Solid Waste

Recycling waste is one of the premises of Pamplona’s environmental management. We monitor the sorting and screening process and create indicators related to industrial usage efficiency and solid waste recovery. Working together with partner companies for sorting and reusing waste, we over performed in relation to our stipulated 51.78% target for Rio do Sul’s amount of waste sent for recycling in 2021 to reach 54.61%. In Presidente Getúlio’s recycling reached 65.15% of waste and overshoot the target set by 61.49%.

Our company-owned farms and network of outgrowers (integrated producers) generated solid waste consisting of packaging for medications and other materials that are rated Class I. It is collected by an accredited company for proper treatment and disposal. In addition to Class I waste, all other waste generated is collected on farms and a large part is also sent for recycling.

The next step is building a new Waste Center for our Rio do Sul unit. Work scheduled to start in 2022 will include restructuring the operational side and planning new processes, internal logistics and storage structure. This project will enable tighter control for the waste management process to fulfill objectives set by our Environmental Management System (SGA) and increase volume recycled.

TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD (TONS) GRI 306-5

Type of Waste	Factory in Rio do Sul		Factory in Pres. Getúlio		Feed plant		Company-owned farms		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Waste Class 1 (hazardous)</b>										
Composting	0	0	0	0	0	0	0	0	0	0
Incineration/ Landfill	0	0	0	0	0	0	15,59	14,93	15,59	14,93
Recycling	0	0	0	0	0	0	0	0	0	0
Reuse	0	0	0	0	0	0	0	0	0	0
Autoclave/Landfill	0,22	0,28	0	0	0,86	1,19	0	0	1,06	1,47
<b>Waste Class 2 (non-hazardous)</b>										
Composting	903	901	407	634	123	54	0	0	1,433	1,589
Incineration/ Landfill	0	0	0	0	0	0	0	0	0	0
Recycling	729	570	196	210	15	24	0	0	939	804
Reuse	73	127	32	48	3	5	0	0	109	180
Autoclave/Landfill	573	592	122	144	0	0	0	0	695	736
<b>Total<sup>1</sup></b>	<b>2,278,47</b>	<b>2,190,28</b>	<b>757,48</b>	<b>1,036,00</b>	<b>141,88</b>	<b>84,51</b>	<b>15,59</b>	<b>14,93</b>	<b>3,193,42</b>	<b>3,325,72</b>

<sup>1</sup> Total waste does not include light bulbs/lamps  
Source: Department of the environment

Liquid manure generated totaled 119,890 m<sup>3</sup> in 2021. As part of the environmental licensing process, all company owned farms go through the stage of planning treatment systems for the liquid waste they are generating and planning subsequent reuse as biofertilizer through soil analysis of application areas and nutritional requirements for agricultural crops. In one of these units, Pamplona has set aside an area especially for pasture, included in the Soil Quality Monitoring Plan – as required by the licensing process, in line with Normative Instruction 11 of the Environment Institute (IMA).

**SASB FB-MP-160A.1, FB-MP-160A.2**



## Composting incentive

### GRI 413-1

For four years, the Lauro Pamplona Composting Unit has been ensuring sustainable treatment of agro-industrial organic waste using a biological degradation process – one of the most outstanding projects in the company's environmental management. In conformity with Brazil's National Solid Waste Policy, it avoids sending waste to sanitary landfills.

In 2021, all waste from effluent treatment units (WWTP sludge) from the industrial plants in Rio do Sul and Presidente Getúlio, in addition to waste from the animal feed factory, were added to the process and our stable and safe treatment system converted waste into a high-value agronomic product.

Compost produced at the unit has been submitted to pelleting tests and it shows potential for use in agricultural equipment for further cultivation. Due to these advances, the company has been approaching rural producers to offer more details of the process. Plans for 2022 include a brochure containing explanatory material and technical recommendations for the use of organic compost in various crops. This initiative will be conducted in partnership with Santa Catarina's Agricultural Research and Rural Extension Company (Epagri). Our campaign in Ituporanga (SC) continued to work with farmers growing onions – this crop has a high profile in this region and is also being assessed by Epagri's research team at the municipality's Experimental Station.

Pamplona is examining the feasibility of industrializing final compost, which would then be bagged and pelleted or granulated for distribution and use. We signed a technical cooperation agreement with Epagri at the beginning of the project and we are now seeking to register the product with the Ministry of Agriculture, Livestock and Supply (Mapa), thus further ensuring its quality and safety and its role as a model for initiatives in the productive sector and encouraging sustainable solid waste management practices. We are also planning to update processing capacity for any additional amount of waste that may be generated, since our strategy is to use the composting process as a means of treatment that will cover all future requirements for this type of waste.

# Emissions

In 2021, our factories from Presidente Getúlio and Rio do Sul compiled our third atmospheric emissions inventory, and the second one based on the GHG Protocol methodology, which is widely used by governments and companies all over the world. Our project covers scopes 1 and 2, and total emissions are calculated using the tool's version 2020.1.2 per ABNT NBR ISO 14064. Based on the data obtained, Pamplona is identifying strategies that may be used to reduce Greenhouse Gas emissions (GHG).

In view of recent studies related to the subject, a mitigation plan has not yet been drafted, nor has a strategy to lower GHG emissions been defined. Initially, our objective is to ensure consistency for quantifying and reporting practices while supporting efforts to internalize the issue inside the company and detect opportunities for future reductions. However, the animal nutrition measure adopted by Pamplona (see the Animal Nutrition chapter) has led to substantially lower GHG numbers in the production cycle, as identified by the methodology applied, thus showing how important this matter is for our company.

For 2022, we are planning to replicate scopes 1 and 2 to other Pamplona's units, reaching beyond industrial facilities and covering a higher proportion of the production cycle. **SASB FB-MP-110A.2**

## GREENHOUSE GAS DIRECT EMISSIONS (TCO2 EQUIVALENT)<sup>1,2</sup> GRI 305-1; SASB FB-MP-110A.1, SASB FB-MP-110A.2

	2021		2020	
	Factory in Rio do Sul (SC)	Factory in Presidente Getúlio (SC)	Factory in Rio do Sul (SC)	Factory in Presidente Getúlio (SC)
Generating electricity, heat or steam resulting from burning fuel in stationary (fixed) sources such as boilers, furnaces, turbines and other combustion processes such as burning	1,193	946	1,117	889
Physical-chemical processing resulting from manufacturing or processing chemicals and materials such as cement, steel, aluminum, ammonia and waste processing	-	-	-	-
Effluents and waste	1,187	343	2,014	615
Transporting materials, products, waste, employees and passengers resulting from fuel combustion in mobile sources of combustion owned or controlled by the company, such as trucks, trains, ships, planes, buses, cars	-	-	-	-
Fugitive emissions arising from intentional or involuntary releases, such as leaks in gaskets, seals, packaging and seals; methane emissions from coal mines and ventilation systems; hydrofluorocarbon emissions (HFCs) from refrigerators and air conditioners; and methane leaks from gas transportation	63	46	2	12
<b>Total gross emissions</b>	<b>2,443</b>	<b>1,335</b>	<b>3,133</b>	<b>1,516</b>

<sup>1</sup> Baseline selected to calculate GHG emissions: 2020.  
<sup>2</sup> Gases included in calculation: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC, HFC-32, HFC-125.  
Source: Environment Department

## BIOGENIC EMISSIONS OF CO2 (TCO2 EQUIVALENT) GRI 305-1; SASB FB-MP-110A.1, SASB FB-MP-110A.2

2021		2020	
Factory in Rio do Sul (SC)	Factory in Pres, Getúlio (SC)	Factory in Rio do Sul (SC)	Factory in Pres, Getúlio (SC)
30,943	16,502	24,774	14,995

Source of data: Environment Department

## EMISSIONS FROM ELECTRICITY USED (TCO2 EQUIVALENT) – SCOPE 2

2021		2020	
Factory in Rio do Sul (SC)	Factory in Pres, Getúlio (SC)	Factory in Rio do Sul (SC)	Factory in Pres, Getúlio (SC)
1,749	973	2,110	1,270

Source: Environment Department

# De-pollute Program

## GRI 102-12

For seven years, Pamplona has been taking part in the De-pollute Program, a joint initiative of the National Transport Confederation (CNT), Transport Social Service (SEST) and Transport Apprenticeship Service (SENAT) to monitor and encourage reduced vehicle emissions of atmospheric pollutants. The program has included monitoring third-party vehicle traffic at our animal feed factory located in Laurentino (SC). In 2021, the program was extended to cover our Distribution Center in Camboriú (SC).

In 2021, we handed out booklets for drivers containing details of the program. Measurements and inspections were carried out on dozens of vehicles at these units. Tests showed 97% efficiency, which reflects the issue's importance for our company. To learn more about the De-pollute Program, see: [www.despoluir.org.br](http://www.despoluir.org.br).



*Stuffed beef rolls*

# ABOUT THIS *report*

This document translates the transparency and accountability principles that govern our operations and relations with various stakeholders.

# Aligned with best practices

This report was prepared in accordance with GRI Standards: Essential option – international standard for sustainability reports developed by the Global Reporting Initiative (GRI) – with details covering the period from January 1st to December 31st, 2021. Financial data in the publication are for all of Pamplona’s own units, while environmental, social and product information, when applicable and/or available, is for our factories in Rio do Sul and Presidente Getúlio, the animal feed factory, seven company-owned farms, two butcher shops and hub Distribution

Center – all located in Santa Catarina. Social-environmental information from outsourced industrial units, distribution centers and integrated farmers is not part of this report’s scope. **GRI 102-45, 102-50, 102-54**

Any questions, suggestions or comments on this report may be sent to [pamplona@pamplona.com.br](mailto:pamplona@pamplona.com.br) or handled by phone (47) 3531-3131. **GRI 102-53**

## Materiality

The process of defining the content of this publication includes prioritizing material issues by engaging internally (leaders) and external stakeholders (representatives of sectorial entities, government, business partners, suppliers and customers, including our trader located in China). They were contacted in January and February 2020 and the process was conducted by a separate independent company. External audiences expressed concerns that converge with those already reported by Pamplona. Material issues for the report remained the same as in previous years, which includes the need to show targets and commitments in terms of sustainability and report development practices and product quality as priorities. The main aspects raised have been used to determine the contents of the report and provide guidance for management. Based on this information, Pamplona scoped 20 material aspects and 31 indicators. **GRI 102-40, 102-42, 102-43, 102-46, 102-47**



## Material topics **GRI 102-43, 102-44, 102-46, 102-47**

● Considered ● Relevant ● Very relevant

Materiality	GRI Aspects materials 102-47	Customers	Suppliers	Trader	Government
Economic performance and governance	Economic performance and taxes	●	●	●	●
	Fight against corruption	●	●	●	●
	Environmental compliance	●	●	●	●
	Social compliance	●	●	●	●
Supplier management and development	Purchasing policy	●	●	●	●
	Environmental evaluation of suppliers	●	●	●	●
	Social evaluation of suppliers	●	●	●	●
Product quality	Marketing and labeling	●	●	●	●
	Customer health and safety	●	●	●	●
	Animal welfare	●	●	●	●
Environmental Management	Materials	●	●	●	●
	Energy	●	●	●	●
	Water	●	●	●	●
	Emissions	●	●	●	●
	Effluents and waste	●	●	●	●
People management	Employment	●	●	●	●
	Training and education	●	●	●	●
	Occupational health and safety	●	●	●	●
Presence in the community	Indirect economic impacts	●	●	●	●
	Local communities	●	●	●	●

# GRI Content Summary GRI 102-55

GRI Standard	Disclosure	Page, link or direct disclosure	Omission	ODS	Global Pact	
<b>GRI 101: Foundation 2016</b>						
<b>GRI 102: General Disclosures 2016</b>						
GRI 102: General Disclosures 2016	102-1	Name of the organization	6			
	102-2	Activities, brands, products, and services	6			
	102-3	Location of headquarters	6			
	102-4	Location of operations	6			
	102-5	Nature of ownership and legal form	6			
	102-6	Markets served	6			
	102-7	Scale of the organization	6			
	102-8	Information on employees and other workers	6.57		8.10	
	102-9	Supply chain	66			
	102-10	Significant changes to the organization and its supply chain	18			
	102-11	Precautionary principle or approach	74			
	102-12	External initiatives	74, 80, 85			
	102-13	Membership of associations	69			
	102-14	Statement from senior decision-maker	12, 13			
	102-16	Key impacts, risks, and opportunities	7			
	102-17	Values, principles, standards, and norms of behavior	23		16	
	102-18	Mechanisms for advice and concerns about ethics	21		16	
	102-40	Governance structure	88			
	102-41	List of stakeholder groups	Collective bargaining agreements cover 100% of our employees			
	102-42	Identifying and selecting stakeholders	88		8	
	102-43	Approach to stakeholder engagement	88, 89			
	102-44	Key topics and concerns raised	89			
	102-45	Entities included in the organization's consolidated financial statements or equivalent documents	88			
	102-46	Defining report content and topic boundaries	88, 89			
	102-47	List of material topics	89			
	102-48	Restatements of information	None			

GRI Standard	Disclosure	Page, link or direct disclosure	Omission	ODS	Global Pact
GRI 102: General Disclosures 2016	102-49	Changes in reporting	None		
	102-50	Reporting period	88		
	102-51	Date of most recent report	April 20, 2021.		
	102-52	Reporting cycle	Annual.		
	102-53	Contact point for questions regarding the report	88, 97		
	102-54	Claims of reporting in accordance with the GRI Standards	88		
	102-55	GRI Content Index	90		
	102-56	External assurance	This report has not been assured by a third party		
<b>Material topic: Economic performance and governance</b>					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	20, 42		
	103-2	The management approach and its components	20, 42		
	103-3	Evaluation of the management approach	20, 42		
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	21	16	10
	205-3	Confirmed incidents of corruption and actions taken	23	16	10
<b>Material topic: Product quality</b>					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	38		
	103-2	The management approach and its components	38		
	103-3	Evaluation of the management approach	38		
GRI 416: Consumer Health and Safety 2016	416-1	Assessment of health and safety-related impacts on product and service categories	38		
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	38	12	



GRI Standard	Disclosure	Page, link or direct disclosure	Omission	ODS	Global Pact
<b>Material topic: People management</b>					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries			
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 401: Employment 2016	401-1	Rate of new employee hires and turnover		5, 8, 10	6
	401-2	Benefits offered to full-time employees that are not offered to temporary employees	All Pamplona employees are hired on a full-time basis for an indefinite period. Their benefits include life insurance, maternity/paternity leave, profit sharing program and meal/food vouchers.	3, 5, 8	
GRI 403: Occupational health and safety 2018	403-2	Hazard identification, risk assessment, and incident investigation		8	
	403-4	Worker participation, consultation, and communication on occupational health and safety		8, 16	
	403-5	Worker training on occupational health and safety		8	
	403-6	Promotion of worker health		3	
	403-9	Work-related injuries		3, 8, 16	
	GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee		4, 5, 8, 10
<b>Material topic: Community presence</b>					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries			
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs			78, 82



GRI Standard	Disclosure	Page, link or direct disclosure	Omission	ODS	Global Pact
<b>Material topic: Supplier management and development</b>					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries			
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Methodology not adopted.	8	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Methodology not adopted.	5, 10, 16	
<b>Material theme: Environmental management</b>					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries			
	103-2	Management approach and its components			
	103-3	Evaluation of management approach			
GRI 301: Materials 2016	301-1	Materials used by weight or volume		8, 12	7, 8
GRI 302: Energy 2016	302-1	Energy consumption within the organization		7, 8, 12, 13	7, 8, 9
GRI 303: Water and Effluents 2018	303-2	Management of impacts related to water disposal		6	7, 8, 9
	303-3	Water uptake	Although the company does not have methodology for monitoring total water uptake with any applicable water stress classification, we are planning to develop studies characterizing local water availability and thus helping to strategically consolidate future supplies for the organization's activities.	6	7, 8, 9
GRI 303: Effluents and Waste 2018	303-4	Water withdrawal		6	7, 8
GRI 305: Emissions 2016	305-1	GRI 305: Emissions 2016 Direct greenhouse gas emissions		3, 12, 13, 14, 15	7, 8, 9



## SASB Content Summary

GRI Standard	Disclosure	Page, link or direct disclosure	Omission	ODS	Global Pact
GRI 306: Waste 2020	306-5	Waste discharge by quality and destination		3, 6, 11, 12, 15	7, 8, 9
GRI 307: Environmental Compliance 2016	307-1	Non-conformity to environmental laws and rules		16	7, 8
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were selected according to environmental criteria	Methodology not measured	12	7,8
<b>Food Processing Sector disclosures</b>					
Food Processing, sector Disclosures	FP1	Percentage of purchased volume from suppliers compliant	Methodology not adopted with company's sourcing policy	67	
	FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized standards		39	
	FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars		38	
	FP12	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type		35	

### MEAT, POULTRY AND DAIRY

#### Themes for Sustainability Disclosure and Accounting Metrics

Topic	Code	Accounting metric	Page, link or direct disclosure	Omission
GHG emissions Energy Management	FB-MP-110a.1	Gross global Scope 1 emissions	83, 84	
	FB-MP-110a.2	Discussion of long-term and short-term strategy or plan for managing Scope 1 emissions, emission reduction targets and analysis of performance on these targets	83, 84	
	FB-MP-130a.1	(1) Total energy consumed, (2) percentage electricity from the power grid, (3) percentage renewable energy	75	
Water Management	FB-MP-140a.1	(1) Total water uptake, (2) total water used, percentage in each region with high or extremely high water stress	77	Although the company does not have methodology to monitor total water uptake with any applicable water stress classification, we have plans to develop studies characterizing local water availability, thus helping to strategically consolidate future supplies for the organization's activities.
	FB-MP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate these risks	79	
	FB-MP-140a.3	Number of incidents of non-compliance with water quality permits, standards and regulations	23	
Soil use and ecological impacts	FB-MP-160a.1	Amount of waste and manure generated by the animals, as well as percentage managed by a nutrient management plan	82	
	FB-MP-160a.2	Percentage pastures managed per conservation plan criteria determined by Brazil's Natural Resources Conservation Service (NRCS)	82	
Food Safety	FB-MP-250a.1	Global Food Safety Initiative (GFSI) Audit (1) non-conformity rate and (2) associated corrective action rate for (a) major non-conformities and (b) minor non-conformities	38	
	FB-MP-250a.2	Percentage of supplier facilities certified by a food safety certification program per the Global Food Safety Initiative (GFSI)	67	
	FB-MP-250a.3	(1) Number of recalls issued and (2) total weight of products recalled		Disclosure of data not authorized.
	FB-MP-250a.4	Discussion of markets that ban imports of company's products	In 2021, there were no cases of any country restricting or suspending imports of Pamplona products.	



Topic	Code	Accounting metric	Page, link or direct disclosure	Omission
Use of Antibiotics in Animal Production	FB-MP-260a.1	Percentage of livestock given (1) medically important and (2) non-medically important antibiotics, by type of animal	Pamplona complies with all regulations in Brazil and importing countries, and we meet their requirements for active ingredient, shelf-life, expiration and dosage. Medications are placed in different classes by use. Medication Relevance Classification is still being developed in Brazil; therefore, this point is not applicable.	
	FB-MP-320a.1	(1) Total Recordable Incident Rate and (2) Fatality Rate	63	
	FB-MP-320a.2	Description of efforts to assess, monitor and mitigate acute and chronic respiratory health conditions	Item not controlled by the company; we are evaluating the need to implement control.	
Animal Welfare	FB-MP-410a.1	Percentage of pork produced without use of gestation cages	Item not controlled by the company; we are evaluating the need to implement control.	
	FB-MP-410a.2	Percentage of eggs sold without cage	Not applicable.	
	FB-MP-410a.3	Percentage of production certified by third-party animal welfare standard	Pamplona is adapting to comply with Brazil's new plans for Animal Welfare regulations per the Ministry of Agriculture's policy (IN113/2021). At present, there is no Animal Welfare certification for the industry, but we are starting the process of applying for international certifications with support from local and international consultants and our own in-house task force. Brazil's Animal Welfare policy published in December 2021 will require certification by 2024. More details in this respect may be found in the Animal Welfare chapter herein.	



Topic	Code	Accounting metric	Page, link or direct disclosure	Omission
Environmental and Social Impacts on Animal Supply Chain	FB-MP-430a.1	Percentage of livestock from suppliers that implement the Natural Resources Conservation Service (NRCS) conservation criteria or equivalent	67	
	FB-MP-430a.2	Percentage of suppliers' and contractual production facilities conforming to animal welfare standards	Metric not adopted by the company, which is assessing the control's implementation.	
Supply of food and animals	FB-MP-440a.1	Percentage of animal feed from regions rated High or Extremely High Water Stress	Metric not adopted by the company, which is assessing the control's implementation.	
	FB-MP-440a.2	Percentage of contracts with producers located in regions rated High or Extremely High Water Stress	Metric not adopted by the company, which is assessing the control's implementation.	
	FB-MP-440a.3	Discussion of strategy for managing climate risks and opportunities for feeding and purchasing livestock	Metric not adopted by the company, which is assessing the control's implementation.	

**MEAT, POULTRY AND DAIRY**

**Activity and Metrics**

Code	Accounting metric	Answer/Page or link	Omission
FB-MP-000.A	Number of processing and manufacturing facilities	6	
FB-MP-000.B	Production of animal protein, by category; percentage outsourced	6	



## Report Team

### Responsibility

Administrative and Finance Director

### Validation

Chief Executive Officer

Industrial Director

Procurement and Development Director

Sales Director – Domestic Market

Sales Director – Foreign Market

Expansion and Innovation Director

Logistics Director

### Accountant in Charge

Élvis Justen | CRC-SC-028194/O-3

### Areas Involved

Internal Audit

Commercial

Accounting

Controllership

Financial

Tax

Development

Quality

Feed Plant

Legal

Logistics

Maintenance

Marketing

Environment

Research & Development

Human Resources

SESMT

Procurement

Information Technology

### Support

Associação Cultural Esportiva  
e Recreativa Pamplona (ARCEP)

### GRI Technical Consultant

Avesso Sustentabilidade

### Editing

KMZ Conteúdo

### Graphic Design

Marcia Godoy

### Contact **GRI 102-53**

Phone: +55 (47) 3531-3131

pamplona@pamplona.com.br

Rod. BR 470, Km 150, nº 13.891

Bairro Pamplona – CEP 89164-900

Rio do Sul – Santa Catarina

**pamplona.com.br**

### Translation

Global Translations.BR



