





OUR COMMITMENT WITH ESG FRONT

Year by year, we advance in our environmental, social and governance initiatives. The recognition of our commitment is evidenced by the joining into benchmark portfolios such as BB Investimentos' ESG Selection, as well as ISE and ICO2 of B3. We want to move forward and two initiatives stand out: we have a specific strategic project for Sustainability and we are reviewing our Strategic Sustainability Agenda, under which we will establish new mid- and long-term goals. Throughout our report, we report our ESG-related initiatives to the benefit of the whole society.

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About THE REPORT

Once again, we disclose our Integrated Annual Report, including market, economic, financial, operational and social and environmental information of our business in 2020. (GRI 102-50)

We are continuously improving the integration of the information, aiming to provide increased transparency in the disclosure of information with the potential to generate and protect the value of our business in short-, mid- and long-term, as recommended by IIRC - International Integrated Reporting Council. (GRI 102-46)

We have maintained the Global Reporting Initiative (GRI), guidelines, adopting the Standard pattern, according to the key option for the preparation of the report and disclosure of sustainability information. Throughout this report, the title numbers and paragraphs indicate the codes of the GRI indicators, whose index with the description of each indicator is included in pages 126 to 129. (GRI 102-54)

Regarding this edition, we also highlight:

✦ **Analysis carried out on the connections and impacts of our business** with the United Nations (U.N.) Sustainable Development Goals (SDGs).

✦ **Compliance with international accounting standards approved by the Brazilian Securities and Exchange Commission** for the assessment of financial indicators.

✦ This report is **assured by KPMG**.

✦ **The content covers all business units**, except when specific units are indicated.

✦ The company does not disclose the breakdown of the **strategic risk matrix** nor the **strategic goals** as they can lead to significant competitive damage.

✦ **No reliable information is unavailable** or specific legal prohibitions.

✦ **This report is published annually in Portuguese and English.** (GRI 102-46)

Our report was prepared by the Sustainability, Communication, Investor Relations and Accounting areas, together with the managers of the different areas. Its content was analyzed and validated by the Executive Committee, Statutory Executive Office and Board of Directors.

We illustrated the report with photos of our various professionals as a way of recognizing them for M. Dias Branco's progress in sustainability issues.

This documents may be accessed at the www.mdiasbranco.com.br/website, in the area of Sustainability or at Investor Relations website.

We would appreciate to receive your feedback by email ri@mdiasbranco.com.br (GRI 102-53)

Have a pleasant reading!



Company's newest mill, at the Bento Gonçalves/RS industrial unit



SUSTAINABLE DEVELOPMENT GOALS

M. Dias Branco operates in 14 of the 17 SDGs defined by the U.N.:



MESSAGE FROM THE CEO (GRI 102-14)

Ivens Dias Branco Júnior
CEO



Ladies and Gentlemen,

2020 has transformed the world and social relations. It required a huge resilience and the ability to reinvent ourselves. With regard to M. Dias Branco, I believe that we have excelled especially in three competencies and skills: adaptability, innovation and agility. In the midst of a scenario full of uncertainties, the Company once again showed its potential, bringing fast and effective solutions in extremely challenging circumstances. Through the strength of our brands, the outstanding, respectful, transparent relationship with our suppliers, customers and consumers, and, obviously, with the Company's financial strength and robust infrastructure, we were never daunted. We did not deny the reality of the crisis, however, we were attentive to the possibilities that would certainly arise. Our team has never been discouraged, because our nature is to believe that, when facing the biggest difficulties, big opportunities arise. Therefore, we continue to fight with a fearless spirit of overcoming, resilience, courage, faith, and, above all, with a lot of responsibility. We had losses, it is true, but our ability to adapt was outstanding. We created opportunities and were able to respond to society's needs, fulfilling our mission to continue offering high quality food for the good of society and the happiness of people.

Amid 366 unprecedented days in the recent history of humanity, which led to a high demand in the food sector, caused by a momentary consumption euphoria and, consequently, a sharp increase in the costs of agro commodities, linked to the appreciation of the U.S. dollar, M. Dias Branco used its experience acquired in almost 70 years of history to outline solid strategies, strengthening

cash and reinforcing its generation through a strong commercial policy based, including, on expansion of its exports. In addition, through the "Multiplique Project", achievements, efficiency and productivity gains that should be highlighted were implemented through some initiatives carried out in 2020, such as the launch of our hedge policy and the heaviest investment in Marketing in our Company's history, in addition to the launch of a new dividend policy, which increased the share of earnings distributed to shareholders and the frequency of payments. Particularly, we mention two extremely important achievements in terms of sustainability: we joined the portfolios of the Corporate Sustainability Index and the Carbon Efficient Index (ICO2), both from B3 (Brazil, Bolsa, Balcão). In addition, we also started to report our emissions in the Carbon Disclosure Project (CDP).

All these results - within an extremely turbulent context - were only possible thanks to everyone's efforts, leading to a quick and efficient response from the Company. In view of the need to keep our industrial units in operation, as this is an essential sector, we promptly created a Crisis Committee, whose mission was to review the entire operation, from north to south of the Country, in order to ensure the health and safety of the more than 17 thousand employees, as well as their families. Those who were able to carry out their activities from home, started to adopt the regime of teleworking. Those who needed to remain in the facilities and in the market started to follow strict safety protocols, based on the guidelines of the relevant health agencies and the World Health Organization (WHO).

Aware of our social role, we carried out the #VoceDoaGenteDoa (#YouDonateWeDonate) campaign, to encourage blood donation. A total of R\$ 1.2 million in financial resources was allocated to blood centers in six states and an additional R\$ 1.2 million in food to needy institutions in Ceará, Pernambuco, Bahia, Rio de Janeiro, São Paulo and Rio Grande do Sul. For each bag of blood collected in blood centers, M. Dias Branco donated 500 products to the Mesa Brasil program, a food bank of the Social Service of Commerce (Sesc). 7,867 blood bags were collected, resulting in 413.33 tons of pasta and crackers and cookies from Fortaleza, Vitarella, Piraquê, Adria and Isabela brands. In total, including food donations to the 159 institutions surrounding our units, more than 3,460 tons of products were donated, equivalent to R\$ 17.3 million.

After 2020, a completely atypical year, nothing else will be the same. And aiming for an increasingly latent future/present in the lives of customers and consumers, we have strongly advanced in e-commerce, with the sale of products directly at the consumer's home, through partnerships with delivery applications, connecting us with the market digital transformation process, which has been changing the consumption habit.

In conclusion, we will move forward, united and cohesive, even stronger, to proceed with our growth strategy, respecting the environment, paying attention to society's issues, and improving governance practices. We firmly believe in our country's potential, in the talent and cooperation of our human capital, in the power of work to overcome challenges, confident that we are on the path to success.

“
*May the solidarity
among our fellow workers
always remain. A tight-knit
team is the real force.*
”

Ivens Dias Branco

★ August 3, 1934

† June 24, 2016

PERFORMANCE STRATEGY AND OUTLOOK

Our strategic direction is based on strengthening M. Dias Branco as a national food company and paving the way for its international operations. This consolidation also includes the improved operational efficiency with optimization in the use of natural resources such as energy and water, as well as the reduction in the use of packaging, operations in new businesses, development of more nutritious products and holding dividend policies.

Our expansion shall occur through organic growth and/or acquisitions of other companies, analyzing value-adding opportunities to our business, always being committed to the highest standards of sustainable development, business management and corporate governance.

We focus on developing new ways to achieve growth, with improved productivity, customer/consumer satisfaction and generating value for shareholders and other stakeholders,

as well as the communities surrounding our operations. All this being carried out by a team of dedicated and trained professionals, whose compensation is in line with the company's short- and long-term goals.

Through a commercial strategy executed with discipline, consistent marketing investments, assertive pricing model and business strategies that use technology to support market models, we will grow in regions

and sub-categories of products. The main uncertainties related to growth over time are the exchange rate fluctuation and the price of commodities, tax incentives and the maintenance of a portfolio of products adherent to the desires of the consumer market.



Maria Consuelo Saraiva Leão Dias Branco
Chairperson of the Board of Directors

KEY PERFORMANCE INDICATORS

SOCIAL AND ENVIRONMENTAL, HUMAN DEVELOPMENT AND ECONOMIC AND FINANCIAL INDICATORS

Indicator	2017	2018	2019	2020
Human Capital				
Investments in human capital (R\$ million)	244.6	295.0	324.0	327.1
Work accident frequency rate (TF)*	0.92	0.94	0.82	0.72
Work accident severity rate (TG)*	83.93	9.31	9.16	76.72
Average number of training hours per employee	47.17	49.00	46.43	22.95
Natural Capital				
Energy intensity - kWh/ton produced	135.70	137.11	145.37	130.56
Recycling rate (%)	71.1	55.5	77.3	57.5
Water reuse index (%)	19.1	17.3	16.8	15.1
Intensity of GHG emissions - tCO ₂ e/ton produced	0.0678	0.0659	0.0593	-
Investments in environmental management (R\$ million)	9.3	10.6	9.5	9.3
Social and Relationship Capital				
Social investment (R\$ million)**	3.1	2.1	3.3	3.2
Number of occurrences recorded in the Ethical Channel***	21	8	5	42
Number of service complaints in Customer Service (SAC)	1,019	1,369	1,187	1,967
Number of entities supported with monthly donations	164	180	281	159
Financial Capital				
Net sales per product line	5,415.4	6,025.1	6,103.6	7,252.5
Cookies and Crackers	2,870.1	3,327.7	3,287.0	3,702.2
Pasta	1,160.6	1,274.1	1,318.2	1,687.9
Flours and Brans	918.6	953.1	1,025.7	1,297.0
Margarine and Shortening	326.7	318.9	334.5	420.6
Other Product Lines*****	139.4	150.5	138.2	144.8
Other	-	0.8	-	-
Net Income	844.3	723.5	556.9	763.8
EBITDA	966.4	933.0	772.1	974.3
Operating Expenses	1,409.7	1,542.2	1,621.9	1,660.9
Indebtedness	341.6	1,252.8	979.7	1,589.1
Investments*****	329.5	301.1	321.3	221.8
Intellectual Capital				
R&D Investment (R\$ million)	8.6	8.7	11.6	10.7
Amount realized with addition of nutrients relation to total revenue (%)	31.8	32.3	33.4	26.20
Vitarella brand value is US\$ 186 million, among the 12th most valuable in Brazil*****. Total of 5 Certifications and 2 licensing Total of 79 Policies and over 12 thousand normative documents framing and regulating processes. Initiatives addressing the 17 Sustainable Development Goals.				
Manufactured Capital				
14 food plants, 7 wheat mills, 34 distribution centers and 586 vehicles of the company's own fleet				

* Excluding Piraquê. **As from 2020, the amount invoiced in food donations to communities and supported institutions in several regions of Brazil was included in the calculation. *** Human rights occurrences considered valid. ****Cakes, Snacks, Cake Mix, Refreshments and Toasts ***** Amounts include human capital, R&D, environment and social investments. ***** According to Instituto Kantar Vermeer, in partnership with IstoÉ Dinheiro magazine.

M. Dias Branco

We want to be more than a food company, we want to feed people's happiness. This is the purpose that inspires each professional on our team, who works based on the values that have built, and are still building, our history.



CORPORATE IDENTITY (GRI 102-16)

In 2020, our purpose of offering “food for the well-being of society and the people’s happiness” was, as never before, experienced by our entire team of professionals. During covid-19 pandemic, we quickly had to adapt to the requirements of the hygiene and social distance protocols and, at the same time, keep our entire operation running, complying with all the values that guide our daily lives.

Our major mission was to keep the supermarkets stocked with our products, essential for Brazilian families, ensuring the population’s access to our food.

To check out some videos of the engagement campaign developed for our employees and widely disclosed in internal communication vehicles and in leadership meetings with their teams, access the links below:

- Message from the CEO about covid-19, Click here.
- We are M. Dias Branco - All against covid-19, Click here.
- Tribute from consumers to employees, Click here.
- Together we are stronger, Click here.
- Quality food for Brazil and the world, Click here.

CATEGORIES OF PRODUCTS (GRI 102-2 AND GRI 102-9)

- Cookies and Crackers
- Pasta
- Wheat Flour and bran
- Cake Mix
- Margarine and vegetable shortening
- Cakes
- Corn and wheat snacks
- Packaged toast
- Chocolate iced (cookies and crackers)



PURPOSE

Providing food for the well-being of society and the people’s happiness.

MISSION

To offer quality, innovative, healthy and tasty food with competitive prices, providing well being and happiness to people.

VISION

We collaborate for the society development with successful and sustainable partnerships, global presence and diversified operation, being a reference regarding respect to people and environment, ethics, creativity, willingness to serve, simplicity and love for what we do.

VALUES

- Agility
- Willingness
- Creativity
- Ethics
- Excellence
- Respect
- Safety
- Simplicity
- Overcoming
- Zeal

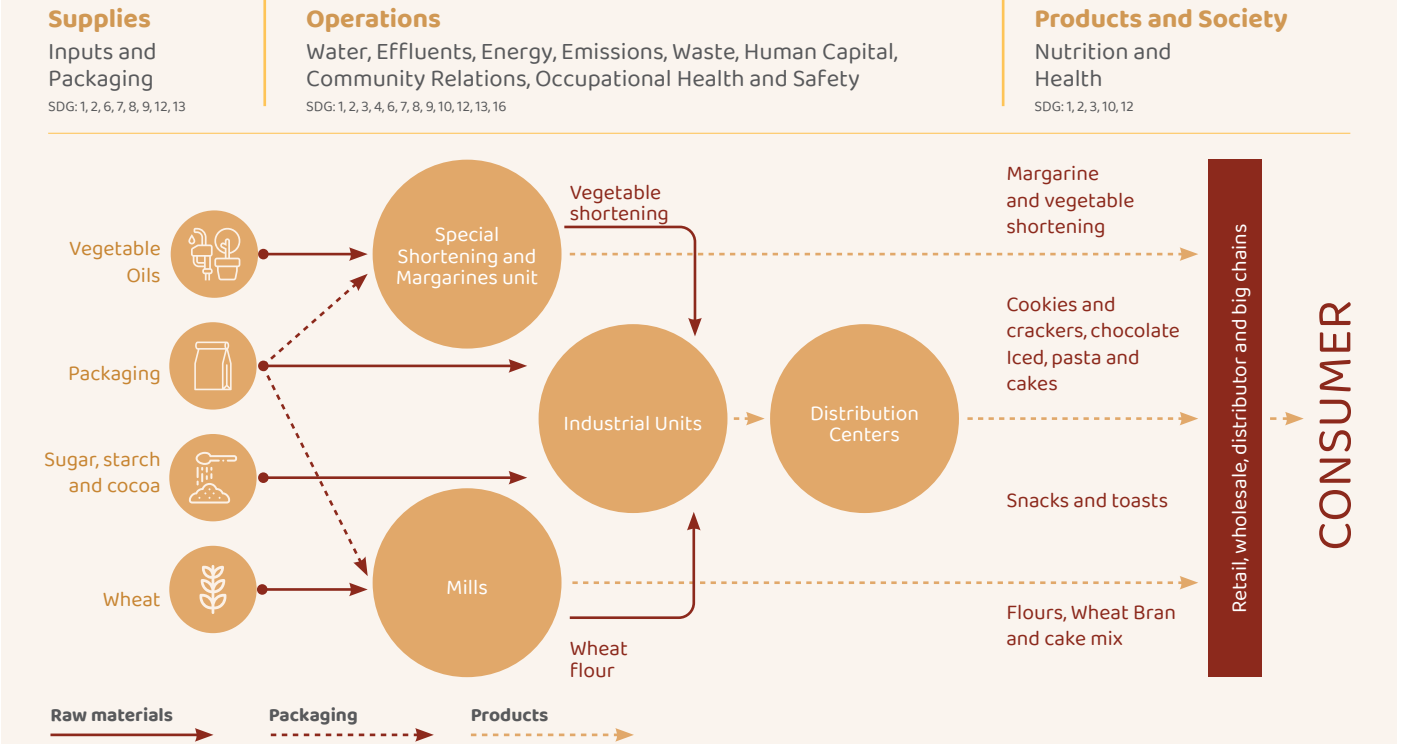
*Visit our website: www.mdiasbranco.com.br to access a detailed description of our Values.

BUSINESS MODEL AND VALUE CHAIN (GRI 102-9)

As a competitive advantage of our business model, we can highlight the following points: (i) leadership in the cookies and crackers and pasta markets in Brazil and a relevant position in the national wheat flour market; (ii) high level of integration of the production process; (iii) portfolio of strong brands with nation-wide coverage and dispersed distribution; (iv) modern production facilities, with plants strategically located; (v) financial strength and strong cash generation to support the growth strategy; (vi) production lines predominantly located in tax incentive regions; (vii) experienced team of managers and qualified staff; (viii) high levels of vertical integration in wheat flour and vegetable shortening used in the manufacture of our products.



M. DIAS BRANCO VALUE CHAIN



HIGHLIGHTS OF THE YEAR

In partnership with Senai, Germinar program, **2020 edition**, was launched, with R\$ 1 million investment in startups from all over Brazil focused in solving challenges through innovation.

M. Dias Branco official website now have all its **content translated into the Brazilian Sign Language (Libras)** through a virtual assistant, allowing the hearing impaired to access the Company's information.

According to the annual **ranking of 100 Open Startups** platform, the Company is among the 100 companies that stood out the most in *open innovation* in Brazil.

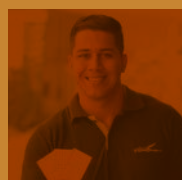
We carry out the **heaviest marketing investment** of the Company, with seven media campaigns for brands Adria, Fortaleza, Isabela, Piraquê, Richester, Treloso and Vitarella and, simultaneously, five promotional actions for brands Adria, Fortaleza, Isabela, Piraquê and Vitarella.

The campaign "**You donate, we donate**" allocated R\$ 2.4 million to support blood centers in six states in hematology research for the treatment of covid-19 patients and encourage blood donation. In addition, for each blood bag donated, the Company also donated 500 products. In total, R\$ 2.4 million was donated in financial resources and food.

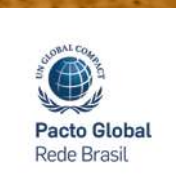
We are on the list of 11 companies of **ESG selection prepared by BB Investimentos**, which had as criteria the control of emissions and rational use of resources, diversity in teams, combating child labor and controlling corruption.

We joined the portfolio of **Carbon Efficient Index (ICO2)** of B3, in force from January 4 to April 30, 2021, and is rebalanced every four months. ICO2 comprises shares of companies included in the Brazil 100 Index (IBrX 100 B3), which decide to adopt transparent practices in relation to greenhouse gas (GHG) emissions, evidencing our commitment to act against global warming.

According to a survey by Kantar (household consumption panel), considering the product portfolio of M. Dias Branco, we were **present in 93% of Brazilian households** in 2020.



Officialized the **adherence to the 10 principles of the Global Compact** derived from the Universal Declaration of Human Rights, the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.



In the ranking released by Forbes, we are among the **100 companies that made the most donations** in the country during the covid-19 pandemic.

Throughout the year, we **donated more than R\$ 17.3 million in products**, equivalent to more than 3,200 tons of food, for about 150 institutions in 17 Brazilian states, minimizing the pandemic impacts among the most vulnerable populations.

We were recognized as the best company in the food category at the 17th **Best of Dinheiro award**, from IstoÉ Dinheiro magazine.



Fitch reaffirmed the long-term domestic 'AAA (BRA)' rating for M. Dias Branco with a stable outlook, reflecting the solid business profile of our Company.

An unprecedented achievement was announced: we were listed in the 16th portfolio of **Corporate Sustainability Index (ISE)** of B3, in force from January 4 to December 30, 2021. ISE is a tool for comparative analysis of companies' performance in requirements related to corporate sustainability, bringing together 46 shares of 39 companies from 15 sectors. Together, they add up to approximately R\$ 1.8 trillion in market cap, 38% of the total market cap of companies with shares traded on B3.

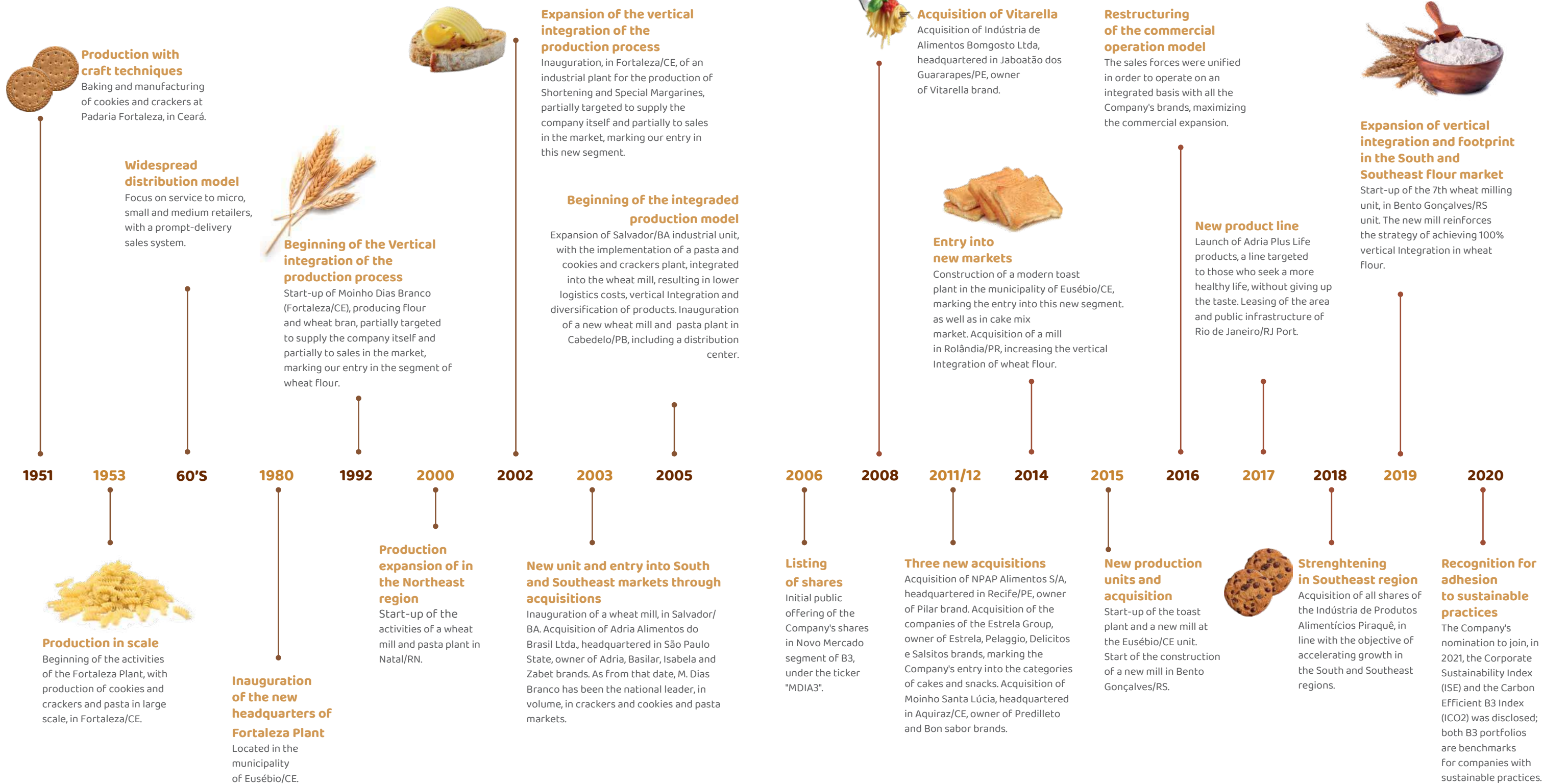
ISE B3



For the fourth consecutive year, we were one of the winning companies of the **2020 Transparency Trophy**, granted by Associação Nacional de Executivos de Finanças, Administração e Contabilidade (National Association of Finance, Business and Accounting Executives - ANEFAC), which assesses the quality and transparency of Brazilian-based companies' income statements.

ENTREPRENEUR BACKGROUND

LEARN MORE ON THE EVOLUTION OF M. DIAS BRANCO
IN ITS OVER 65 YEARS OF HISTORY



Market Context

We believe in Brazil and we
work hard to contribute to the
development of each region,
feeding the well-being of the
entire society.

M. Dias Branco

OVERVIEW OF MARKETS OF OPERATION

(GRI 102-6)

COOKIES AND CRACKERS

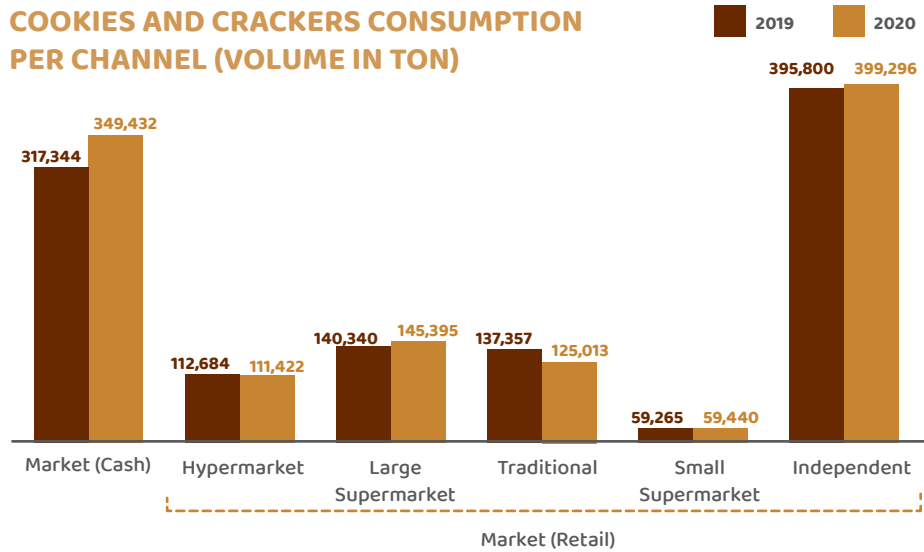
According to Nielsen, when comparing 2019 x 2020, the Brazilian market advanced 2.4% in sales volume, from 1,162 to 1,190 tons. On a value basis, market increased 5.5%, from R\$ 14,760 to R\$ 15,565 billion.

During the year, due to the covid-19 pandemic, the consumption of cookies and crackers showed a sizeable increase in April, with a result 7.6% above the monthly average recorded in the same year.

Changes in consumption based on sales volume segmented by channels, showed a -0.5% decrease in Retail, with a more significant reduction in the Traditional channel. Cash&Carry, on the other hand, recorded an expressive growth of + 10.1%.



COOKIES AND CRACKERS CONSUMPTION PER CHANNEL (VOLUME IN TON)



Category	2019	2020	Change 19/20
Total cookies and crackers	1,162,793	1,190,297	2.4%
Cracker	247,825	252,032	1.7%
Sweet Filled	285,610	295,357	3.4%
Mamai	152,349	160,014	5.0%
Dried and Sweet	163,324	162,087	-0.8%
Waffer	88,297	93,607	6.0%
Salted	85,506	82,233	-3.8%
Donut	102,432	105,621	3.1%
Cookie	23,063	22,376	-3.0%
Iced	3,365	5,353	59.1%
Mixed	3,508	3,633	3.6%

PASTA

Pasta market in Brazil recorded a 3.6% growth in volume, from 753,031 to 779,887 tons; based on value (considering the financial amount traded in this product category) market grew 9%, from R\$ 3.8 to R\$ 4.2 billion when comparing 2019 versus 2020. Between March and June 2020, a significant increase was seen in consumption due to the covid-19 pandemic in Brazil, as social isolation promoted a higher consumption of meals by families in their homes.

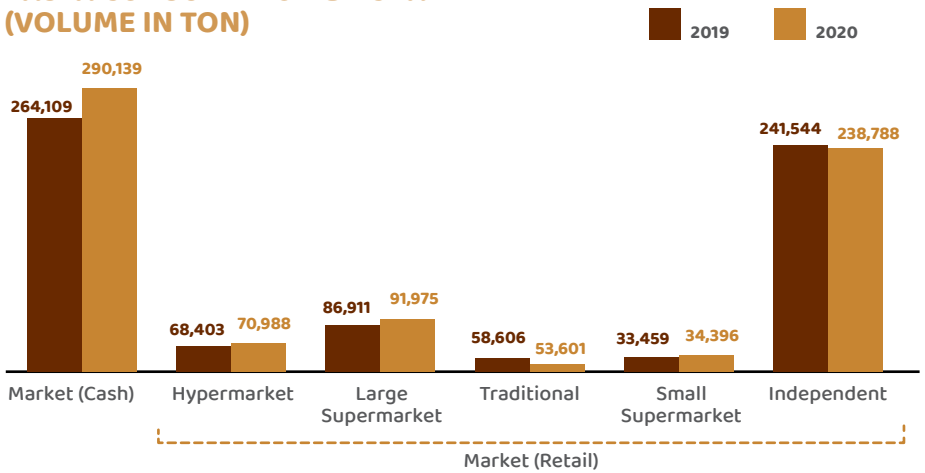
When looking at consumption-related data by sales channels, both Retail (+0.2%) and Cash&Carry (+9.9%) showed an increase in consumption when comparing 2019 versus 2020. Diving deeper into the analysis of the Retail segment, we can see drops in sales in Traditional and Independent channels, which were offset by the growth in other channels.

In addition, a volume increase in consumption in all pasta segments between 2019/2020, with a highlight to the Semolina segment, with 5.1% growth in 2020.

Instant Noodles market in Brazil recorded a significant 13.4% increase in consumption, from 128,301 para 145,552 tons; considering values, market grew 19.3%, from R\$ 2.0 to R\$ 2.4 billion.

Consumption growth in instant noodles volume was seen in both channels: Retail (+7.7%) and Cash&Carry (+27.2%). In terms of volume, Cash&Carry is less representative in consumption,

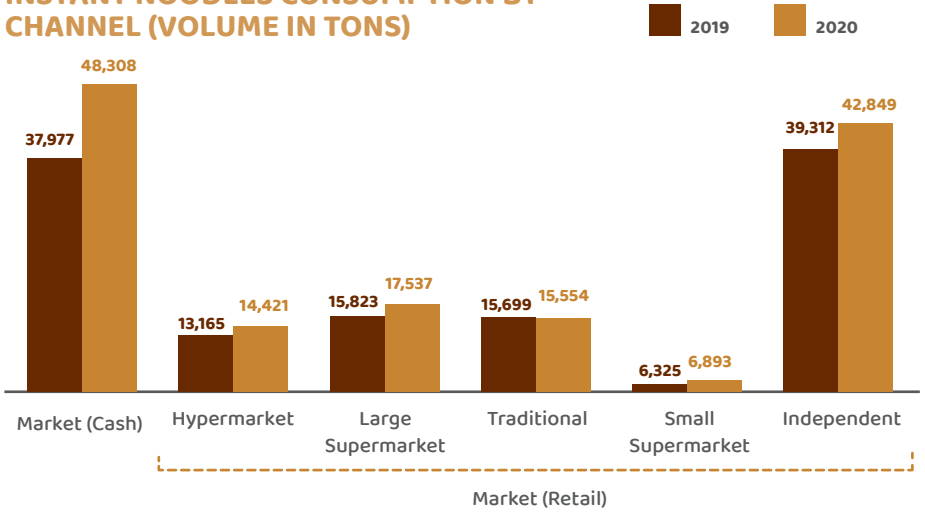
PASTA CONSUMPTION BY CHANNEL (VOLUME IN TON)



SALES VOLUME BY PASTA CATEGORY (IN TONS)

Category	2019	2020	Change 19/20
Pasta	753,031	779,887	3.6%
Regular	210,318	214,876	2.2%
Semolina	253,181	266,008	5.1%
Semolina with eggs	259,572	267,929	3.2%
Grano Duro	20,222	21,115	4.4%

INSTANT NOODLES CONSUMPTION BY CHANNEL (VOLUME IN TONS)



however it shows the best variation performance when comparing 2019 versus 2020.

WHEAT MARKET

Wheat is the main raw material used in mills and in the manufacture of our food products, such as cookies and crackers, pasta, wheat flour, packaged toasts and cake mix.

According to the U.S. Department of Agriculture, 2020/21 harvest is estimated at a global production of 773.7 million metric tons (MMT), pointing out 1.2% growth in global production versus the previous 2019/2020 harvest, with a total increase of 9.2 MTM.

In the current wheat harvest, around 66% of global production is expected to stem from four countries and the European Union.

The final global inventory is concentrated in four countries and the European Union, where China accounts for 50.9%, India 9.8%, the United States 7.4%, the European Union 3.7% and Russia accounts for 3.4%. Worldwide inventories are

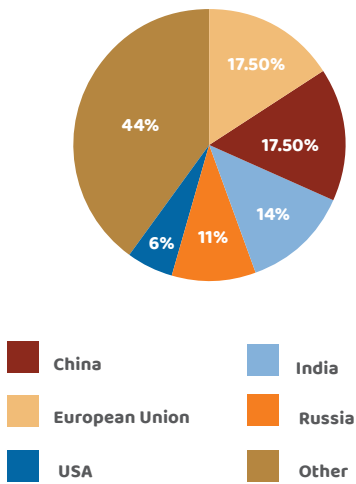
expected to increase from 300.6 MMT to 316.5 MMT, a 5.3% increase.

Although Brazilian wheat production has evolved in recent years, it is still low compared to the world's main producers. CONAB (Companhia de Abastecimento Nacional) estimates that wheat production in Brazil for 2020/2021 will reach 6.2 MMT, representing a 20.94% increase versus the previous harvest.

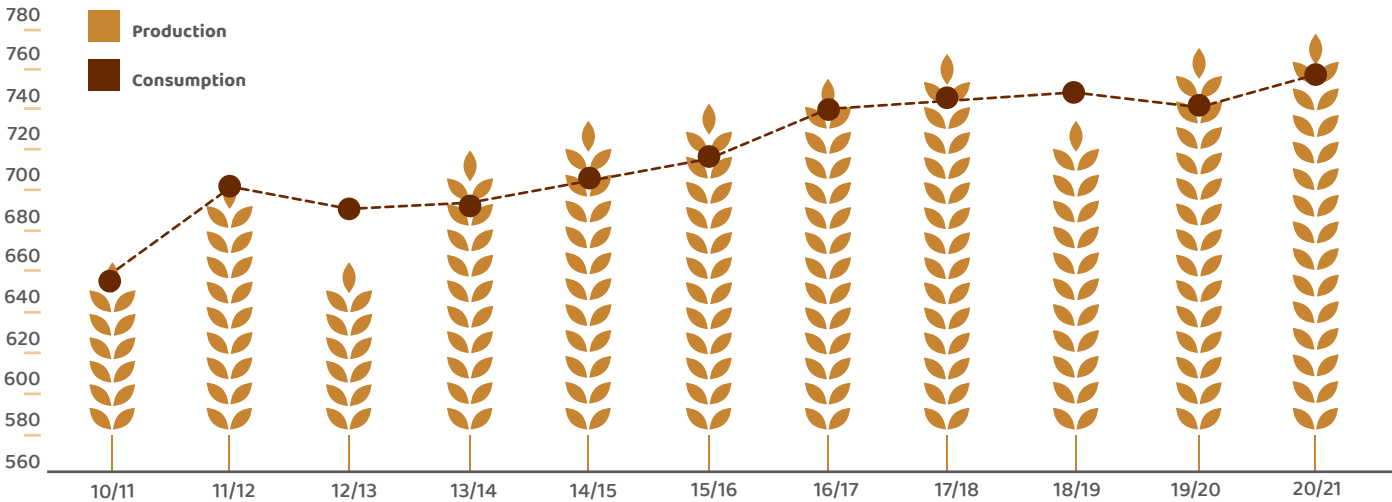
The quantity and quality of Brazilian wheat production are not enough to meet the market demand of wheat for milling. According to the ABITRIGO data, the expected industry milling for 2020/21 is 12.2 MMT, flat versus the previous year (2019/20 harvest).

The wheat consumed in Brazil is mostly imported from three countries. In December/20, the volume of this cereal imported from Argentina accounted for 73.9% of the total, while the United States accounted for 11.9% and Paraguay 4.3%. The main

GLOBAL WHEAT PRODUCTION



GLOBAL WHEAT PRODUCTION AND CONSUMPTION (IN MMT)



destinations for foreign wheat were the states of Ceará (18.9%), São Paulo (16.2%), Bahia (13.6%) and Pernambuco (9.6%).

for the 2020/2021 period, Brazil was in the 7th position in the world ranking

of wheat importers, accounting for 3.5% of world imports. According to USDA data, Argentina is historically the largest international supplier of wheat to Brazil, and in 2020 a total of 4.6 MMT from this source was imported. Argentina's estimated

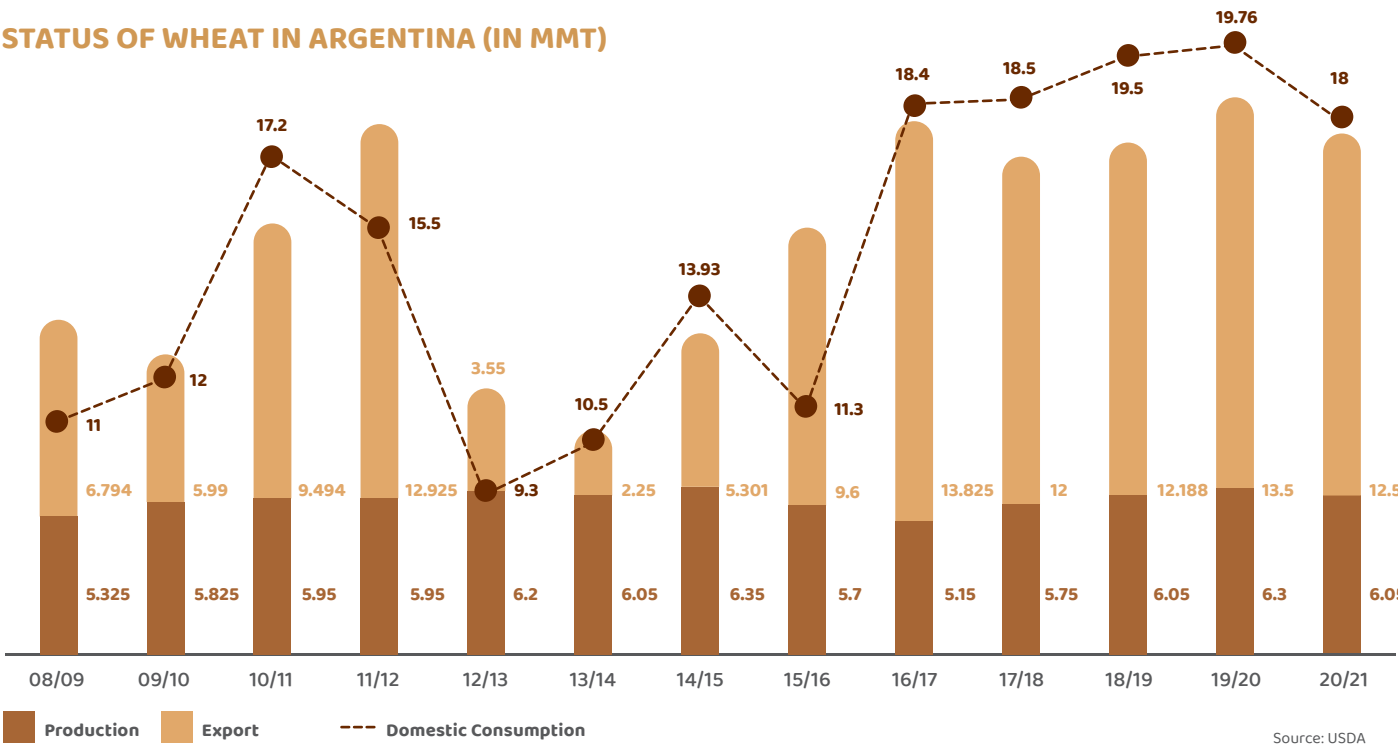
production for current harvest is 18 MMT, with average yield of 2,810 kg per hectare.

LEVEL OF BRAZILIAN WHEAT INVENTORIES (IN KMT)

Harvest	Initial Inventory (AUG/01)	Production	Grain Import	Supply	Grain Export	Domestic consumption			Final Inventory (JUL/31)
						Industrial Milling	Seeds	Total	
12/13	1,956.10	4,379.50	7,010.20	13,345.80	1,683.90	9,850.00	284.30	10,134.80	1,527.60
13/14	1,527.60	5,527.80	6,642.80	13,697.80	47.40	11,050.00	331.50	11,381.50	2,268.90
14/15	2,268.90	5,971.10	5,328.80	13,568.80	1,680.50	10,300.00	413.70	10,713.70	1,174.60
15/16	1,174.60	5,534.90	5,517.60	12,227.10	1,050.50	10,000.00	367.30	10,367.30	809.30
16/17	809.30	6,726.30	7,088.50	14,624.50	576.80	11,200.00	317.70	11,517.70	2,530.10
17/18	2,530.10	4,262.10	6,387.00	13,179.20	206.20	10,700.00	287.40	10,987.40	1,987.00
18/19	1,685.60	5,427.60	6,753.10	13,866.30	582.90	12,175.00	306.40	12,481.40	802.00
19/20¹	802.00	5,154.70	7,000.00	12,956.70	350.00	12,200.00	306.10	12,506.10	100.60
20/21¹	100.60	6,315.90	7,300.00	13,716.50	300.00	12,200.00	347.90	12,547.90	868.60

Source: Companhia Nacional de Abastecimento (CONAB)

STATUS OF WHEAT IN ARGENTINA (IN MMT)



Source: USDA

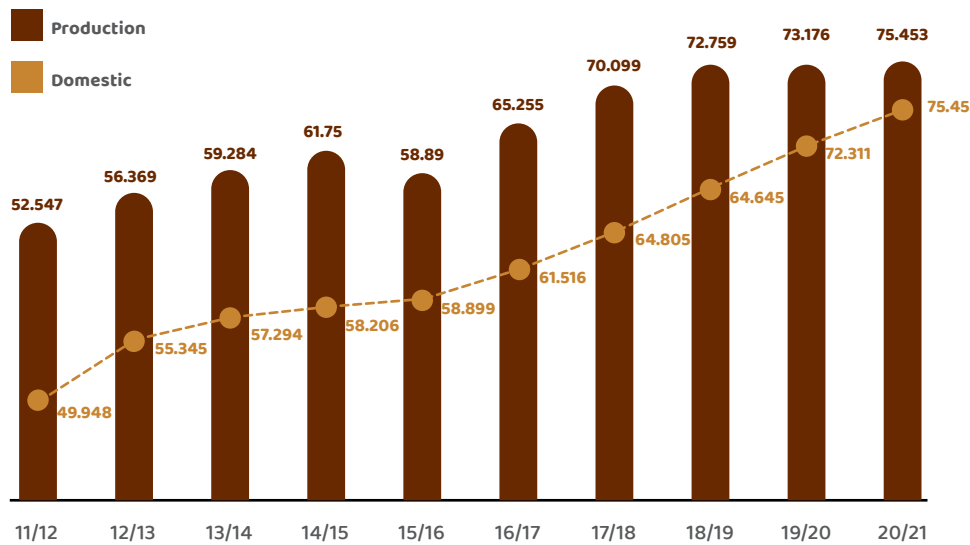
VEGETABLE OILS

Vegetable oils are used in our refineries for the production of vegetable shortening and margarines. Palm oil is the most relevant, accounting for 84% of consumption.

Brazil palm oil production is not sufficient to meet consumption, leading to need to import of this commodity. According to USDA, the 2020/21 harvest will mark a new record in global production reaching 75.4 MMT, a 3% increase versus the previous year (2019/20). Concurrently, world consumption has also been gradually growing, mainly driven by biofuels, with a 4% increase over the previous period, reducing world inventories by 11.5%, reaching 9.7 MMT in 2020/21 harvest.

The largest world producers of palm oil are: Indonesia and Malaysia, corresponding to 85% of world production, according to USDA estimates. Brazil is ranked 10th, producing 540 thousand tons of palm oil in 20/21 harvest.

WORLD PALM OIL PRODUCTION AND CONSUMPTION (IN MMT)



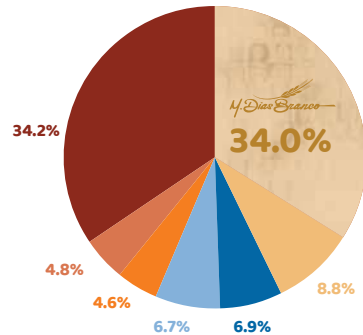
Source: USDA - Dec / 2020

MARKET SHARE

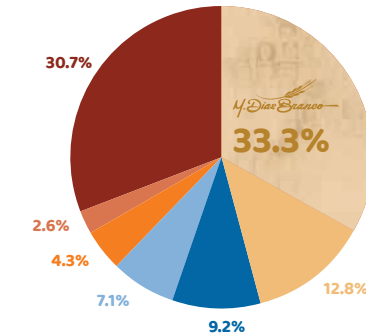
The graph below shows market share in Brazil (in % of volume sold) of M. Dias Branco, national leader in pasta and cookies and crackers markets, and the main competitors year-to-date from January to December 2020. In the Northeast region, our market share in wheat flour is 33.1% and 14.8% in margarine.

MARKET SHARE IN BRAZIL (IN % OF VOLUME SOLD)

COOKIES AND CRACKERS



PASTA



* NIELSEN Data for the period From Jan to Dec 2020

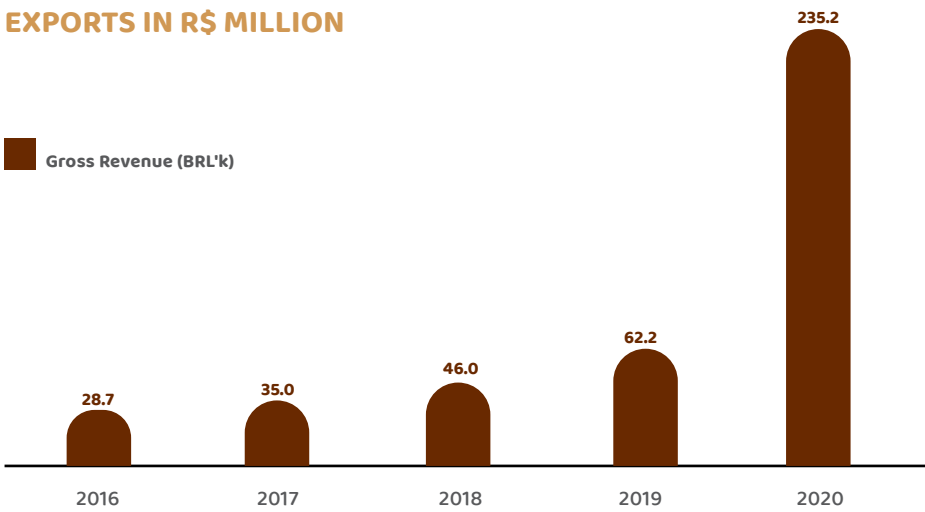
GROWTH IN EXPORTS

2020 was marked by robust growth in what is one of the Company's key strategic growth avenues.

Year after year, our exports grow consistently and profitably not only due to our ability to capture global demand opportunities, but mainly due to the enabling investments made over the past 5 years, thereby providing the conditions and products to meet the most demanding markets.

Sales abroad showed a 278.2% increase in gross revenue, reaching 44 countries on all continents, with a focus on the Americas and Africa. The best-selling foods were flour, pasta and margarine, while cookies and crackers, packaged toasts and cake mix also grew in volume, revenue and profitability, becoming increasingly relevant to the business.

EXPORTS IN R\$ MILLION



Aiming to keep growing, attract new customers and disseminate our brands, in 2020 we were able to participate in two on-site events - ISM (Cologne, Germany) and Gulfood (Dubai, United Arab Emirates) - and a series of fairs, forums and virtual

business rounds serving different markets and channels throughout the year.



PILLARS SUPPORTING EXPORT GROWTH

- Development of the department structure and supporting areas.
- Creation and adjustment of products for strategic markets.
- Active and focused promotion.

CHANNELS AND SALES BY REGION (GRI 102-6 AND GRI 102-7)

SALES CHANNELS

We ended 2020 with gross revenue less discounts with a more evenly distribution among the channels. We highlight the growth in Distributor channel, which is key for our growth in the Attack region (South, Southeast and Mid-west).

SALES BY REGION

In line with the strategy of geographic diversification of sales the representativeness of the set of Attack regions increased from 34.4% in 2019 to 34.7% in 2020. Exports performance was a highlight in the period, reaching 44 countries (35 in 2019), with R\$ 235.2 million in gross revenue (+278.2% versus 2019).

A market study performed by Kantar (household consumption panel) showed that our food products, considering all brands, are present in 93% of Brazilian homes in 2020 (92.2% in 2019). Highlights for the Northeast and North regions (99.9%), Greater Rio de Janeiro (98.2%), Greater São Paulo (95.9%) and South (92.4%), showcasing the very high penetration of our products.



REPRESENTATIVENESS OF CUSTOMERS BY SALES CHANNEL

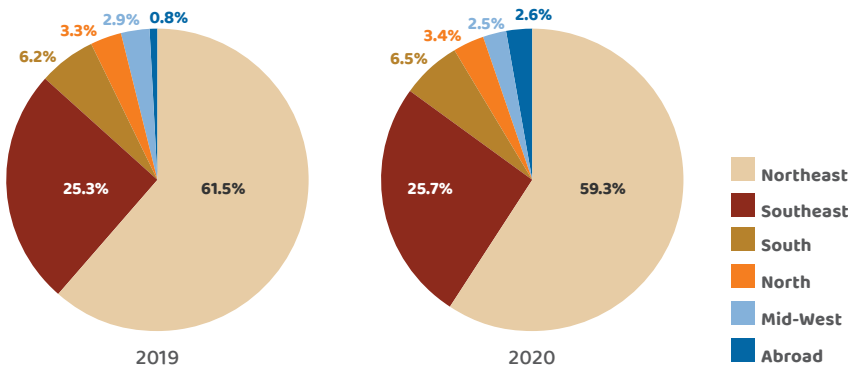
Customer Mix	2019	2020	Change
Retail	29.8%	26.8%	-3 p.p
Wholesale	24.2%	22.4%	-1.8 p.p.
Key Account/Regional Network	20.6%	20.8%	0.2 p.p
Cash & Carry	18.9%	18.2%	-0.7 p.p
Distributors	4.5%	7.3%	2.8 p.p.
Manufacturing	0.9%	1.0%	0.1 p.p
Other	1.1%	3.5%	2.4 p.p
TOTAL	100.0%	100.0%	

CUSTOMER SHARE IN REVENUE, NET OF DISCOUNTS

Major Customers		Sales 2020 (R\$ million)*	Share of Revenue Net of Discounts	
Sequence	Cummulative		In Range	Cummulative
Largest Customer	1	910.0	10.5%	10.5%
49 Subsequent	50	2,417.4	27.9%	38.4%
50 Subsequent	100	662.5	7.6%	46.0%
900 Subsequent	1.000	2,483.1	28.6%	74.6%
Other Customers	All	2,201.4	25.4%	100.0%
TOTAL		8,674.4		

*Gross revenue, net of discounts.

SALES BY REGION (% OF REVENUE, NET OF DISCOUNTS)



Governance, Risks and Compliance

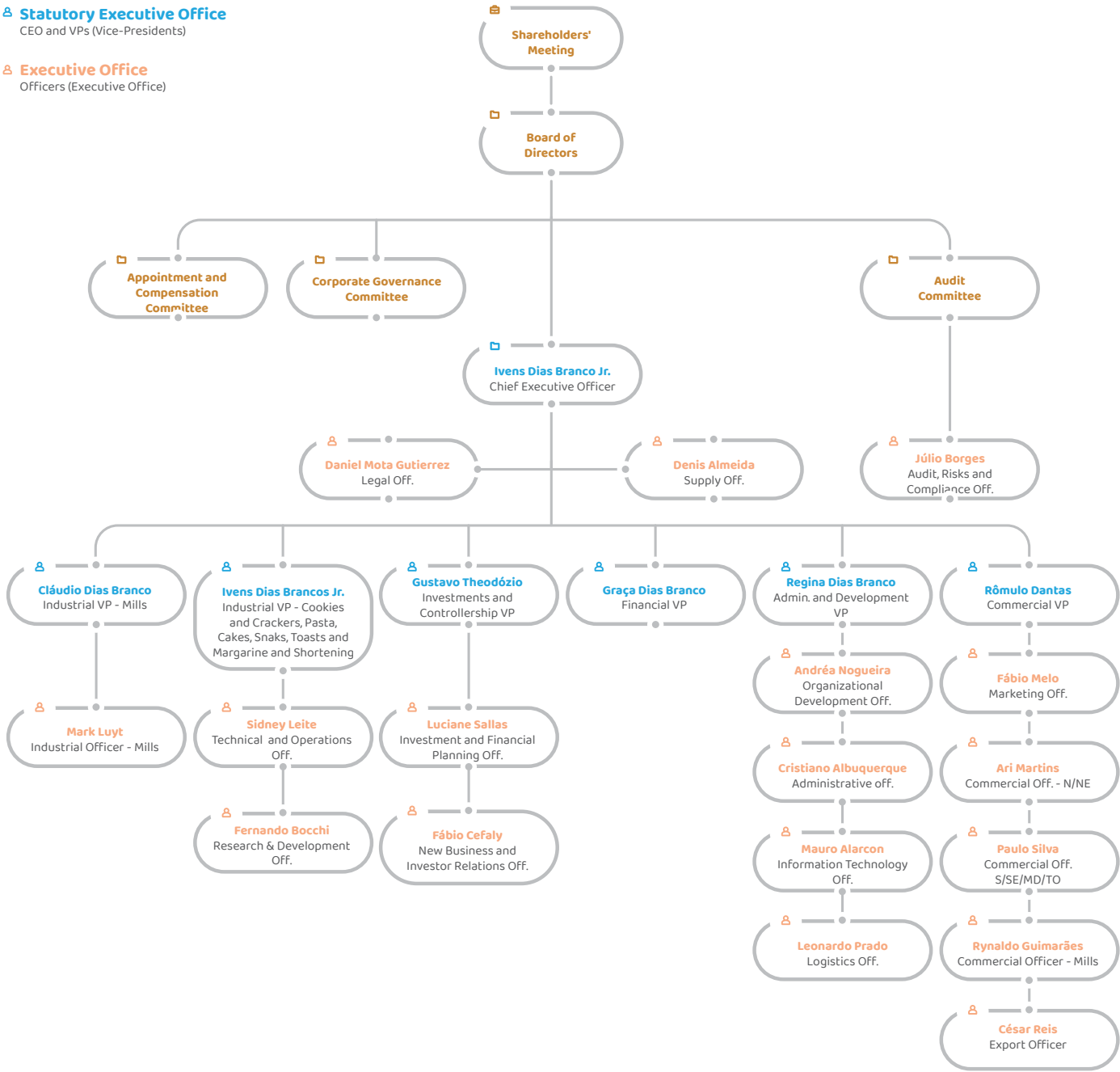
Year after year, we evolve in
our processes, policies and
controls, always keeping ethics
as the main ingredient for our
success.

M. Dias Branco



ORGANIZATIONAL CHART (GRI 102-18)

Our organizational structure aims to ensure the execution of the Strategic Direction through an effective governance to meet corporate goals. With weekly meetings between the Statutory and Executive Boards, we ensure agility in decision making. In addition, strategic resolutions are made through collective agreement by the Statutory Executive Office.



CORPORATE GOVERNANCE



Every week, the CEO, VPs and Officers meet to discuss the most important matters. In the photo, Ivens Dias Branco Jr (CEO), Rômulo Dantas (Comercial VP) and GustavoTheodózio (Investments and Controllershship VP)

Our Company is listed in Novo Mercado segment of B3 since 2006, with only common shares, tag along and AAA (BRA) rating. The Board of Directors is comprised by 50% independent members and, since 2014, the positions of Chief Executive Officer and Chairperson of the Board of Directors have been held by different individuals.

We adopted an internal indicator called iMDB - M. Dias Branco Index of Corporate Governance - which covers

- the requirements of the following market references:
- Novo Mercado Regulation (mandatory).
 - Brazilian Corporate Governance Code (apply or explain).
 - Dow Jones Sustainability Index (inspirational).
 - Corporate Sustainability Index - ISE (inspirational).

We assure the completeness of the information presented in this report, framed based on the evolution of integrated thinking and as recommended by the IIRC Integrated Reporting guidelines.

Thus, we drive efforts to improve and measure our progress towards consolidated demands in the market and in society, on an objective and pragmatic basis.

GOVERNANCE FORUMS (GRI 102-18)



(Non-statutory) forums and committees address specific topics and reinforce the governance structure. These are collective bodies comprising members elected by the Statutory Executive Office, and, on a collectively basis, have the knowledge, skills and abilities required to perform the responsibilities assigned to them, while encouraging an environment of transparency, sharing and accountability.

SANITARY EMERGENCY ROOM

Since early March, the Company established a crisis committee comprising managers from the most diverse areas to address and execute, with increased agility, the actions

that must be taken in connection to covid-19 pandemic, having as main fronts:

- Management of people.
- Management of customers and brands.
- Management of supply chain.
- Financial management.

The committees are continuously monitoring the developments of the pandemic in Brazil and mapping their impact on business. Throughout 2020, we were able to sustain the

development of our food production and distribution activities, ensuring the necessary conditions for the preservation of the health of our professionals, based, above all, on the guidelines of the World Health Organization and the resolutions of governmental agencies. The actions already taken, coupled with the Government's efforts to ensure the operation of food companies, have been paramount to maintain the regular course of activities and ensure the supply of our products in the market.

DIVERSITY IN GOVERNANCE BODIES (GRI 405-1)

The different governance forums comprise professionals from different backgrounds, ages, education and gender, which enriches the discussions and ensures the necessary complementarity. For example, in relation to diversity, 36% of the members of the Board of Directors are women and 91% are over 50 years of age.

Name		Age	Gender
Board of Directors			
Maria Consuelo Saraiva Leão Dias Branco	Effective Member (Chairperson)	86	F
Francisco Cláudio Saraiva Leão Dias Branco	Effective Member (Vice-Chairperson)	54	M
Maria das Graças Dias Branco da Escóssia	Effective Member	61	F
Fernando Fontes Lunes	Independent Member	58	M
Guilherme Affonso Ferreira	Independent Member	69	M
Daniel Percim Funis	Independent Member	45	M
Francisco Marcos Saraiva Leão Dias Branco	Substitute Member	56	M
Francisco Ivens de Sá Dias Branco Júnior	Substitute Member	60	M
Maria Regina Saraiva Leão Dias Branco	Substitute Member	59	F
Luiza Andréa Farias Nogueira	Substitute Member	56	F
Daniel Mota Gutiérrez	Substitute Member	47	M
Audit Committee			
Carlos Roberto de Albuquerque Sá	Independent Member (Coordinator)	70	M
Elionor Jreige Weffort	Independent Member	51	F
Jorge Roberto Manoel	Independent Member	67	M
Guilherme Affonso Ferreira	Independen Member (Board of Directors' Representative)	69	M
Corporate Governance Committee			
Maria Regina Saraiva Leão Dias Branco	Chairperson	59	F
Luiza Andréa Farias Nogueira	Effective Member	56	F
Daniel Mota Gutiérrez	Effective Member	47	M
Fernando Fontes Lunes	Independen Member (Board of Directors' Representative)	58	M
Management Appointment and Compensation Committee			
Francisco Ivens de Sá Dias Branco Júnior	Chairperson	60	M
Maria Regina Saraiva Leão Dias Branco	Effective Member	59	F
Luiza Andréa Farias Nogueira	Effective Member	56	F
Daniel Mota Gutiérrez	Effective Member	47	M
Daniel Percim Funis	Independen Member (Board of Directors' Representative)	45	M
Statutory Executive Office			
Francisco Ivens de Sá Dias Branco Júnior	Chief Executive Officer and Industrial Vice President - Crackers & Cookies, Pasta, Margarines, Cakes and Snacks	60	M
Francisco Cláudio Saraiva Leão Dias Branco	Industrial Vice-President - Mills	54	M
Maria Regina Saraiva Leão Dias Branco	Vice President of Management, Development and Sustainability	59	F
Maria das Graças Dias Branco da Escóssia	Financial Vice-President	61	F
Rômulo Ruberti Calmon Dantas	Commercial Vice-President	57	M
Gustavo Lopes Theodózio	Vice-President of Investments and Controllershship and Investor Relations Officer	45	M

RISK MANAGEMENT AND
INTERNAL CONTROLS

Name		Age	Gender
Ethics Committee			
Daniel Mota Gutierrez	Legal Executive Officer	47	M
Júlio Borges de Carvalho	Audit, Risks and Compliance Executive Officer	43	M
Luíza Andréa Farias Nogueira	People, Management and Sustainability Executive Officer	56	F
Executive Committee			
Antônio Rynaldo Studart Guimarães	Commercial Executive Officer - Flour	78	M
Aristófanés Martins de Alexandre	Commercial Executive Director - North/Northeast Regions	55	M
César Martins Rosa Vasconcelos Reis	Export Executive Officer	42	M
Daniel Mota Gutierrez	Legal Executive Officer	47	M
Denis Henrique Pacheco Almeida	Supplies Executive Officer	48	M
Fábio Cefaly de Campos Machado	New Business and Investor Relations Executive Officer	44	M
Fábio Luiz Pires de Melo	Marketing Executive Officer	39	M
Fernando Bocchi	Research & Development Executive Officer	54	M
Júlio Borges de Carvalho	Audit, Risks and Compliance Executive Officer	43	M
Leonardo Pires do Prado	Logistics Executive Officer	38	M
Luciane Nunes de Carvalho Sallas	Project Executive Officer	45	F
Luís Cristiano Prazeires Albuquerque	Management Executive Officer	48	M
Luíza Andréa Farias Nogueira	People, Management and Sustainability Executive Officer	56	F
Mark Stanley Luyt	Industrial Executive Officer - Mills	59	M
Mauro César Branco Alarcon	Information Technology Executive Officer	41	M
Paulo Sérgio da Silva	Commercial Executive Officer - South/Southeast/Midwest Regions	52	M
Sidney Leite dos Santos	Technical and Operations Executive Officer	53	M
Sustainability Committee			
Aled Carvalho Parry	Sustainability Manager	55	M
Denis Henrique Pacheco Almeida	Supplies Executive Officer	48	M
Fábio Cefaly de Campos Machado	New Business and Investor Relations Executive Officer	44	M
Júlio Borges de Carvalho	Audit, Risks and Compliance Executive Officer	43	M
Luíza Andréa Farias Nogueira	People, Management and Sustainability Executive Officer	56	F
Sidney Leite dos Santos	Technical and Operations Executive Officer	53	M
Hedge Committee			
Francisco Ivens de Sá Dias Branco Júnior	Chief Executive Officer and Industrial Vice President - Crackers & Cookies, Pasta, Margarines, Cakes and Snacks	60	M
Francisco Cláudio Saraiva Leão Dias Branco	Industrial Vice-President - Mills	54	M
Gustavo Lopes Theodózio	Vice-President of Investments and Controllershship and Investor Relations Officer	45	M
Luciane Nunes de Carvalho Sallas	Project Executive Officer	45	F
Francisca Delane Martins Carvalho	Investment Manager	55	F
Denis Henrique Pacheco Almeida	Supplies Executive Officer	48	M
Ricardo Marinho Magalhães Alcântara	Corporate Supply Manager	42	M
Work Safety Committee			
Daniel Mota Gutierrez	Legal Executive Officer	47	M
Ezequiel Leite do Nascimento	Quality Corporate Manager	55	M
Júlio Borges de Carvalho	Audit, Risks and Compliance Executive Officer	43	M
Luíza Andréa Farias Nogueira	People, Management and Sustainability Executive Officer	56	F
Sidney Leite dos Santos	Technical and Operations Executive Officer	53	M
Image Management Committee			
Daniel Mota Gutierrez	Legal Executive Officer	47	M
Fábio Cefaly de Campos Machado	New Business and Investor Relations Executive Officer	44	M
Fernando Bocchi	Research & Development Executive Officer	54	M
Júlio Borges de Carvalho	Audit, Risks and Compliance Executive Officer	43	M
Luíza Andréa Farias Nogueira	People, Management and Sustainability Executive Officer	56	F
Tiago Cid Timbó	Communication, Culture and Sustainability Manager	40	M

The members of the forums, as well as their ages, refer to the date of disclosure of this report (March 31, 2021)

We adopt a formal risk management policy, reviewed by the Audit Committee and approved by the Statutory Executive Office. The purpose is to support the Company in meeting its strategic goals, and to set definitions, guidelines, evaluation criteria and risk appetite so as to ensure that the main business risks are identified, assessed and minimized to an acceptable level. Thus contributing to operational losses reduction, efficiency gains and the management and continuity of the business in adverse scenarios. In this sense, we have a structure of internal controls that is continuously reviewed and a system to assist in this management.

The risk management policy classifies the main risks as: strategic, operational, reporting, compliance, cyber, data protection, market, and social and environmental risks. In this sense, based on the quantitative and qualitative risk assessment and measurement, protection is sought for those representing higher potential to adversely affect the results of the business.

We adopt as a benchmark the guidelines of the main entities in these areas, such as the (Committee of Sponsoring Organizations of the Treadway Commission), o IIA (Institute of Internal Auditors) and IBGC (Brazilian Corporate Governance Institute). In addition to these entities, the Company routinely assesses the laws, rules and regulations in force in the country, keeping our risks continuously reviewed and adherent to the market trends and the Company's strategies. The main risks identified are detailed in

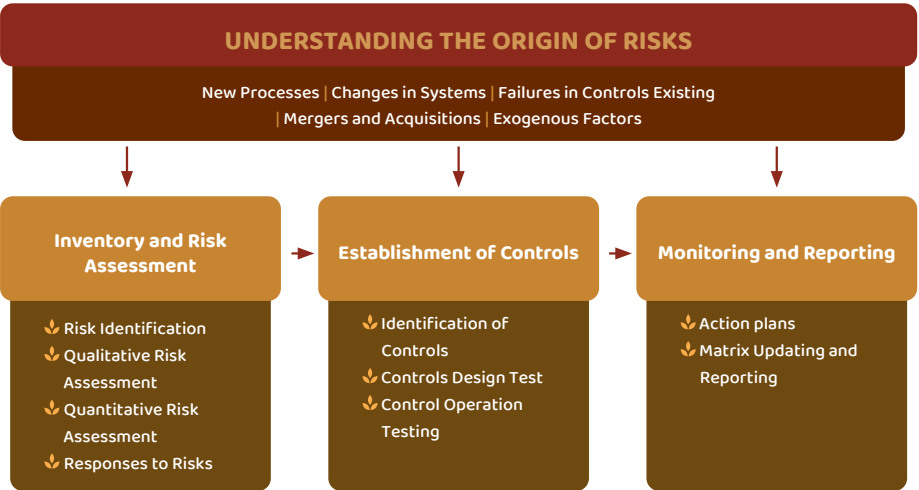
the Reference Form, filed with the Brazilian Securities and Exchange Commission (CVM) as well in the investore Relations Report, available on our website.

Finally, adherence to the Corporate Governance principles, pillars and practices means providing higher transparency and minimizing the asymmetry between our Company and the various agents involved in its chain, such as shareholders, creditors, suppliers, employees or consumers, making our growth sustainable through the adoption of ethical principles and good business conduct.

COVID-19
With the establishment of the Sanitary Emergency Room, several protocols were created to maintain continuity of the Company's essential operation, considering resilience to the unstable regulatory environment, and with the utmost care for the integrity and health of people. Compliance with established processes and controls was continuously assessed by audits at our facilities, by interactions with

stakeholders and by monitoring from the crisis committee.

HEDGE POLICY
The Hedge Policy was approved by the Board of Directors and its purpose is to ensure that the Company's business objectives and strategies are met, identifying and communicating in a timely manner the need to adapt operating procedures and the level of exposure to the inherent risks of exchange variation and commodity transactions. This Policy aims to protect and optimize the Company's results due to changes in currency and commodity prices through the contracting of financial instruments in the futures, forward, options and swapmarkets.



COMPLIANCE AND CODE OF ETHICS

(GRI 102-14, GRI 102-16, GRI 103-1, GRI 103-2, GRI 103-3 AND GRI 205-3)



Our Code of Ethics disseminates the principles and values of the Company, its subsidiaries and affiliated companies, guiding the conduct of all employees, managers, legal representatives and third-parties, making explicit the pattern of behavior expected in the relationship with stakeholders.

In 2020, new internal policies were reviewed or created, duly approved by the Board of Directors, aiming at strengthening the corporate governance system and, as result, compliance with B3 - Brasil, Bolsa, Balcão's Novo Mercado Regulation. These include:

- Policy For Good Competitive Practices.
- Hedge Policy.
- Policy for Extra Audit Services Contracting.
- Policy for Shareholders Remuneration.
- Purchase and Supply Policy.

We carry out training actions on policies related to the Compliance Program, among them the Anti-Corruption Policy, reaching 743 professionals including officers, managers, coordinators, supervisors and employees in specific areas.

Communications related to the Code of Ethics and related policies were carried out throughout the year, systematically, as reinforcement of the main themes in the internal

communication vehicles (intranet, email, wall chart, boards, magazine, among others). For the newly hired employees, these topics are included in the on-boarding process. The Code of Ethics and policies are available for consultation on our intranet and the Company's website.

SOCIAL AND ENVIRONMENTAL, HUMAN DEVELOPMENT AND ECONOMIC AND FINANCIAL INDICATORS

	2018	2019	2020
Number of occurrences reported in the Ethical Channel**	8	5	42

*** Human rights occurrences considered valid, including those related to merged company Piraguê and covid-19 in 2020.

ETHICAL CHANNEL NUMBERS IN 2020

Check out the reports received and classifications:



Wagner Brito
Maintenance Operator

ETHICAL CHANNEL (GRI 102-17)

The Company provides the Ethical Channel to its employees and any other stakeholders, which is a tool for receiving communications related to non-compliance with our Code of Ethics and further internal policies. This is an independent, specialized and secure channel, accessible by phone, email or internet, and ensures anonymity and protection for reporting individuals. We ensure anonymity to everyone.

In 2020, 992 reports were received through the Ethical Channel, representing a 13% increase when compared to the previous year. Of these, 956 (96%) were completed within the same year. We received 42 communications on human rights (moral harassment, sexual harassment, discrimination, social and environmental responsibility and occupational health and safety) considered well-founded and 12 were under analysis by the Ethics Committee on the reporting date. As a result of handling well-founded reports, controls were improved and disciplinary measures were applied.

No reports of corruption involving public officials and government authorities were recorded at the Ethical Channel in 2020. In addition, we were not subject to administrative or judicial sanctions for acts against national or foreign governments, pursuant to the terms of the Anti-Corruption Law.^(GRI 205-3)



REPUTATION AND CONFLICT OF INTEREST

In addition to keeping monitoring the most exposed operations to risks of corruption, money laundering, and related-party transactions, in 2020 we optimized the reputational checking activities of business partners through the use of data mining systems in public and private sources. We also performed a survey of possible conflicts of interest using forms answered by the Company's managers.

SPECIFIC REGULATIONS

We improved the monitoring of conditions for tax incentives, insurance, agreements of conduct adjustment, public civil actions, and licenses of various types; as well as we carry out an inventory of infraction notices and fines, focusing on solving its root causes.

In its 8th edition, the **Code of Ethics** brings elements of the **Anti-Corruption Law**, in addition to the inclusion of the theme '**Consequences and no retaliation**'

Francisco Augusto Gomes
Packing Machine Operator

Sustainability

For us, sustainability is the business itself. Accordingly, we have advanced in adopting practices that showcase our commitment to future generations. And we keep moving forward!

M. Dias Branco



SUSTAINABILITY STRATEGY (GRI 102-46 AND GRI 102-47)

Since the approval of our Strategic Sustainability Agenda in 2014, we have moved forward with specific actions in our value chain for material topics in Sustainability. Upon the review of the Strategic Direction in 2019, we strengthened the approach to Sustainability by creating a specific initiative: Revisiting the Strategic Sustainability Agenda for the next five years, fueling sustainable practices in the key business dimensions, which is expected to be completed in

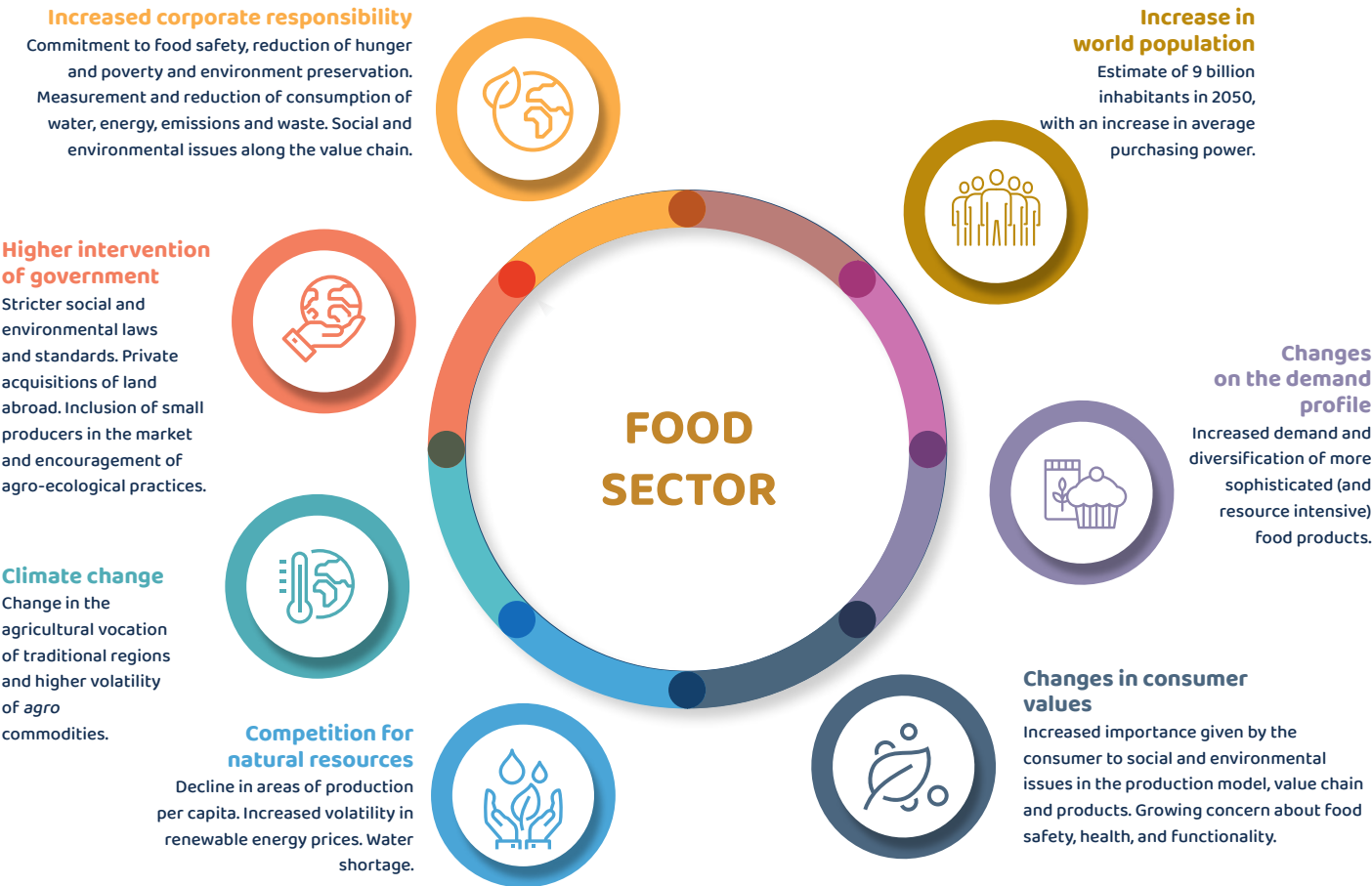
2021, with the establishment of new indicators and targets on the relevant sustainability issues.

In 2020, we performed a thorough analysis of the business connections with SDGs, identifying how we positively and negatively impact each of the 17 SDG, working with 14 of them with targeted actions. The table on pages 46 and 47 summarizes the connection analysis.

Global Compact

We are signatories to the United Nations (UN) Global Compact, reinforcing our commitment to increasingly align our strategies and operations with the ten universal principles that contribute to facing the challenges of society. Throughout the report we provide our progress reporting on the Global Compact principles.

GLOBAL MACRO TRENDS FOR THE FOOD SECTOR CONSIDERED IN OUR SUSTAINABILITY STRATEGY



SUSTAINABILITY CULTURE (GRI 102-43)



Aiming to build an organizational culture that is increasingly committed to future generations, we carried out a series of actions to encourage our employees to adopt a sustainable behaviour in their daily lives. The actions include fronts such as communication, training and experimentation, of which we highlight:

- Promotion of engagement campaigns on topics related to Sustainability.
- Annual event called Sustainability Meeting, covering all manufacturing units, with a program focused on the M. Dias Branco's contribution to the SDG.
- Sustainability training actions for different levels of the organization, totaling 25 lectures and training

programs, with the attendance of 908 employees and more than 2,033.92 hours of training. We highlight the Knowledge Journey, with four lectures and direct involvement of the Senior Management, as well as the lecture on Discrimination and Unconscious Bias for HR teams and leaderships, with the attendance of 95 employees, amounting to 144.448 hours of training.

- Campaigns on commemorative dates that strengthen diversity and inclusion, such as Women's Day, International Day against Homophobia, National Day for the Fight of Persons with Disabilities and Black Awareness Day.
- Promotion of an event to sharing experiences between Sustainability Ambassadors (employees who act

as partners in sustainability actions), with recognition of their work in the manufacturing units.

- Disclosure of the Diversity Booklet to the HR team and leadership, with guidance on inclusive selection process.
- Monthly disclosure of our sustainable initiatives in internal communication channels, as well as information on Climate Change and social actions supported.
- Holding of the Sustainability and Local Development Forum, with the presence of large companies from Ceará, addressing the theme "The contribution of companies to the Sustainable Development Goals", as a way to strengthen the theme in the organizational practices, with 56 participants.



SUSTAINABILITY MANAGEMENT

(GRI 103-2)

Sustainability management is carried out through Working Groups (WGs) created for each material topic. The results of the initiatives are reported on a regular basis to the Sustainability Committee and at the management level in the monthly Management by Guidelines (GPD) meetings.

2020 results related to material themes are presented throughout the report in chapters Human Capital, Natural Capital, Social and Relationship Capital and Intellectual Capital.

The achievement of our entry into the 16th ISE portfolio showcases our continuous development in sustainability management. The requirements for joining ISE portfolio broaden the corporate vision for a strategic sustainability management, accelerating our evolution in material matters.



José Márcio Nascimento
Waiter

Initiatives related to material Sustainability themes are governed by the following guidelines established in the Sustainability Policy:

SDG	Material Topic	Guidelines
1, 2, 3, 6, 7, 8, 9, 10, 12, 13, 16	Sustainable Value Chain	Incorporate and promote sustainability aspects in operations throughout the company's value chain.
1, 2, 10, 12, 14, 15, 16	Communities and Social Investment	Maintain the social investment in all industrial units and act with a focus on engaging with the communities surrounding the Company's operations.
1, 2, 3, 6, 7, 8, 9, 10, 12, 13, 16	Sustainability Culture	Development of a sustainability culture driven by education and communication actions, encouraging all employees to have a sustainable behaviour in their day-to-day work.
4, 8, 16	Human Rights and Diversity	Improve the quality of our human capital, respecting and advocating human rights, valuing the cultural diversity of our team and business partners in all units.
9, 12	Packaging	Improve the efficiency of product packaging with a focus on reducing the use of plastic and recycling paper and cardboard, baler films and other related materials.
1, 2, 6, 7, 8, 12, 13	Inputs	Develop a sustainable management of suppliers of critical inputs, based on criteria for selection, qualification, monitoring and development of suppliers.
6, 7, 9, 12, 13, 14, 15	Environment	Reduce the generation of waste and relative consumption of water and energy, implement water reuse in the units featuring an Wastewater Treatment Plant and Foster the environmental legal compliance in all units, including activities and products.
6, 7, 13	Climate Change	Monitor the greenhouse gas emissions resulting from the company's operations and acquire knowledge for structuring an internal climate change management.
2, 3, 12	Nutrition and Health	Increase the share of products with a more nutritious profile in the company's portfolio and eliminate trans fats in our product categories.
3, 4, 12	Occupational Health	Improve the quality of life of employees, ensuring the prevention of work accidents, the safe continuity of operational activities, reducing absenteeism and contributing to the well-being and safety of employees and their families.

EVOLUTION OF THE MAIN INDICATORS AND GOALS

(GRI 102-47)

Material topic	Goals 2021	2020 Results
Packaging	Reduce total plastic consumption by 1.2% p.a.	We reduced the Flexible plastic in packaging by 0.65% and avoided consumption of 124,861 tons of films in the year.
	Use 100% of the volume of cardboard and paperboard boxes made from recycled material and/or kraft (virgin) from raw material extracted from managed forests.	We were able to keep 100% of the volume of cardboard and paperboard boxes consumed in 2020 derived from managed forests.
	Introduce baler Films with 100% recycled material	We consumed 183 tons of baling Films recycled post-consumption, representing 17% of volume.
Inputs and Sustainable Value Chain	Qualify 100% of suppliers of raw materials classified as critical to the Company's business.	We kept the goal of qualifying 100% of suppliers of critical raw materials
		Purchase of initial volume of cage Free egg.
Nutrition and Health	Increase the share of products with a more nutritious profile in the company's portfolio.	Due to the consolidation of Piraquê's portfolio into the indicator's calculation base, the final result was 26.2% of products with added micronutrients, 7.2 pp lower when compared to 2019 result (33.4% in 2019).
	Keep 100% of products without partially hydrogenated fat by 2021.	From 9 production units using vegetable shortening in the manufacture of products, during, we advanced from 3 to 6 units, keeping the forecast of 100% adequacy at the end of 2021.
Environment	Effectively reduce waste generation in all units.	Water consumption index was 0.39 m³/ ton produced in 2020 (0.42 in 2019).
	Implement water reuse in units equipped with Wastewater Treatment Plants (WWTP).	Water reuse index declined to 15.1%.
	Reduce the relative consumption of water and energy compared to to the previous year.	Reduction in the recycling rate from 77.3% in 2019 to 57.5% due to impacts from the legislation.
Sustainability Culture Human Rights and Diversity		Management visit to social organizations supported in six units.
	Apply Sustainability contents in 100% of training trails of the Schools of the Corporate University.	Training on Sustainability for employees.
	Reach a ratio over 90 in "Sustainability and Diversity" item in the Organizational Climate Survey carried out with employees. .	Disclosure of sustainable actions in the various internal communication channels.
		Promotion of events, campaigns and training actions addressing Diversity and Inclusion themes.
Climate Change, Energy and Emissions		Definition of the diversity agenda to be worked on during 2021.
		Implementation of a Brazilian Signal Language translation tool in the Company's website.
	2% reduction in the relative energy consumption versus the previous year.	10.2% reduction in energy intensity as compared to 2019.
Communities and Social Investment	Monitor Greenhouse Gas (GHG) emissions.	Since 2015, R\$ 15.8 million savings with energy efficiency initiatives.
		7.2% reduction versus 2018 of scope 1 and 2 emissions, while the intensity of emissions fell 10% between 2018 and 2019.
	Keep social investment in 100% of manufacturing units.	Initiatives of engagement with surrounding communities in 100% of the 15 manufacturing units.
Occupational Health and Safety	Apply the social investment impact assessment methodology to 100% of the manufacturing units.	Support to 159 institutions in Brazil with donations of more than R\$ 17.3 million Brazilian reais in Food.
		Social Investment in the amount of R\$ 3.2 million.
	Accident Frequency Rate: maximum 0.5.	
	Work-accident Severity Rate: below 10.	Frequency rate: 0.72 (0.82 in 2019).
	Work Safety management system, based on the Positive Program, implemented in all units.	Severity rate was impacted by the death of two employees in the commercial area of Eusébio/CE unit resulting from a robbery, reaching 76.72.
	Keep at zero the Frequency Rate of occupational diseases, with Work Accident Communication (CAT).	74% of employees worked in units covered by OH&S management systems.
	Maintain at zero the number of CAT issued by Hearing Loss and Noise (PAIR) of industrial employees.	There was no report of occupational accidents (CAT) due to occupational disease.

ANALYSIS OF BUSINESS CONNECTION WITH SDGS

SDG		Connection with business and with the Value Chain	Description of the resulting impacts From the Company's actions	
			Positive Impacts	Negative Impacts
	SDG 1 No poverty	Business: Hiring local labor. Offering educational opportunities and professional internships. Combating causes of poverty and factors of marginalization. Value chain: Supplies - contracting small suppliers, local suppliers. Operations - training of local communities, with high levels of poverty, hiring of local labor. Products and society - accessibility to the consumption of products.	⚡ Purchases from domestic suppliers, which may include remote and/ or marginalized areas, enabling the development of the country/ region, which have social projects and/or with social/environmental certifications.	⚡ Risks of purchasing from suppliers non-compliant with law, with the exploitation of people and natural resources, increasing the economic disparity and taking away people's opportunities.
	SDG 2 Zero hunger	Business: Investing in small farmers is an important way to increase food security and nutrition for the poorest. Food production for local and global markets. Child nutrition. Value chain: Supplies - contracting small, local suppliers. Operations - donation of products to institutions that support children, adolescents and young people around the plants.	⚡ Donation of products to schools/ projects around the plants. ⚡ Nutritious products donated to children in need of nutrition. ⚡ Purchase from suppliers that foster family farming, sustainable agriculture with specific programs and/or certifications. ⚡ Incentive to projects focused on reduce waste reduction.	⚡ Limitations in the supply of food that can impact the market supply. ⚡ Risk of purchasing from suppliers non-compliant with law and the not adopting sustainable agricultural practices.
	SDG 3 Good Health and Well-Being	Business: Production of nutritious and healthy food. Health and well-being initiatives for employees. Value chain: Supplies - contracting of inputs of recognized/ certified origin under criteria of quality and food safety. Operations - promoting health and well-being for the internal audience. Good habits of Food production. Product and society - nutritious products.	⚡ Improvement of the quality of life of employees. ⚡ Purchase from suppliers who ensure food safety and care about health and well-being with specific programs and/or certifications. ⚡ Incentive to projects aimed at the consumer's well-being with healthier inputs.	⚡ Occupational disease and accident risks ⚡ Risks of purchasing from suppliers that cause food fraud and/or supply contaminated inputs. ⚡ Risks of unintentional purchase from suppliers included in the blacklist of slave labor.
	SDG 4 Quality education	Business: Community relations and social private investment. Encouraging the literacy of employees and their children to stay in school. Provision of training to expand the educational and instruction level of employees. Value chain: Operations - employee literacy and training offer. Supplies - child labor risks in the value chain. Distribution - risks of child exploitation at truck access points and roads for product distribution.	⚡ Training of employees at all levels. ⚡ Education and development opportunities offered to employees, family members and surrounding communities. ⚡ Participation of Young Apprentice in the workforce. ⚡ Purchase from suppliers that keep social projects aimed at education.	⚡ No actions aimed at career progression for women in the workforce.
	SDG 5 Gender equality	Business: Promotion of women in senior management. Training opportunity for women. Working hours adapted for women in the maternity phase. Value chain: Operations - gender equity in hiring and promoting the internal audience. Supplies - questions about inclusion and diversity practices during the qualification of suppliers.	⚡ Non-exclusion of women due to gender characteristics. ⚡ Promotion of gender equality ⚡ Purchase from suppliers that promote the theme.	⚡ Few programs in progress for an effective difference to be perceived. ⚡ No affirmative actions aimed at career progression for women in the workforce.
	SDG 6 Clean water and sanitation	Business: Water-intensive production process. Inputs requiring water for manufacturing. Value chain: Supplies - purchased inputs that extract the water resource. Production - use of water in the production process.	⚡ Presence or implementation of a water treatment and reuse system in some plants. ⚡ Allocation of effluents to concessionaires with expertise in the field. ⚡ Use of devices that reduce water consumption.	⚡ Lack of own treatment systems, in some units with their own methodology to measure the volume of effluent produced. ⚡ Risks of purchasing from suppliers non-compliant with law, using water indiscriminately.
	SDG 7 Affordable and clean energy	Business: Energy consumption for production Value chain: Supplies: partnerships with suppliers for cabotage and use of renewable energy sources to transport products. Production: energy consumption for operating machinery.	⚡ Reduction in the consumption of energy and fossil fuels. ⚡ Investment in renewable sources. ⚡ Purchase from suppliers certified in environmental management. ⚡ Adoption of natural reserves that capture greenhouse gases.	⚡ Large-scale energy consumption from non-renewable sources for production.
	SDG 8 Decent work and economic growth	Business: Hiring labor. Value chain: Supplies: contracting suppliers compliant with employment and labor laws. Operations: compliance with labor laws and offering full and decent employment. Products and society: contribution to society in the formation of employees' citizenship.	⚡ Hiring employees who live in the surroundings of manufacturing units. ⚡ Provision of full and decent employment.	⚡ Mechanization of production and shortage of job offers.

SDG		Connection with business and with the Value Chain	Description of the resulting impacts from the Company's actions	
			Positive Impacts	Negative Impacts
	SDG 9 Industry, innovation and infrastructure	Business: Innovative processes to enable a more sustainable business. Value chain: The entire chain. Partnerships with suppliers and other companies to enable innovation.	<ul style="list-style-type: none">⬇ Millions of Brazilian reais invested annually in R&D.⬇ Implementation of Germinar Program.	<ul style="list-style-type: none">⬇ Shortage of practices linked to innovation.
	SDG 10 Reduced inequalities	Business: Social investment in communities. Public-private partnerships to minimize social inequalities. Value chain: Consumption: affordable products and prices and in line with market demands. Products and Society: reduction of social inequalities, contribution to the fight against hunger, encouraging the professionalization and development of the surrounding communities.	<ul style="list-style-type: none">⬇ Engagement of employees in voluntary actions in the communities surrounding the plants, offering services and training on the importance of staying in school.⬇ Donation of products, equity goods and financial resources to the communities surrounding the plants.⬇ Support to projects incentivized by state and federal incentive laws in the cultural, artistic, educational, sports and environmental segments.	<ul style="list-style-type: none">⬇ Practices along the supply chain that reinforce inequalities.
	SDG 11 Sustainable cities and communities	Business: Employee commuting. Distribution of products. Value chain: Operations and Distribution - traffic of vehicles and atmospheric emissions.	<ul style="list-style-type: none">⬇ Employee commuting, contributing to a decrease in traffic flow and less GHG emissions.	<ul style="list-style-type: none">⬇ Fleet of vehicles mostly powered by fossil fuels.
	SDG 12 Responsible consumption and production	Business: Sustainable production process, with lower environmental impact. Value chain: Supplies and Operations - partnerships for production with lower environmental impact. Operation - water and energy efficiency measures, social responsibility, good food manufacturing practices, social and environmental commitments, R&D aligned with trends in nutrition and health. Products and Society - generation of shared value through the delivery of products containing reduced plastic packaging, more nutritious products and reduced sodium, sugars and quality food.	<ul style="list-style-type: none">⬇ Reduction of plastic grammage in some products.⬇ Reduction of sugar and shortening levels of some products.Development of a sustainability culture driven by education and communication actions, encouraging all employees to have a sustainable attitude in their day-to-day work.	<ul style="list-style-type: none">⬇ Generation of waste.⬇ Environmental externalities resulting from food production.
	SDG 13 Climate action	Business: Sustainable production process, with lower environmental impact. Actions to reduce greenhouse gas emissions. Value chain: Supplies - partnerships for production with lower environmental impact. Production - use of less polluting gases and renewable energy.	<ul style="list-style-type: none">⬇ Use of fuels and renewable energy.	<ul style="list-style-type: none">⬇ Emission of greenhouse gases.
	SDG 14 Life below water	Business: Packaging. Value chain: Products and society - unconscious disposal of product packaging in seas, oceans and lakes.	<ul style="list-style-type: none">⬇ Actions to clean seas and oceans.⬇ Public-private partnerships to promote the recycling chain in Brazil.⬇ Reduction of plastic grammage in packaging.	<ul style="list-style-type: none">⬇ Disposal of plastic of post-consumption packaging.
	SDG 15 Life on Land	Business: Packaging. Value chain: Supplies - risks of using commodities such as palm oil, wheat and others extracted from non-permitted forests. Products and society - partnerships with carriers for using more efficient vehicles with lower CO ₂ emissions.	<ul style="list-style-type: none">⬇ Reverse logistics, packaging recycling.⬇ Encouraging conscious consumption and disposal.	<ul style="list-style-type: none">⬇ Disposal of packaging plastic.⬇ Commodities impacting forest fires and degradation.
	SDG 16 Peace, justice and strong institutions	Business: Code of Ethics and Compliance. Value chain: Supplies - criteria for monitoring and controlling compliance with labor laws when contracting outsourced services. Assessment of requirements related to ethics, compliance and human rights in the supplier qualification process. Operations - management of compliance, policies and codes that foster business ethics. Products and Society - Adherence to the UN Global Compact, which advocates good practices.	<ul style="list-style-type: none">⬇ Correct practices and comply with laws.⬇ Audits, instruments for monitoring compliance and ethics.⬇ Good practices in qualifying suppliers.⬇ Good practices in contracting outsourced services.	<ul style="list-style-type: none">⬇ Risks of legal non-compliance.⬇ Breaches of the Code of Ethics.
	SDG 17 Partnerships for the goals	Business: Collaboration in public policies for the implementation of goals. Value chain: The entire chain.	<ul style="list-style-type: none">⬇ Ability to multiply SDGs throughout the value chain.	<ul style="list-style-type: none">⬇ N/A

Manufactured Capital

We are prepared to meet the market demands, with a structure of factories and distribution centers capable of adapting to the needs of our consumers.



M. Dias Branco

INDUSTRIAL UNITS AND DISTRIBUTION CENTERS THROUGHOUT BRAZIL

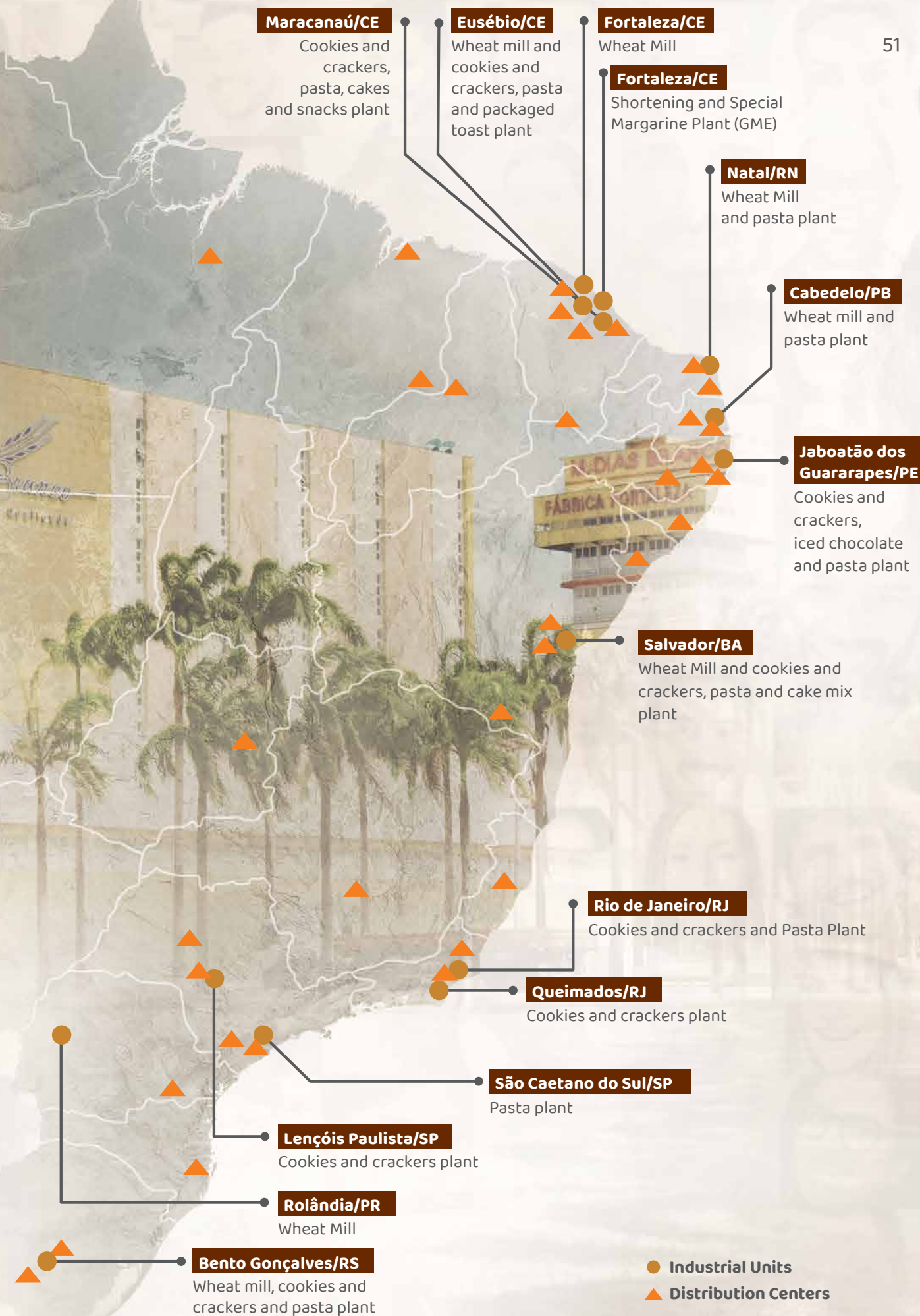
(GRI 102-4 AND GRI 102-7)

We have 14 plants or industrial complexes, 7 of which featuring wheat mill structures. In addition, we count on 34 distribution centers strategically located in different states, which allows our brands to be present throughout the country, as well as supporting exports to more than 40 countries.

Distribution Centers

- Aracaju/SE
- Bayeux/PB
- Bento Gonçalves/RS
- Brasília/DF
- Cabedelo/PB
- Caruaru/PE
- Crato/CE
- Contagem/MG
- Eusébio/CE
- Fortaleza/CE (Cais do Porto)
- Fortaleza/CE
- Guarulhos/SP
- Jaboatão dos Guararapes/PE
- Jaboticabal/SP
- Lençóis Paulista/SP
- Maceió/AL
- Maracanaú/CE

- Marituba/PA
- Natal/RN
- Nova Santa Rita/RS
- Paulista/PE
- Pinhais/PR
- Queimados/RJ
- Rio de Janeiro/RJ
- Salvador/BA
- Salvador/BA (Aratu)
- São Caetano do Sul/SP
- São José do Mipibu/RN
- São José/SC
- São Luís/MA
- Teresina/PI
- Timon/MA
- Viana/ES
- Vitória da Conquista/BA



Janete Cândido
Human Resources Analyst

Intellectual Capital

For each region, a brand from the heart. For Brazil, the best food made with care and quality ingredients.



M. Dias Branco

MAIN BRANDS AND THEIR ACTIONS

(GRI 102-2 AND GRI 102-9)

2020 was a year with major changes in the lives of consumers, with changes in their consumption habits and in the role that brands play in their daily lives. Social isolation has impacted the routine of Brazilian people, strengthening the habit of cooking at home, as well as valuing family moments such as breakfast or having lunch together. We also noticed the search for indulgent and convenient products for a snack in the middle of the day.

Empathy and sensitivity were required to face the new reality. Our focus was on supporting and strengthening the relationship with our consumers, while also supporting the growth agenda.

We have a broad diversity of brands to meet the different consumer profiles, operating in a complementary way across different markets and product categories.

In each region of the country, we have brands that stand out and are frequently awarded in surveys conducted with supermarkets and consumers. Some of them operate nationwide (see table). We list below the main actions of the brands in 2020:

Piraquê

Integrated communication plan to consolidate the brand as an icon of originality, with unique products and higher added value.

👉 Campaign "**Original Creations**", with national coverage in the main channels of open TV, digital media and out of home.

👉 **Piraquê Wear and Advertising**
Campaigns to support brand reinvigoration.

Nationwide



North, Northeast, Mid-West



South and Southeast



👉 "**For a more original Piraquê world**" Promotion, with more than 1,000 instant prizes, weekly raffle of R\$ 10,000 and the raffle of a house.

Vitarella

Year that marked the expansion of M. Dias Branco's largest brand beyond the Northeast region.

👉 "**7 layers Cracker**" Campaign to introduce the number 1 cracker brand in Brazil in the Southeast and Midwest regions of the country.

👉 "**Delicita Cristal**" Campaign was created to enhance the sales success of our sweet cookies and crackers, which is unique in the market.

👉 Roll-out of **Tostadinha Cracker** Vitarella in the Northeast, which came to complete the Cracker line.

👉 Presence in **main commemorative dates**: activation in the main carnival hubs impacting more than 220 thousand people on the streets in addition to TV media, and on Mother's Day with content built together with consumers, exploring quarantine records with their children.

👉 To celebrate the **Pasta Week**, Vitarella joined the Tambaú sauce brand in a social action for the distribution of pasta in Recife and activation with digital influencers to stimulate the consumption of pasta with tomato sauce.

👉 Vitarella joined Coca-Cola in the promotional action "**Together it tastes better**", in which in the combined purchase of products from the two brands, the consumer took exclusive collectible dishes.

Treloso

Vitarella brand, focused on cookies and crackers and cake for children invested in 2 campaigns with educational and social appeal, during the pandemic period.

👉 In the 1st half of the year, the "**#GrandmaStayHome**" showed grandchildren asking their grandparents, the main risk group, to stay at home and not be "Trelsos" (or "mischievous" in regional slang) during a period of social isolation.

👉 In the 2nd half of the year, the "**The Great Homework**", campaign, addressing the dynamics experienced between parents and children during the confined routine. In addition, packaging was renewed and a new member of the group, Martinha, was introduced, an empowered, black, very feminine girl who loves to play soccer and play various sports, in tune with the diversity and reality of its audience.

Fortaleza

👉 Launch of the repositioning Campaign "**Love Strengthens**", film that portrays the affection and love that surrounds the history of all consumers with the brand, broadcasted on TV and on digital media.

👉 Buy-and-compete promotion "**Every Woman is a Fortress**" (Fortaleza in Portuguese), with daily prizes of R\$ 1,000 and the final draw of R\$ 300,000, which featured actress Tais Araujo in its promotion plan.

👉 Also at the points of sale, Fortaleza joined Coca-Cola in the Promotion "**Love is on the table**". When purchasing products from both brands, the consumer won a collectible dish.

👉 Special edition packaging to **honor Fortaleza women**, with several names stamped on the cream cracker.

Adria

Achievement of the Top Of Mind Brasil award in the pasta category, according to DataFolha 2020.

👉 "**Life happens in the details**" campaign marked a new communication language with increased focus on products and a lot of appetite appeal.

👉 For Mother's Day, the brand launched the online campaign "**Mother Connection**", with stories told by digital influencers about relationships in the critical period of social isolation, approaching the reality of families.

👉 "**Care in every detail**" promotion, which awarded daily and weekly prizes and the final prize of R\$ 500 thousand.

Isabela

👉 "**Isabela Affection Recipe**" promotion, featuring Ana Hickmann, brand ambassador for three years. The action drew 270 daily cash prizes and a monthly income of R\$ 20 thousand for one year, equivalent to the amount of R\$ 240 thousand, in an economically sensitive period for so many consumers

Richester

👉 Launch of the brand repositioning Campaign "**Let's Try**" with digital activation.

👉 Buy-and-compete campaign "**Evolved with Richester**", which featured the famous digital influencer Whindersson Nunes,

offering equipment such as a high-performance camera and laptop as prizes, in addition to the final prize of R\$ 120 thousand.

Finna

👉 To leverage the cooking habit, especially relevant during the social isolation period, the flour and cake mixes brand launched the campaign "**Finna Cuisine Invites**", which brought Chef Carole Crema to teach practical and original recipes, broadcasted on the brand's digital channels.



ENCOURAGEMENT TO BLOOD DONATION DURING COVID-19 PANDEMIC

In May 2020, we carried out the "**You donate. We Donate**" campaign, which encouraged blood donation, as inventories were too low. The campaign was held in six states across the country through the brands Adria, Fortaleza, Isabela, Piraquê and Vitarella. For each donated blood bag, our brands donated 500 food products to needy institutions. **In total, R\$ 1 million was invested in financial resources and an additional R\$ 1.4 million in food.** Over 7,000 blood bags were collected, with the donation of more than 500 tons of food.

LAUNCHING OF PRODUCTS



Piraquê

- Chocolate-iced Malted Milk Cookie in 80g version.

- Piraquê Cristal, lightly sweet with sugar crystals, in packages of 150g.

- Personal Cracker Piraquê, in traditional and whole grain versions for consumption on the go, in 138g packaging, with six packages of 23g each.

- Piraquê Cookies in packs of 60g and 40g, in flavors: chocolate with chocolate chips and vanilla with chocolate chips.

- Mini-tarts in flavors: chocolate, strawberry, lemon, Due Cheese Cake and Due white chocolate with jam.

Adria

- Expansion of the Plugados children's cookies and crackers line, with "Despicable Me" franchise licensing, in milk flavor, 130g packaging.

Isabela

- Relaunch of the Fominhas children's cookies and crackers line, in flavors: chocolate, strawberry, chocolate with strawberry and peach, in 130g packages.

- Cream Cracker Cristal, lightly sweet with sugar crystals, in packages of 150g.

Vitarella

- Delicitá Personal Cracker: Line of cookies and crackers for individual consumption on the go, in original, whole grain, ham, cheese and pizza flavors.

- Delicitá Cristal won a new packaging option, with 150g, and the wafer line introduced the Chocomax Family, with much more filling and innovative format in flavors: dark chocolate, milk chocolate, truffle and white chocolate.

- Vitarella Crackers line received the reinforcement of the 400g Tostadinho, a crispy and crusty version, with an irresistible flavor and the 400g Sesame version.

- Renewal in the Donut segment: the 350g Coconut, Milk and Chocolate versions gained a new recipe with more flavor and crispness, and the portfolio was expanded with the 700g version in Coconut and Milk flavors.

- Treloso brought expressive launchings for children: Maisena junior and Filled 80g.

Richester

- Relaunch of the Gold Class salted cracker, which gained a new recipe, with more flavor, crispness and thinner thickness, in Classic, Whole Grain, Cheese and Pizza flavors of 138g, with six units of 23g each.

- 80g version of Filled Amori Chocolate and Strawberry and Escureto.

- The Cookies portfolio has also been expanded to include Escureto in 40g and 60g packages.

- The novelty was the reinforcement in the category of Zoo Animated cakes with the launch of 40g chocolate flavor with a strawberry mousse filling.

Fortaleza

- Relaunch of Fortaleza Donuts in Coconut, Chocolate and Milk flavors, with updated recipe, format and packaging.

- Other new launches were Fortaleza Cristal, lightly sweet with sugar crystals, in packages of 450g and cracker Tostadinho in 400g package.

RESEARCH & DEVELOPMENT OF NEW PRODUCTS

The performance of our Research & Development (R&D) area covers different fronts:

- Launching of new products.
- Improvements to existing products.
- Cost reduction without loss of product quality.
- Research into new technologies and ingredients (to meet current launches or as exploratory for future projects).
- Technical support for manufacturing processes and other support areas.
- Regulatory Affairs Management.
- Innovation Management for all categories of company's products.

In 2020, R\$ 10.7 million was invested in R&D, an amount slightly lower when compared to the previous year due to the strategy of decelerating launches in the year due to the global pandemic scenario. 62 new products were launched, which added to the launches of the last 24 months, amounted to R\$ 357 million in revenue, representing 4.5% of the Company's gross revenue.

We named this percentage as innovation index and is monitored on a quarterly basis by the innovation management area. The monitoring of projects is held through tools and methodologies such as Stage Gate, Project Builder and result Dashboard. Together with the Marketing area, we defined five macro trends as drivers for innovation:

- Health.
- Indulgence.
- Sustainability.
- Valuing local ingredients.
- Convenience.

We also held a workshop for generation of ideas based on these guidelines, which will be helpful in the building of the project pipeline with a mid- and long-term view.

OPTIMIZATION AND COST REDUCTION PROJECTS

In 2020, projects aimed to reduce variable costs were carried out resulting in savings as high as R\$ 22 million with reduced use of packaging materials and optimized use of ingredients. It is important to emphasize that the projects always aim at maintaining the quality of the products.



Access here more information
about Germinar Tecnologia
program.



GERMINAR PROGRAM

In 2020, we proceeded with Germinar Program, launched in partnership with Senai/CE, to accelerate innovation by selecting startups from all over Brazil. The focus of this edition was on Technology, seeking to advance on themes of industry 4.0. For this purpose, five new challenges were defined, aligned with our innovation strategy:

- ✦ Energy efficiency, to reduce energy and natural gas consumption.
- ✦ Adding value in industry waste and by-products.
- ✦ Digitalization of the process and data for the efficiency of the production process.
- ✦ Stabilization of the cookies and crackers manufacturing process.
- ✦ Quality control of processes.

Selected projects will receive support for the development of a proof of concept, going through validation, prototyping and testing processes. Each project will have a maximum term of 12 months and will rely on an investment ranging from R\$ 250 to R\$ 400 thousand. The expected closing of this edition is February 2022.

The program's fronts for action are:

- ✦ Germinar Conecta - Open Innovation Program aimed at building business feasibility based on proofs of concept. It aims to solve short-term challenges in

several areas, with quantitative and measurable results.

- ✦ Germinar Tecnologia - Focused on co-developing technology and accelerating the solving of challenges in the industrial area.
- ✦ Germinar Ventures - Focus on investment in startups, especially foodtechs, with the purpose of expanding the portfolio focused on health.

As a positive reflection of this initiative, we joined a group of 100 companies that stood out the most in open innovation in the country.

The ranking is published annually by 100 Open Startups, a platform that connects startups to large Brazilian companies, taking into account the companies that have had the most relationships with startups via an open innovation program.

To learn more on Germinar Tecnologia program, access the link above.



Marjorie Studart
Occupational Safety Coordinator



Highlight for innovations in vegetable shortening and margarines without hydrogenated partial produced at the Factory in Fortaleza/CE

NUTRITION AND HEALTH

(GRI 103-1, GRI 103-2 AND GRI 103-3)

Research and Development initiatives focused in nutrition and health remain underpinned by two main drivers: developing products that contribute to reducing the nutritional deficit and promoting enhancements of health attributes of products, such as reduction of sodium, sugar and trans fat.

In 2020, we worked on three pillars to facilitate and ensure the effectiveness of the planned actions:

- ✦ **Education:** The goal was to provide technical and scientific knowledge on topics related to nutrition and health, through the publication of materials in internal communication

vehicles and a series of webinars with experts in the field of nutrition and neuroscience, targeted at professionals in the areas of R&D, Marketing, Quality, and Nutrition.

- ✦ **Research:** the focus was to assess publications of patents and technical articles in the area of nutrition, with the purpose of subsidizing research initiatives aimed at launching new products.
- ✦ **Portfolio:** the goal was to guide the generation of concepts to enrich the project pipeline in products focused on the Nutrition and Health scope, through workshops and innovation radar.

Additionally, the reformulation of margarine and vegetable shortening

free of partially hydrogenated fat were continued, as well as sugar reduction projects in new and existing products. The main launches in 2020 within the scope of Nutrition and Health were:

- ✦ Vegetable shortening for cookies and crackers fillings free of hydrogenated partial.
- ✦ Vegetable shortening for use in cakes free of partially hydrogenated fat.
- ✦ Puro Sabor and Adorita margarines free of partially hydrogenated fat.
- ✦ Whole grain Cream Cracker and whole grain Delicita, with whole grain flour as the 1st ingredient.



The indicator that monitors the sale of products with micronutrients considers final products, with nutrients added in their formulation due to legal obligation in view of government programs aimed at minimizing deficiencies of the Brazilian population, or due to the market requirement when requested at the time of product developments or improvements.

Due to the merger of Piraquê, for which most of the portfolio is not fortified, the total volume considered for calculating the indicator for all products was impacted with a reduction, in 2020, to 26.2% when compared to previous years.

Our Regulatory Affairs team monitors the implications of laws on our products, monitoring business-relevant issues with trade associations such as the Brazilian Association of the Food Industry (ABIA), the Brazilian Association of the Crackers, Pasta and Bread Industries & Industrialized Cakes (ABIMAPI) and government agencies such as the National Health Surveillance Agency (ANVISA) and the Ministry of Agriculture, Livestock and Supply (MAPA).

In addition to monitoring, an impact assessment is carried out on the portfolio, surveying data to deepen the discussions. In 2020, the most relevant topics were nutrition labeling, whole grain foods and sodium and sugar reduction agreements.



PERCENTAGE OF TOTAL SALES VOLUME AND PRODUCT CATEGORY WITH ADDITION OF NUTRIENTS SUCH AS FIBER, VITAMINS, MINERALS AND OTHER FUNCTIONAL ADDITIVES (GRI FPSD-FP7)

Category	% of the amount realized with addition of nutrients versus total revenue		
	2018	2019	2020
Cookies and crackers	12.40%	11.20%	9.70%
Pasta	0.00%	0.00%	0.10%
Margarine and vegetable shortening	5.30%	5.60%	1.70%
Shortening	0.00%	0.00%	0.00%
Wheat	13.90%	16.00%	14.20%
Bran	0.00%	0.00%	0.00%
Cakes	0.00%	0.00%	0.00%
Snaks	0.00%	0.00%	0.00%
Cake Mix	0.40%	0.30%	0.30%
Packaged toasts	0.40%	0.30%	0.20%
Total	32.30%	33.40%	26.20%

Calculation based on sales net of discounts and returns (revenues).

CERTIFICATIONS AND LICENSING (GRI 103-2)

- ISO 9001 CERTIFICATION – QUALITY MANAGEMENT

SYSTEM Eusébio/CE, Fortaleza/CE (GME), Salvador/BA (GMA), Bento Gonçalves/RS, Jaboatão dos Guararapes/PE and Moinho Dias Branco/CE units.
- ISO 14001 CERTIFICATION – ENVIRONMENTAL MANAGEMENT

SYSTEM Eusébio/CE and Jaboatão dos Guararapes/PE units.
- FSSC 22000 CERTIFICATION – FOOD SAFETY MANAGEMENT

SYSTEM Eusébio/CE, Fortaleza/CE (GME), Salvador/BA (GMA), Bento Gonçalves/RS and Jaboatão dos Guararapes/PE units.
- ISO 45001 CERTIFICATION – OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Jaboatão dos Guararapes/PE.
- HALAL CERTIFICATION - PRODUCTION IN COMPLIANCE TO ISLAMIC PRECEPTS

Eusébio/CE Unit.
- LICENSING FOR PRODUCTION OF UNIVERSAL-BRANDED PRODUCTS

Lençóis Paulista/SP and Maracanaú/CE units.

POLICIES AND PROCEDURES (GRI 103-2)

The maturity of Process Management and Industrial Management System (SGI) is reflected in the implementation of a series of documents that structure and regulate the execution of our activities, aiming to ensure operational excellence.

Our corporate policies set the organizational guidelines, while 32 management procedures describe the strategy of the business areas at the managerial level, considering the main processes that add value to the business and their inter-

relations with internal and external customers and suppliers. In turn, process flows, operational procedures and operational instructions (around 12 thousand documents) describe processes, evidencing their activities and the respective roles performed by those in charge thereof, and are defined based on the level of complexity of each operation.

In total, we have 79 corporate policies, of which we highlight: Industrial Management System Policy, Supply Policy, Sustainability Policy, Process Policy, as well as eleven policies

detailing important points of the Code of Ethics, such as the Anti-Corruption Policy, Donations and Sponsorships Policy, Risk Management Policy, Policies of Good Competitive Practices, among others. Learn more on these policies, visiting <https://mdiasbranco.com.br/boas-praticas/codigo-de-etica>.

Daniel do Nascimento
Electrical Maintenance Assistant

Human Capital

Working here is as good as our
products because we nurture
an environment of respect,
appreciation, professionalism and
commitment to the best results.



M. Dias Branco

STRATEGIC DIRECTION AND MANAGEMENT PRACTICES

In 2020, we carried out a review of our Strategic Direction, analyzing the main opportunities and threats for the coming years. In addition, we updated Strategic Projects to ensure that their deliveries favor the execution of the Company's growth and profitability strategy.

The model adopted for managing results covers Management by Guidelines (GPD). This methodology allows the translation of strategic guidelines into indicators and targets for all hierarchical levels. Based on the Strategic Direction, indicators and targets are set that, when met, shall ensure the achievement of the goals.

Aiming at achieving the CEO's target, more specific goals are set for the Vice Presidents and so on up to the other hierarchical levels.

Our corporate results are released on a quarterly basis to all employees. Managers have Management Visible Boards in their areas, and update their data after each monthly meeting upon achieving their sectorial indicators, which are also disclosed on a monthly basis in the Result Management System.

On a monthly basis, we send the managers a supporting material for the meetings, including corporate reports that should be shared with the team along with the results of the sectorial indicators and action plans. In addition, Strategy and Management team shares panels of sector indicators (result trees) for all areas and provides technical support in the use of the

methodology and preparation of action plans; in addition, they assist in the monthly follow-up meetings from the Executive Office level. Thus, we ensure an integrated view of our performance, enabling an effective management of the Company's results.

The Matrix Management of Expenses (GMD) is other management practice adopted in the company, aimed at continuously improving the use of cost and expense resources. In 2020 this tool was revamped.

MULTIPLIQUE PROJECT
In 2020, we implemented this project across the corporation, seeking a better operational performance and the improvement of our processes.

After a diagnosis carried out together with specialized consultancy, in partnership with the various areas, opportunities to increase productivity were mapped, such as reducing costs and expenses and increasing revenue, as well as improving processes and structure. In 2020, the project provided annualized EBITDA gains of R\$ 438 million, including the tax front.



Letícia da Silva
Logistics Operation Assistant

EMPLOYEE PROFILE



At the end of 2020, we had 17,100 employees, a reduction of 561 individuals as compared to the previous year, mainly due to the restructuring of the commercial team with the integration of Piraquê. The profile of the workforce remained flat in 2020 in terms of gender and age. We had the temporary hiring of

around 500 employees to keep operations running during the pandemic, especially due to the leave of employees from the risk group to preserve their health.

PROFILE AND CHANGE IN THE WORKFORCE (GRI 102-8, GRI 401-1 AND GRI 405-1)

	2019		2020					
	Qty	%	Qty	%	Admis-sions	Admission Rate	*Turnover	**Turnover rate (turnover)
Gender								
Female	4,821	27.30%	4,744	27.70%	533	3.2%	285	1.7%
Male	12,840	72.70%	12,356	72.30%	1,332	8.0%	1016	6.1%
Age Group								
Up to 25 years	2,065	11.70%	1,829	10.70%	495	3.0%	149	0.9%
From 26 to 35 years	6,074	34.40%	5,725	33.50%	781	4.7%	559	3.4%
From 36 to 45 years	5,971	33.80%	5,967	34.90%	490	3.0%	394	2.4%
From 46 to 55 years	2,770	15.70%	2,800	16.40%	91	0.5%	146	0.9%
Above 56 years	781	4.40%	779	4.60%	8	0.0%	53	0.3%
Geographical Region								
Mid-West	102	0.60%	63	0.40%	9	0.1%	30	0.2%
Northeast	11,636	65.90%	11,352	66.40%	886	5.4%	762	4.6%
North	74	0.40%	69	0.40%	6	0.0%	10	0.1%
Southeast	4,680	26.50%	4,470	26.10%	708	4.3%	336	2.0%
South	1,169	6.60%	1,146	6.70%	256	1.5%	163	1.0%
Area								
Administrative	2,097	11.90%	1,802	10.50%	130	0.8%	101	0.6%
Commercial	4,188	23.70%	3,744	21.90%	403	2.4%	350	2.1%
Industrial	9,532	54.00%	9,815	57.40%	1,114	6.7%	668	4.0%
Logistics	1,844	10.40%	1,739	10.20%	218	1.3%	182	1.1%
Level of Career								
Specialists (professionals and analysts)	768	4.30%	813	4.80%	117	0.71%	88	0.5%
Management	1,442	8.20%	1,423	8.30%	139	0.84%	122	0.7%
Operational	11,830	67.00%	13,715	80.20%	1,479	8.93%	977	5.9%
Sales and Promotion	3,621	20.50%	1,149	6.70%	130	0.79%	114	0.7%
Total	17,661		17,100		1,865		1,301	

* Number of dismissals considered for Turnover - 1,301, this number excludes apprentices and interns.
* Number of dismissals considered for Turnover rate and admissions - 16,559, this number excludes apprentices and interns. The percentage represents the year-to-date data for 2020.

PEOPLE DEVELOPMENT (GRI 103-1, GRI 103-2 AND GRI 103-3)



CORPORATE EDUCATION

In 2020, our Corporate University (UC) accelerated the implementation of new distance learning solutions to connect and develop employees from all units.

Due to the covid-19 pandemic, the number of training hours fell 51% as compared to the previous year, mainly due to the temporary suspension of on-site training targeted at the operational audience.

Leadership Development Program (PDL)

Ensuring leadership development was a priority, as we believe in the key role of our managers in leading our teams for executing the strategy, especially in a challenging year like 2020. Thus, we held monthly training meetings with a focus on behavioral skills and business understanding. More than 12 thousand training hours were generated through PDL, carried out entirely online through Microsoft Teams.

In the meetings, we had the active participation of our Officers, both as speakers and as participants. Our Managers and Coordinators were the focus of this initiative with the purpose of expanding the skills that support the leadership competence in high performance team management. We had topics such as career, adaptive leadership, focus on internal and external customers, communication and digital mindset.

Online Education

We offered several cross-cutting contents related to organizational

AVERAGE NUMBER OF TRAINING HOURS PER YEAR PER EMPLOYEE, BROKEN DOWN BY GENDER AND FUNCTIONAL CATEGORY* (GRI 404-1)

	2018	2019	2020	% Var 20/19
Average number of training hours per year per employee	49	46.43	22.95	-51%
Average training hours per gender				
Male	45.32	41.07	21.28	-48%
Female	59.42	60.95	27.44	-55%
Average training hours by career level				
Specialists (Professionals and Analysts)	51.23	45.78	24.73	-46%
Management Level	65.12	46.66	32.25	-31%
Operational Level	53.58	57.23	23.37	-59%
Sales Level (Sales and Promotion)	22.47	10.2	4.77	-53%

*Trainees and retirees due to disability are not included.

competencies, especially the competencies of the professionals of the future, mentioned in the World Economic Forum. Such contents were released in waves, and at the end of each one, we held webinars to discuss the competencies covered with employees.

Through Webseries, we invited some areas to produce video content. For example, Compensation area with the theme of “Career planning and management”, Communication area addressing “How communication can help or hinder business results” and Human Resources area presenting the “Importance of reading for self-development”.

UniDicas initiative was also carried out, in which we spread knowledge in a comprehensive and quick way, such as tips from books, videos and other content adherent to the context, such

as: mental health, self-care, diversity, creativity, among others.

Over 7 thousand hours were provided including cross-cutting courses, competencies of the future and webseries.

Knowledge Journey

In the online format, we aim with this initiative to enhance the development of the company's analysts audience, through tools and good practices that can be incorporated into daily life. More than 2,500 training hours were provided in the six editions, including topics such as: sustainability, agile methodologies, digital transformation, financial education, industry 4.0, career and intrapreneurship.

HCM and ADP eXpert systems

With the release of new features in the people management system, all managers involved were trained on the new features. In total, over 1,500 employees were trained, generating approximately 7,500 hours of online training.

SGI Policy

The online training on SGI Policy on the HCM system platform offered knowledge and an insight of the level of understanding of the participants on the Company's commitments to issues such as quality, food safety, environment, work safety and sustainability.

Learning Trails

We developed the Learning Trail for professionals from Supply area, mapping the profiles and required competencies, the behaviors expected based on such competencies and the topics to be addressed by each level of proficiency. The program was launched in 2020 with a online workshop and the training will be developed throughout 2021.

Analytical Competence

We have developed a training program for all employees involved in Multiplique Project and GMD. Modules were developed on problem solving tools, budgeting process and information management via excel for dashboards. In total, over 100 employees were trained, generating over 500 training hours.

Raising Education

In 2020, 113 employees had access to this initiative, which aims to

encourage our professionals to progress in their studies. The company provides the logistical structure, while SESI provides teachers and the necessary teaching material for this education.

Career Protagonism

In order to reinforce employee's role as the protagonist of their career, some actions were carried out, such as the dissemination of a webseries addressing Career Management, M. Dias Branco's Career Programs and Career Planning and Protagonism Tools. In addition, we developed a website with information on the internal program and the Performance Management program. We also held a Career Knowledge Journey (Protagonism, Non-Linear/Y Career, experience abroad and tools).



Online training was offered for different levels

DIVERSITY AND INCLUSION

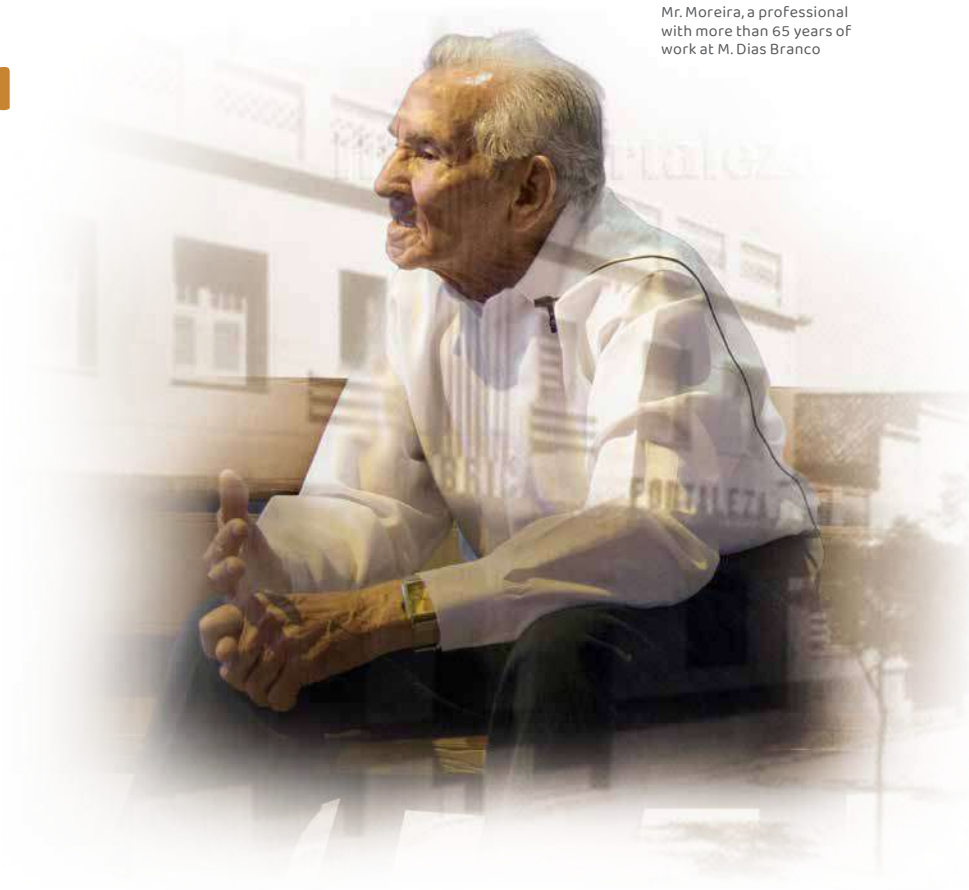
(GRI 103-1, GRI 103-2 AND GRI 103-3)

We believe that a team of employees with different thoughts, cultures, ethnicities, generations and opinions enables the company to become more plural, more innovative and with more engaged people. Respect for differences and non-tolerance of any discrimination is one of our values. We offer the Ethical Channel as a communication tool to report any situation of discrimination.

In 2020, in addition to adhering to the Global Compact and considering the SDGs to guide our actions, we took on public commitments related to Diversity and Inclusion. An initiative that marks this commitment, for example, is the fact that our official website is 100% accessible in Brazilian Sign Language (Libras) for people with hearing disabilities. Through Maya virtual interpreter, all content published on the page can be accessed by deaf people. Access to information is everyone's right.

We list below further actions carried out over the year to promote the strengthening of Diversity:

- Review of the Job, Career and Compensation Policy.
- Holding of event on discrimination and unconscious bias in selection processes for HR and managers.
- Launch of a practical Guide for managers and recruiters on how to select people, strengthening diversity and inclusion in the workplace.



Mr. Moreira, a professional with more than 65 years of work at M. Dias Branco

- Holding of lecture on female leadership during the Knowledge Journey on Sustainability.
- Inclusion of our commitments to diversity and inclusion in important Forums.
- Inclusion of relevant dates for raising awareness throughout the calendar of events and definition of the Diversity Agenda for 2021.
- Inclusion of International Day against Homophobia, National Day for the Fight of Persons with Disabilities and Black Awareness Day into the commemorative date calendar.

Our Commitment

"All people should be treated fairly and equally, with respect for individuality. At M. Dias Branco, we value diversity and we are against prejudice and discrimination of any nature (color, age, sex, religion, sexual orientation, ethnicity, sociand and cultural condition, nationality, marital status, physical disabilities or special needs)."

PERFORMANCE MANAGEMENT

(GRI 103-1, GRI 103-2 AND GRI 103-3)

During the year, 1,716 employees were included in the Performance Management Program, of which 1,240 were specialists, 291 operational leaders and 185 managers.

We encourage a culture of feedback and we provide development of our employees in a structured way, involving the preparation of Individual Development Plans (IDP), according to the competence needs for implementing our strategy.

NUMBER OF WORKERS INCLUDED IN PERFORMANCE MANAGEMENT PROGRAM AND CAREER DEVELOPMENT

(GRI 404-3)

	2018		2019		2020	
Total employees	16,478		17,661		17,100	
Specialists	1,524	9.2%	1,117	6.3%	1,240	7.0%
Operational Leaders	175	1.1%	333	1.9%	291	1.6%
Managers	170	1.0%	178	1.0%	185	1.0%
Total assessed	1,869	11.3%	1,628	9.2%	1,716	9.7%
Women	610	3.7%	592	3.4%	631	3.6%
Male	1,089	6.6%	1,036	5.9%	1,085	6.1%

One-year performance appraisals refer to employee performance in the previous year. *Excluding Piraquê.



Certificates and training bonus for employees with performance above expectations



Employees are recognized for their performance

OCCUPATIONAL HEALTH AND SAFETY

(GRI 103-1, GRI 103-2 AND GRI 103-3)



Work Safety

(GRI 403-1, GRI 403-2, GRI 403-4, GRI 403-5, GRI 403-8 AND GRI 403-9)

We have adopted a proprietary Occupational Health and Safety (OHS) management system called the Positivo Program. Based on international standards and implemented since 2014, it covers all industrial units up to 2022 year-end. Its purpose is to foster a culture of health and safety with the definition of criteria and guidelines for all company's areas, with the promotion of safe practices and increased awareness of risks through continuous improvement of OH&S management and the pursuit of corporate goals.

We monitor performance and adherence through annual assessments of OHS Rating, carried out by an independent consultancy. Management systems are implemented based on recognized risk management standards/guidelines. The program has three sub-committees with bi-weekly meetings: Behavior Management, Risk Management and Management of Events. All of them are reported to the Management Committee of each unit, comprising the main leaders, with monthly meetings and resolute action.

Positivo Program had a significant advance in 2020, despite the great impact caused by the covid-19 pandemic. Four units have advanced at the maturity level:

- ✦ Bento Gonçalves/RS and Eusébio/CE moved to "Mature Independent" level with ratings of 67.7% and



62.2% of adherence to the program, respectively.

- ✦ Special Margarine Shortenings and Maracanaú/CE moved to "Dependent under Development" level.
- ✦ Of the nine units assessed, 89% showed an increase in the analysis of OHS Rating.

Safety Week's theme this year was "Hygiene and Protection is the Best Prevention", with several strategies for developing awareness in Occupational Health and Safety, meeting the hygiene protocols and without causing gatherings in the units. Elections for renewal of CIPAs (Internal Committee for Accident Prevention) were held digitally in the vast majority of units.

Several trainings were carried out throughout the year: behavioral observation, hazard and risk assessment, preliminary risk assessment, safe behavior training, work at height, work in confined space, work with electricity, defensive driving, emergency brigade, integration safety (general safety procedures and preventive behavior for new employees), safety and health alert, health and safety dialogues with a minimum weekly frequency, use of personal protective equipment (PPE), prevention and occupational hygiene, operation of self-propelled equipment (Forklift, etc.) and other training programs carried out according to specific demands.

Legal training was suspended in the first months of the pandemic, in compliance with the covid-19 prevention decrees, and resumed gradually from June, with the creation

of a "task force" for regular operation. Several training sessions, inherent to the management system, were carried out such as Behavior Observation and Survey of Hazards, Damages and Risks, among others.

In 2020, 74% of employees worked in units covered by OH&S management systems, with internal and external audits. Madureira/RJ, Queimados/RJ, Moinho Dias Branco (Fortaleza/CE), Moinho Rolândia/PR and DCs do not have an OH&S management system in place yet. The management system includes outsourced employees, but we do not carry out statistical control of events.

Regarding work accidents, we aim to achieve a maximum Frequency Rate (TF) of 0.5 and Severity Rate (TG) of 10.0 by 2021. In 2020, the frequency rate declined 12% as compared to 2019, while severity rate was impacted by the death of two employees in the commercial area of Eusébio/CE unit resulting from a robbery occurred during working hours. The main types of occupational accidents are fractures, strains, sprains, cuts, lacerations, and contusions. Most of the severe events occurred in 2020 were due to situations related to hazards with machinery, equipment, forklifts and tools with driving force or heating.

EVOLUTION OF OCCUPATIONAL ACCIDENT RATES

(GRI 403-9)

Employees	2018	2019	2020
Accident Frequency Rate (TF)	0.94	0.82	0.72
Accident Severity Rate (TG)	9.31	9.16	76.72
Fatalities of employees	0	0	2

Frequency rate Number of Typical Lost Time Incidents 200,000 / HHT
*Severity Rate Number of Days Lost * 200,000 / HHT

FREQUENCY AND SEVERITY RATES OF WORK-RELATED ACCIDENTS AND DEATHS BY GENDER AND REGION

(GRI 403-9)

2020	Gender		Region				
	Male	Fem.	N	NE	MD	SE	S
Accident Frequency Rate (TF)	0.56	0.17	0.00	0.50	0.00	0.16	0.06
Accident Severity Rate (TG)	73.67	2.97	0.00	69.20	0.00	6.06	1.38
Fatalities of employees	2	0	0	0	0	0	0



Lara Moreira
Administrative Assistant



Employees receive information on how to prevent covid-19

Occupational Health

(GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-6 AND GRI 403-10)

The performance of our Occupational Health team is aimed at preventing, early detecting, monitoring and controlling possible damages to the employee's health and reduction in absenteeism.

The policy of the Industrial Management System (SGI) includes the OH&S mission and aims to ensure the preservation of physical integrity and the health of employees, prioritizing the reduction of work accidents and occupational noise, in addition to ensuring compliance with laws, standards and other applicable requirements.

In 2020, 40 Preventive Health Actions were carried out in industrial units with the following themes: combating Dengue/Zica/Chicungunya, preventing infectious diseases, women's health, preventing and combating deafness, vaccination campaign

against H1N1 with application of 10,304 doses, prevention and care against coronavirus, mental health, Yellow September, live broadcasts on Pink October and Blue November, among other relevant topics to our employees.

The Hearing Conservation Program (PCA), which aims to promote and preserve the hearing health of employees exposed to noise in the industrial area, is reviewed annually in all industrial units. Among the actions recommended in 2020, we highlight:

- Performance of audiometric tests according to the Medical Occupational Health Control Program - PCMSO.
- Collective assessment and analysis of the audiological findings of active employees in the industrial areas who are exposed to noise risk, so that control measures can be adopted and prioritized.

- Speech therapy support in assessments of environmental noise together with Occupational Safety, contributing to the indication and choice of hearing PPE that offer a better noise attenuation.

- Visits to industrial areas for monitoring and providing guidelines on the proper use of personal hearing protection equipment.

- Educational and preventive actions with employees in all industrial units addressing topics such as: Hearing health, World Voice Day and National Day to combat and prevent deafness.

In 2020, no communication of occupational accident (CAT) was recorded due to occupational disease evidenced by the occupational health team.

Mental Health Care

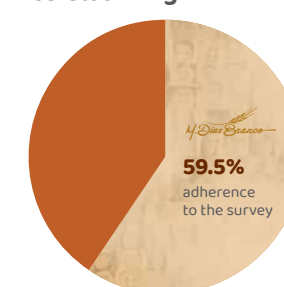
Throughout 2020, we held talks with employees on issues related to Mental Health, with virtual and on-site meetings impacting approximately 300 employees in all the Company's units. In addition, we offer a listening and welcoming service by a team of HR psychologists, trained to perform psychological sessions for employees who are on leave and, after medical discharge, have returned to work, as well as employees on leave. A total of 164 consultations were held with employees from several of the company's units.

Survey on perception of teleworking and on-site work

We conducted a survey with the leadership in on-site work and employees on teleworking aiming to hear them about aspects related to the context of the pandemic caused by the coronavirus. The following aspects were analyzed: adaptation to the new way of working, awareness of covid-19 prevention protocols, perception of the company's response to the crisis and mental health. The adhesion of employees in remote work was 59.5%, with a score of 4.1 (considering a scale of 1 to 5). 41.3% was the adhesion of the leadership in on-site work, totaling a score of 4.0.

RESULTS ON PERCEPTION SURVEY

Employees in relation to teleworking



Adaptation

4.2

Awareness

4.6

Perception about the crisis

4.3

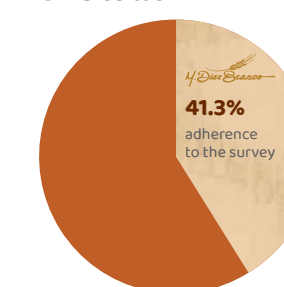
Feeling and Perception

3.4

FINAL AVERAGE

4.1

Leaders in relation to on-site work



Adaptation

4.2

Awareness

4.6

Perception about the crisis

4.2

Feeling and Perception

3.5

FINAL AVERAGE

4



Communication campaign pieces encouraging care with covid-19

All against Covid-19

In order to preserve the health and safety of our employees, we act prudently, through the adoption of several initiatives, based, above all, on the guidelines of the World Health Organization and in the determinations of government agencies. Under the leadership of committees created for crisis management, since the beginning of the pandemic until now, we are maintaining the adoption of several measures to prevent covid-19, among which we highlight:

- Systematic monitoring of daily reports on the number of employees in leave due to covid-19.
- Adoption of hygiene and distance protocols for professionals and contractors.
- Intensification of hygiene in the environments, reorganization of spaces and delimitation of distance between people.
- Installation of physical barriers, supply of masks, alcohol gel, temperature measurement and H1N1 vaccines.
- Internal awareness campaigns on prevention measures.
- Psychological care and mental health support for professionals.
- Identification and monitoring of employees mapped as a risk group for covid-19 with the monitoring of their health on a routine basis.



Employees receive ergonomic chairs for teleworking

- Provision of exclusive communication channels with occupational health teams, 24/7, guiding and monitoring our employees showing flu-like symptoms or who reported having had contact with someone diagnosed with covid-19. 4,885 visits were made by medical and nursing professionals.
- Adoption of teleworking for professionals with activities adherent to this model, with training and guidance on how to be productive when working remotely.
- Intensification of online training and events.
- Investment in technological tools for communication and collaborative work.
- Restriction of travel and attendance to on-site events.
- Online program for encouraging health attitudes (work gymnastics, for example) and cultural events.
- Whistle-blowing channels for possible breaches of hygiene and social distance protocols.
- Supply of computers and ergonomic chairs.
- Definition of a plan for the gradual resumption of employees in teleworking with the assurance of social distancing conditions and access to hygiene materials to everyone.

BENEFITS GRANTED TO EMPLOYEES (GRI 401-2)

In terms of compensation and benefits, in 2020, we started offering Gympass, a benefit that allows access, under a single monthly fee, to gyms and other partnered physical activity establishments for our employees. We also highlight the implementation of the dental plan in units that did not had the benefit, now covering all employees in the country.

Benefits

All Employees

- Life insurance.

- Health and Dental Plan.

- Meal (Meal in the cafeteria or meal voucher).

- Food (Food voucher).

- Agreement with institutions (offering discount to employees in drugstores, colleges, language courses, fitness centers, eyeglasses stores, schools).

- Benefit of monthly plan for physical activities.

- Christmas Basket with company products.

- Transportation (own route or transport voucher).

- Profit Sharing Program (PLR)*.

All industrial units

- Labor Gymnastics Program.

- Quality of Life Program (leisure structures for employees, vaccination campaigns, health care awareness lectures and work safety).

- Recognition for time of service.

Specialists/Management**

- Education Incentive.

Officers

- Long Term Incentive (ILP)

Attendance

As a way to recognize the employees who remained assiduous during the pandemic, we created an extra benefit, during a period of three months, granting R\$ 300 Brazilian reais per month to approximately 12,800 professionals who met the criteria for receiving the benefit.

This was also a way of supporting our employees and their families in this sensitive period of the Brazilian economy.

The benefit was granted to all employees in operational positions (end areas of M. Dias Branco business) whose activities required on-site work.

As an example, we can mention Assistants (industry, logistics and commercial), Sales Promoters, Operators, Operational Leaders, Salespeople and employees in the areas of Maintenance, Nutrition, Reception, Health, Safety, etc.

We reached a 97.31% attendance rate.



Acrylic partitions provide more safety against covid-19 during meals at the Company

*Except trainees and apprentices.

** Prioritized for defined audience according to the eligibility criteria for obtaining the benefit.

Natural Capital

(GRI 103-1, GRI 103-2 AND GRI 103-3)

Our environmental sustainability actions are advancing year after year for the responsible use natural resources and for reducing the impacts of our operations as much as possible.



M. Dias Branco

M. Dias Branco

In 2020, the implementation of the new WWTP - Wastewater Treatment Plant was completed at the Maracanã/CE Unit.



Our Industrial Management System Policy covers the Environmental, Quality, Food Safety, Work Safety, Social Responsibility and Sustainability areas. Our environmental management is committed to preventing pollution and mitigating environmental impacts, prioritizing the reduction in solid waste generation, water and electricity consumption in operational units.

We rely on an exclusive management tool for environmental demands, as well as a multidisciplinary team qualified at a specialist and managerial level. Our management system is based on ISO 14001:2015 standard and, through environmental rating, we carry out the mapping and monitoring of the main processes.

We have a methodology for identifying and assessing environmental aspects and impacts -

called LAIA, derived from our industrial operations. Among the main aspects of operations that could generate impacts on biodiversity are those related to leakage of materials (e.g., raw materials and ingredients) and emergency situations, such as fire and explosion. For impacts classified as significant, operational controls are established to minimize/mitigate the damage caused. (GRI 304-2)

In 2020, spending related to the environment and legal compliance amounted to R\$ 7.5 million, while investments totaled R\$ 9.3 million, where the most relevant were made in construction and implementation of new wastewater treatment plants, adjustments to drainage networks, expansion of reuse systems and construction of a composting cell. During the year, six non-compliances with environmental laws and regulations were recorded, related

to the disposal of pruning waste, implementation of an Wastewater Reuse Plant in non-compliance with the environmental licensing process, lack of reporting to INEA/RJ related to the required information about monitoring of black smoke from vehicles, referring to the year 2014/2017, sweep destination for rural producer without due registration in MAPA, failure to comply with condition no. 6 of the Operation License, referring to the waste storage area and accident involving an outsourced truck for transportation of export products. (GRI 307-1)

CLIMATE CHANGE (GRI 201-2)



Management of risks, opportunities and potential impacts of climate change has made significant progress in 2020. A materiality study resulted in the identification of vulnerabilities to climate change and potential impacts on the business, as well as contributing to a better understanding of mitigation and adaptation alternatives to the mapped scenarios. In addition to the risks, we have also identified opportunities related mainly to energy efficiency and renewable energies. Potential impacts are related to:

- More severe droughts may result in increased supply costs, inability to produce and/or legislation to regulate the withdrawal of water for production.
- More severe rainfall may result in physical damage to properties, machinery and equipment, affecting the ability to operate.
- Increasing fuel and electricity costs that may burden our operations. Carbon pricing may also lead to an increase in the price of energy utilities.

The Risks area incorporated the climate risks identified in the Strategic Risk Map. The purpose is to establish definitions, guidelines, valuation criteria, risk appetite and responsibility for the corporate risk management process to ensure that such risks are identified, assessed and minimized to an acceptable level, through a continuously improved internal control structure.

Responsibilities related to climate change are associated with the Sustainability Committee and Technical and Operations Executive

Offices, Organizational Development and Audit, Risks and Compliance, QSMA Corporate Management and Sustainability Working Groups.

For the first time, we answered in 2020 the CDP's Climate Change Program questionnaire obtaining a D score. To advance in the climate agenda, we set up the entire knowledge base required to define action plans and goals, and also structured a specific area for managing the theme.

In this sense, we have defined a Strategic Environmental Sustainability Plan 2021-25, framed on the following pillars: water, greenhouse gas (GHG) emissions, climate change

management, waste and conscious and sustainable culture.

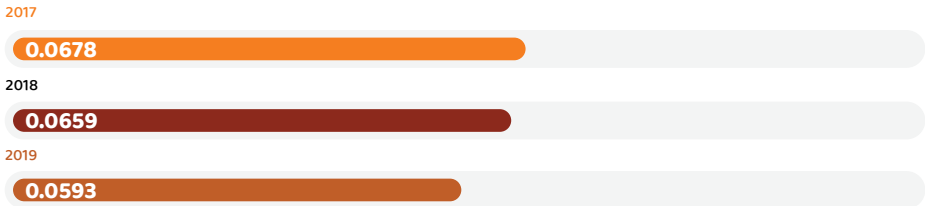
The GHG inventory is prepared according to the methodology of the Brazilian GHG Protocol Program. GHG emissions amounted to 175.111 tCO₂e a 7.2% reduction versus 2018, while the intensity of emissions fell 10% between 2018 and 2019. This reduction was due to the lower consumption of fossil fuels. In addition, in 2020, the Special Shortening and Margarine unit/CE continued to use biomass (fatty acid) to replace diesel and natural gas, contributing to avoid GHG emissions. In the year, CO₂ biogenic were 16,650 tCO₂e.

TOTAL GHG EMISSIONS - SCOPE 1 AND 2 - tCO₂e (GRI 305-1, GRI 305-2 AND GRI 305-4)

Scope	2017*	2018	2019	Var% 2019/2018
Direct Emissions (Scope 1)	146,265	166,481	150,797	-9.4%
Stationary combustion	115,784	130,694	113,893	-12.9%
Mobile combustion	8,713	12,546	10,515	-16.2%
Fugitive emissions	21,768	23,240	19,807	-14.8%
Agricultural activities	-	-	17	-
Effluents	-	-	6,563	-
Electric Energy (Scope 2)	27,560	22,178	24,314	9.6%
Total GHG emissions	173,825	188,659	175,111	-7.2%

*Excluding Piraquê units. 2020 inventory will be carried out during 2021.

INTENSITY OF GHG EMISSIONS - SCOPES 1 AND 2 (TCO₂E/TON PRODUCED) (GRI 305-4)



WATER AND EFFLUENTS(GRI 103-1, GRI 103-2, GRI 103-3 AND GRI 303-1)

Interactions between our operations and water resources occur due to the need for water as a raw material for the manufacture of products, as well as in the processes of heating and cooling, cleaning of machinery and production fixtures.

The main sources of water collection are: rainwater, supply by utilities, collection through artesian wells and supply by water trucks. After being used in the production process, the water that is not added to the product is transformed into a gaseous effluent that is discharged into the atmosphere, and into a liquid effluent destined for our own treatment or for treatment by third parties.

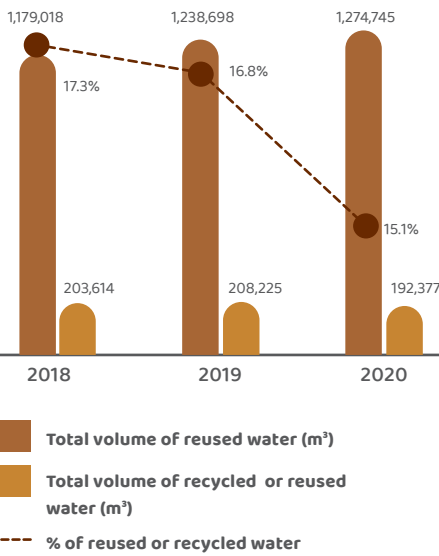
Normally the impacts caused by the water consumption and the generation and disposal of effluents are assessed through a proprietary methodology called Assessment of Environmental Aspects and Impacts, based on the precepts of NBR ISO 14001. The environmental impacts related to the water consumption and generation of effluents, after

their identification and assessment of significance, are monitored through an action plan. We use an awareness approach for the internal audience and we carry out communication actions, informing the natural resource related results as well as its management for external stakeholders.

The environmental impacts classified as significant and the SGI Policy are the drivers in the setting of environmental goals. Goals for reducing the relative water consumption are proposed by the executive office on an annual basis, based on the assumption of reduction as compared to the previous year. The water consumption index in 2020 decreased to 0.39 m³/ton produced; in 2019 the index was 0.42; and water reuse rate dropped to 15.1%.

In terms of water availability, the units in Jaboatão dos Guararapes/PE, Cabedelo/PB, Natal/RN, São Caetano de Sul/SP are located in regions with water scarcity.

KEY INDICATORS OF WATER CONSUMPTION(GRI 303-4 AND GRI 303-5)



WATER COLLECTION, DISPOSAL AND CONSUMPTION (M³)(GRI 303-3 AND GRI 303-4)

Water collection and disposal sources	Water collection per source			Water disposal		
	2018	2019	2020	2018	2019	2020
Surface water	79,083	-	-	-	-	-
Rainwater directly collected and stored by the organization	604,604	534,120	173,497	-	-	-
Groundwater	185,354	175,796	575,537	-	-	-
Municipal water supply / other water supply companies	284,084	500,606	493,571	-	-	-
Pipe Truck Supply	25,893	28,175	32,140	-	-	-
STP - Sewage Treatment Plants	-	-	-	-	-	422,417
Other	-	-	-	-	-	227,256
Total	1,179,018	1,238,697	1,274,745	-	-	649,673

These units account for 26.9% of the water volume consumed and 31% of the water reused in the Company. In addition, considering the total groundwater collection in these units, there was a 0.39% reduction, although general consumption has increased 1.9%.

Added to other six units in hydrographic basins under water stress, we have a total of 80.8% of water supplied by basins with low availability of this resource.

Thus, 90.3% of reused water is concentrated in these ten units. In 2020, the discharge of effluents

amounted to 649,673 m³, of which 65% were destined for the Sewage Treatment Plants (STP). Treatment methods, as well as the applicable legislation, are described below.

MANAGEMENT OF IMPACTS RELATED TO WATER DISPOSAL(GRI 303-2)

Unit / Location	Treatment Method	m³
Eusébio/CE unit	Wastewater is directed to an owned Wastewater Treatment Plant, treated through the activated sludge process, with continuous aeration. Treated wastewater is discharged into the Carro Quebrado River / Tapeba Stream, which flows through the region, according to the standards accepted by the State environmental sanitation agency. Part of the treated wastewater is reused for irrigation of gardens. Standards followed: Ordinance SEMACE 151/2002, Resolution COEMA 02/2017, Resolution CONAMA 357/2005 and Resolution CONAMA 430/2011.	142,665
Shortening and Special Margarine Plant Fortaleza/CE*	Industrial wastewater is sent to an owned Wastewater Treatment Plant (WWTP), treated through the activated sludge process. The water reuse plant was installed in 2018 for reuse of treated wastewater. Unused waterwater is discharged in the publicmains. Residential sewage is sent to the public sewage network (CAGECE), from where it is sent to the receiving body after treatment by the water and sewage concessionaire. Standards followed: Ordinance SEMACE 151/2002, Resolution COEMA 02/2017, Resolution CONAMA 357/2005 and Resolution CONAMA 430/2011.	131,387
Unit Maracanaú/CE	Wastewater is sent directly to the local concessionaire - CAGECE.	55,740
Natal/RN Unit**	Wastewater is sent directly to the local concessionaire - CAERN.	0
Cabedelo/PB Unit **	Decanto-Digester Tank, UASB Reactor, Sand Filters, Reuse Tank and Soil Infiltration Boxes. Receiving body: Soil (infiltration). Standards followed: CONAMA Resolution 357/2005 and CONAMA Resolution 430/2011.	0
Salvador/BA Unit	Wastewater is sent directly to the local concessionaire - EMBASA.	26,575
São Caetano do Sul/SP Unit	Wastewater is sent directly to the local concessionaire - SANEPAR.	18,783
Lençóis Paulista/SP unit.	Wastewater is sent directly to the local concessionaire - SAAE.	9,803
Bento Gonçalves/RS Unit	Wastewater is sent to an owned Wastewater Treatment Plant (WWTP) which includes separation of fats and biological treatment (anaerobic and aerobic). Wastewater quality monitoring is carried out through operating license guidelines and the current state and Federal environmental standards.	14,431
Moinho Dias Branco, Fortaleza/CE	Wastewater is sent directly to the local concessionaire - CAGECE.	62
Rolândia/PR Unit	Wastewater is sent directly to the local concessionaire - SANEPAR.	15
Jaboatão dos Guararapes/PE Unit	Wastewater is sent to an owned Wastewater Treatment Plant. Treatment: Activated Sludge Physiochemical and biological. Destination: 97% - Internal reuse (bathrooms, irrigation, facade washing, external floors and WWTP process) / 3% - Discharged in Jaboatão River. Governing standard: CONAMA 357/05, 430/11, CNRH Resolution No. 16/2001 and CPRH Technical Standard No. 2001, CPRH Technical Standard No. 2007. The compliance of the treated wastewater is monitored through internal and external analyzes and guaranteed through process controls.	59,748
Queimados/RJ Unit	Industrial wastewater is sent to the owned WWTP, which has a MBBR-type physical chemical and biological treatment. Wastewater quality monitoring is carried out through operating license guidelines and the current state and federal environmental standards. There is no final discharge. 100% of wastewater is reused.	20,343
Madureira/RJ Unit	Wastewater is sent to the owned WWTP, which has a MBBR-type physical chemical and biological treatment. Wastewater quality monitoring is carried out through operating license guidelines and the current state and federal environmental standards. Release is made to the public mains. Wastewater is sent to the owned WWTP, which has a physical chemical and biological treatment, conventional activated sludge type. Wastewater quality monitoring is carried out through operating license guidelines and the current state and federal environmental standards. Release is made to the public mains.	53,843

* additional 116,278 m³ is destined for treatment at CAGECE. ** Not measured, as there is no flow meter installed.

WASTE (GRI 103-1, GRI 103-2 AND GRI 103-3)

The Solid Waste Management Plan is the main management mean for reducing generation of solid waste and a more worthy destination for some of them, in compliance with applicable laws whenever possible.

At Eusébio/CE and Jaboatão dos Guararapes/PE units, we intensified the production of co-products with part of the organic waste treated as by-products. In Eusébio/CE, glass waste that was sent to landfill started to be allocated for co-processing in December. It is worth mentioning that 43% of the units showed a reduction in the destination of waste to landfill. Jaboatão do Guararapes/PE Unit maintained the "zero landfill" initiative and strengthened the reverse logistics of boxes, cardboard accessories and wooden pallets.

In 2020, we diversified the destination of waste by increasing reuse and co-processing, although with a reduction in the recycling rate from 77.3% in 2019 to 57.5% due to adjustments in the qualification of existing partners and the search for new partnerships

for destination of organic waste, as required by law.

The main waste and respective methods for destination are:

- 👉 **Recycling:** Frying waste from soybean oil. Scraps of ferrous metals, non-ferrous metals (aluminum and copper) and batteries. Organic waste from process, paper, cardboard, wood (pallets) and electronics. Out-of-specification products, metal packaging, uncontaminated plastic drumstick, plastic bags with vegetable shortening residues, big bags, container, films and small plastic packages, rubble.

- 👉 **Reuse:** Pruning waste, restaurant waste.

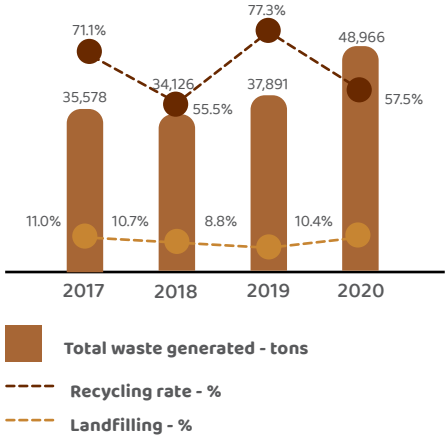
- 👉 **Composting:** Refinery sludge.

- 👉 **Co-processing:** Tile scrap, hazardous wasteand WWTP waste containing non-toxic substances, contaminated cloths and towels, hazardous wastes, paints and solvents, chemical products overdue, activated carbon

filter, electrical components, resin, machining fluid.

- 👉 **Incineration:** Health care waste.
- 👉 **Biological Treatment:** WWTP and WTP waste, waste from sewage boxes containing non-toxic substances.
- 👉 **Re-refining:** Oil used scrap (burnt and yellow) and diesel.
- 👉 **Other:** Pallet battery (returned to supplier through reverse logistics). "

EVOLUTION OF WASTE INDICATORS



DISPOSAL OF WASTE (TONS) (GRI 306-2)

Destination	Hazardous waste			Non-hazardous waste			Total		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Recycling	12.3%	4.0	0.3	18,944.8	29,292.0	28,281.2	18,957.1	29,296.0	28,281.5
Reuse	0.0	0.0	0.0	6,436.3	658.0	5,260.8	6,436.3	658.0	5,260.8
Composting	0.0	0.0	0.0	1,659.9	1,085.0	891.4	1,659.9	1,085.0	891.4
Landfilling	31.1	25.0	2.9	3,618.0	3,341.0	5,576.3	3,649.0	3,366.0	5,579.2
Co-processing	132.4	157.0	108.4	219.8	363.0	6,576.5	352.2	520.0	6,684.9
Incineration	15.2	6.0	5.5	0.0	6.0	0.0	15.2	12.0	5.5
Biological Treatment:	0.0	15.0	21.0	3,035.3	3,127.0	1,446.7	3,035.3	3,142.0	1,467.7
Decontamination of lamps	3.7	3.0	3.2	0.0	3.0	0.2	3.7	6.0	3.4
Re-refining	17.2	15.0	33.9	0.3	16.0	0.8	17.5	31.0	34.7
Other	0.0	0.0	0.1	0.0	0.0	1,386.4	0.0	0.0	1,386.5
Total	212.0	225.0	175.3	33,914.3	37,891.0	49,420.2	34,126.3	38,116.0	49,595.6

PACKAGING (GRI 103-1, GRI 103-2, GRI 103-3, GRI 301-1 AND GRI 301-2)

In 2020, we worked on projects focused on reducing the consumption of plastics at our plants. Flexible plastic in packaging fell 0.65%, avoiding consumption of 124,861 tons of films in the year. Our challenge is to keep the reduction at least 1.2% by 2021. In 2020, we have accrued 1.66% reduction.

It is important to emphasize that there is a limit on the thickness of the packaging for product protection and machinability, therefore we need to use the minimum amount of plastic, without jeopardizing the packaging function and the plant productivity. Due to this, reducing the weight of plastic packaging is a major technological challenge.

We were able to keep 100% of the volume of cardboard and paperboard boxes consumed in 2020 derived from managed forests. Communication is made in our boxes, by placing stamps of the responsible forest management brand.

In addition, we consumed 190,685.40 tons of baling films recycled post-consumption, representing 15% of volume. We are working to increase this volume of bales with film derived from up to 100% recycled resin, reducing the amount of virgin resin used.

Regarding R&D, in addition to conducting workshop and benchmarking on product life cycle and sustainable packaging, the initiatives carried out resulted in:



Luciane Tamize
Occupational Health Coordinator

- 👉 Definition of a materiality matrix of suppliers and assessment of each one in relation to social, environmental and governance aspects.
- 👉 Mapping of the compositions and structures of all packaging and analysis of the recyclability of materials. From the point of view of recycling capacity, this analysis of our packaging design allows us to identify whether they can be recycled, reduced and reused.

- 👉 Biodegradable plastic film has become an important issue in the packaging world as an alternative to conventional plastic film, considering the maintenance of technical aspects of protection, resistance and quality to the product. Therefore, we continue working on applied research on biodegradable film for the packaging of some of our products and the results show promising prospects.

ANNUAL CONSUMPTION OF THE MAIN PACKAGING (GRI 301-1)

Material		Annual Volume		
		2018	2019	2020
Non-renewable	Flexible films (laminare, metallized laminate and monolayer) - tons	12,843,590	12,467,208	16,570,312
	Rigid packaging - units	60,379,615	76,910,761	86,025,625
Renewable	Paper packaging (recycled, kraft and semi-kraft) - units	105,310,031	112,809,528	125,287,429

ENERGY AND EMISSIONS (GRI 103-1, GRI 103-2 AND GRI 103-3)

Our initiatives aims at reducing electricity and fossil fuel consumption, particularly natural gas. The implementation of energy efficiency actions continued in 2020 with an investment of approximately R\$ 1.5 million and savings in energy and gas emissions of R\$ 445 thousand. Since 2015, R\$ 15.8 million has been saved with energy efficiency initiatives. We highlight the most relevant actions of this investment:

- ↘ **Eusébio/CE:** Installation of inverters and high performance motors in the chilled water system and replacement of light fixtures.
- ↘ **Salvador/BA:** Installation of pressure controllers in the ovens of cookies and crackers lines 1 and 2 and Installation of LED lamps.
- ↘ **Bento Gonçalves/RS:** Acquisition of boiler burners to reduce gas consumption.
- ↘ **Jaboatão dos Guararapes/PE:** Adjustment of the air blower speed, retrofit of the instantaneous line boiler and the combustion system of the furnaces, and replacement of high efficiency motors.

The increase in total energy consumption compared to 2019 was due to the growth in production. However, the highlight was the 10.2% reduction in energy intensity as compared to 2019.

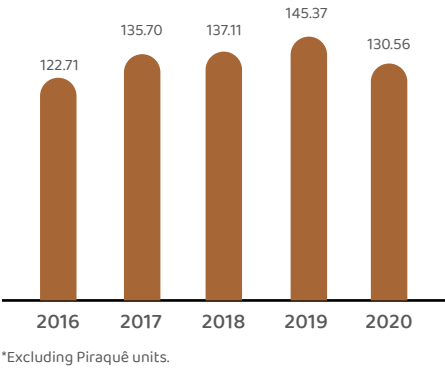
The organization manages emissions from fixed sources by monitoring fuel-consuming equipment. The emission quality standards are provided for



in specific legal standards such as CONAMA Resolution 436/11 and 382/06, CETESB Procedure L9.221/90 and L9.223/92, NBR 11.966/89, 11.967/89 and 12019/90 , Method US - EPA7B and CETESB L9.229 and Method US - EPA3. (GRI 305-7)

The main expectation related to the theme is the search for more sustainable sources of supply for this equipment.

ENERGY INTENSITY - ELECTRICITY (KWH/TON PRODUCED) (GRI 302-3)



INTERNAL ORGANIZATION ENERGY CONSUMPTION (THOUSAND GJ) (GRI 302-1)

Energy Type	2018	2019	2020	VAR% 2020/2019
Non-renewable fuel consumption	2,068,033	1,930,860	2,195,457	13.7%
Natural Gas (thousand GJ)	2,038,338	1,902,970	2,157,687	13.4%
LPG (thousand GJ)	28,749	27,139	36,866	35.8%
Diesel (thousand GJ)	946	751	903	20.3%
Electricity (grid and free market)	1,031	1,070	1,121	4.8%
Total internal organization energy consumption	2,069,064	1,931,930	2,196,578	13.7%

*Reported energy consumption excludes Piraquê's consumption. In 2020, Piraquê's plants consumed 99.45 million GJ of electricity and 222,578 GJ of natural gas (228,678 in 2019). It is not possible to differentiate between renewable and non-renewable electricity consumption.

BIODIVERSITY (GRI 103-1, GRI 103-2 AND GRI 103-3)

ENVIRONMENTAL PROTECTION INITIATIVES (GRI 304-2, GRI 304-3 AND GRI 413-2)

Salvador/BA Unit
The Salvador/BA unit is located in an Environmental Protection Area (APA) withing Baía de Todos os Santos, and, accordingly, is subject to the control and oversight from environmental agencies. We carried out conservation actions for mitigating environmental impacts, with projects for offsetting and encouraging research, monitoring of land and water fauna, environmental education of employees and surrounding communities, vegetation study and reforestation, as set forth in the environmental laws in force.

The Unit features a complete infrastructure for production and

planting of seedlings of native species used in reforestation and landscaping. We planted 1,277 seedlings to preserve the mangrove and the local Atlantic Forest. Due to covid-19 pandemic, there no on-site events were held and, therefore, no seedlings were distributed.

In addition, we carried out the maintenance and management of a seven-hectare Ecological Reserve, between the Unit area and the surrounding native forest. In this area, we plant several species of fruit trees, since the higher the amount of food available, the higher the amount of animals attracted, enriching the local biodiversity.

Serra das Almas Nature Reserve
In 2020, we retained the adoption of 50 hectares of Serra das Almas Nature

Reserve, a conservation unit managed by Associação Caatinga. This initiative is in line with SDG 13 and 15. This is the largest Private Reserve of Natural Heritage in Ceará.

Covering 6,146 hectares, it is recognized by Unesco for housing representative biodiversity of the Caatinga. Located between Crateús/CE and Buriti dos Montes/ PI, the reserve shelters 45 species of mammals, 33 types of amphibians, 323 species of plants and 237 different examples of birds. In addition to the fauna and flora typical of the semiarid region, there are six ecological trails, auditorium, interactive exhibitions, leisure activities and lodging facilities. The reserve is open for visitations.



Almir Neto
Quality Control Assistant

Social and Relationship Capital

We respect all our stakeholders
and we seek to build a beneficial
relationship for all. For us, this is
the meaning of being sustainable.

The logo for M. Dias Branco, featuring a stylized wheat stalk above the brand name in a cursive script.

ENGAGEMENT AND RELATIONSHIP WITH STAKEHOLDERS

(GRI 102-40, GRI 102-42, GRI 102-43 and GRI 102-44)

With regard to stakeholder engagement and relationship, our Sustainability Policy defines the main stakeholders, for which the relevant topics raised in 2020 are described below:

Stakeholders	Main topics and concerns raised during engagements	Relationship channels
Investors	Action plans in the context of the pandemic, growth strategy, investment plans, competitive environment and marketing and innovation investment strategy.	Ethical Channel, IRwebsite, email IR, quarterly disclosures, social media (Youtube), live broadcastings and interviews for third-party channels, in addition to meetings with analysts, shareholders and investors.
Employees	Recognition programs in various fields. Health measures to prevent and support the fight against the new coronavirus. Remote work on an emergency basis due to the context of the pandemic.	Ethical Channel, surveys, social investment, brands' website and social media, interviews and meetings, listening and welcoming service, hotline implemented by the health and medicine area during covid-19 pandemic.
Local Communities	Food donations due to a pandemic situation, expansion of social investment, campaign to support the community during the covid-19 pandemic.	Ethical Channel, brands' website, social media, corporate email, social investment.
Customers and Consumers	Requests for product information, promotions, suggestions, compliments, claims regarding products and services.	Ethical Channel, Customer Center, brands' website and social media, investor relations channel.
Suppliers	Commercial issues, supply risks and opportunities, meeting technical requirements, required documentation and action plans.	Ethical Channel, brands' and company' website, social media, self-assessment questionnaires, meetings.
Civil Society Organizations	Generation of jobs and income, fight against hunger and malnutrition, social investment, Compliance, transparency, Campaign to support society during covid-19 pandemic.	Ethical Channel, Customer Center, brands' website and social media.
Press	Requests for information on the company and its products, interviews.	Ethical Channel, websites (brands and institutional), social media, meetings and interviews.
Government	Nutritional labeling, whole grain foods, information on trans fats in food, technical regulation of margarine, sugar reduction agreement.	Ethical Channel, social investment, CUSTOMER CENTER, brands' website and social media.

RELATIONS WITH CUSTOMERS AND CONSUMERS

(GRI 103-1, GRI 103-2 AND GRI 103-3 AND GRI 102-43)

Regarding actions taken by the Customer Service Department (CS) in 2020, we hired an outsourced team to improve our service capacity during the covid-19 pandemic, ensuring that consumers and customers are not left unattended or have difficulties in communicating with us.

Customer Service (CS) is available to consumers by phone, email, social media, corporate and our brands' websites. We monitor five indicators: average service time, consumer satisfaction, percentage of service completed, time for answering and service efficiency.

We hold a Customer Service structure in two units, both of which serve all brands. In 2020, 1,036 contacts were recorded in the Customer Service of Eusébio/CE unit, 81% of which addressing shortage of products in the market, delivery time and/or wrong delivery, defective product, lack of commercial service and other requests. In Rio de Janeiro/RJ Customer Service, 931 contacts were recorded, 82% of which addressing shortage of products in the market, bad service from the salesperson and logistic, lack of commercial service and delivery time and/or wrong delivery.

Once more, there were no incidents in the period of non-compliance with regulations and/or voluntary codes related to marketing and communication campaigns, as well as no fine or indemnity related to product impacts on consumer health and safety. However, we paid INMETRO 118 infraction notices related to labeling in the total amount of R\$ 1,337,647.69. (GRI 416-2, GRI 417-2 AND GRI 417-3)

From interactions with consumers and customers, we generate reports that are shared with sectors such as Quality, Research&Development, Commercial, Marketing, Logistics and Production, for arranging the proper solutions.

INVESTOR RELATIONS

(GRI 102-43)

2020 was a year marked by great accomplishments that have contributed to the evolution of our Investor Relations program.

We have incorporate into our routine the interaction with shareholders and other market players through digital media, such as live broadcasting, providing more visibility to M. Dias Branco and getting closer, mainly, to individual investors.

The number of individual investors holding M. Dias Branco shares increased from 57,053 in 2019 to 79,724 at the end of 2020.

MDIA3's liquidity increased in 2020. The average daily traded volume in B3 increased from R\$ 28.7 million in 2019 to R\$ 45.7 million in 2020.

We published a new Shareholder Remuneration Policy, under which we have increased the frequency of payments per year from one to five, and increased the minimum percentage of distributable net income to 60%.

We have launched the Company's share buyback program and created a Hedge Policy, for protecting, predicting and optimizing the Company's results, due to changes in the prices of currencies and commodities.

In 2020, rating agency Fitch reassessed the Company's credit rating and, for the third consecutive year, we obtained the Long Term National Rating AAA (BRA) with a stable outlook.



B3's Corporate Sustainability Index and Efficient Carbon Index

Our actions in the Environmental, Social and Governance (ESG) continued to evolve. In 2020, in addition to the increased openness and disclosure we have given to this matter, we have joined the 16th portfolio of the ISE B3 (Corporate Sustainability Index), an unprecedented achievement for the Company. ISE is a tool for comparative analysis of the performance of companies with shares traded in B3 in requirements related to corporate sustainability.

Other major milestone was our inclusion in B3's ICO2 portfolio (Carbon Efficient Index),

showing our commitment to the transparency of our emissions and to the development of a low-carbon economy.

Both our inclusion into ISE and ICO2 are the result of an extensive work developed since 2014 through our Strategic Sustainability Agenda, with the engagement of all Company's areas.

Índice Carbono Eficiente

ICO2

ISE B3

COMMUNITY RELATIONS AND SOCIAL INVESTMENT (GRI 102-1, GRI 102-2, GRI 102-3 AND GRI 413-1)

Neojibá, a project supported in Salvador/BA



Potential negative impacts on local communities are related to the physical risks stemming from our operations. Environmental and social risks are controlled under the risk matrix and are managed and monitored by the areas of Sustainability, Environment, Quality and other areas related to the Industrial Management System. (GRI 413-2)

We have a working group dedicated to enhancing and monitoring engagement with the communities surrounding our units, earmarking Private Social Investment (ISP) to this stakeholder. In view of the covid-19 pandemic scenario, social challenges were expanded and our Donations and Sponsorships Policy was instrumental in supporting the surrounding communities.

Faced with the scenario of limited resources in view of the high demand from institutions and communities, we enforced the policy and foster the good relationship with the supported institutions.

We kept relationship channels with the community through calls and monitoring of institutions supported with donations, carried out by the Sustainability team with the support of the Sustainability Ambassadors (volunteer employees who support the relationship with communities in the industrial units). The relationship enabled us to meet and identify community leaders and discuss our donations policy, as well as to identify the needs of each institution. The assessment of the results of such engagements was done by monitoring the impact assessment forms and following up with the

supported institutions. At the end of the year, a meeting was held to validate accountability and finding opportunities for improvement.

SOCIAL PROJECTS SUPPORTED (GRI 102-43)

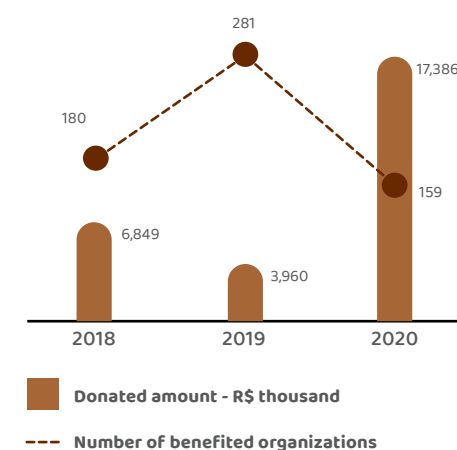
We engage the surrounding communities through social impacting projects through incentive laws, donation of food, goods and equipment from the Company's assets and corporate volunteering actions. All our actions were adapted to the hygiene and social distance protocols to ensure the health and safety of our employees and the communities supported.

Engagement efforts were carried out in 2020 in the surrounding communities of all industrial units. We also donated products to institutions close to 19 Distribution Centers. We supported 159 institutions in Brazil with donations of more than R\$ 17.3 million Brazilian reais in food. (GRI 413-1)



Estação da Luz, project supported in Eusébio/CE

AMOUNT (IN R\$ THOUSAND) AND NUMBER OF ORGANIZATIONS BENEFITED BY FOOD DONATIONS



To expand our positive impact during the covid-19 pandemic, our brands supported 20 institutions suggested in live broadcasting concerts of Brazilian artists. Through them we donated 88 tons of food.

In 2020, we also advanced with the expansion of internal and external controls of the product donation process, starting with the implementation of the Donations and Sponsorships Policy, implementing procedures such as the reputational checking of the supported institutions and the review of the donation agreement.

We carried out weekly and monthly monitoring of donations to maintain the social purpose and ensure the benefit for the supported communities. We carried out an assessment of the social investment impact by using virtual tools (116 institutions participated), the



Fundação Terra, project supported in Maracanaú/CE

results of which showed that the main beneficiaries are children, adolescents, adults, the elderly, and people with disabilities. Donated food benefits the institution's target audience and also their families, broadening the positive impact related to SDG 2.

In addition, they contribute to the economic condition of the institutions in terms of food purchases, thus allowing them to invest their resources in other expenses, such as the staff's needs and the acquisition of goods and improvements.

We also assessed the Sustainable Development Goals (SDGs) to which supported institutions contributed during 2020 and identified SDG 1 (44%), SDG 3 (adopted by 71.6%), SDG 4 (53.4%) and SDG 10 (43.1%).

VOLUNTEER WORKS

Through communication campaigns, we encourage our employees to do virtual volunteer work, thus eliminating any risk of contamination by covid-19. We also maintained the encouragement and support to the World Clean Up Day Campaign and Santa Claus of the Post Office. We released a video highlighting the importance of volunteering and inviting employees to join the actions. The disclosure of online volunteer platforms covered all employees who were able to register for their preferred social cause or for specific skills they wished to develop.

In the next section, we highlight the main volunteer actions by industrial unit.

MAIN SOCIAL INITIATIVES BY UNIT

Unit EUSÉBIO/CE

Projects under incentive laws

- Child and Adolescent Fund: Sustainable Professional Inclusion - (IEP) - Instituto de Educação Portal, **R\$ 104,274.60.**

- Sports Law: Life and Sports - Soccer - Associação Estação da Luz, **R\$ 110,000.00.**

Volunteering and Donations

- Donation of 400 kits of children's products for children assisted by Associação Estação da Luz in action held on Children's Day.
- Donation of 12 tons of products to the community assisted by Associação Estação da Luz in the Christmas with Santa Claus action.
- Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.
- Donation of 62.28 tons of food to SESC/CE with the campaign "You donate, we donate" and a donation of R\$ 200 thousand Brazilian reais to Centro de Hematologia e Hemoterapia do Ceará (Hemoce), which resulted in the collection of 1,103 blood bags during the covid-19 pandemic.
- Donation of 311 tons of food to 15 supported institutions.

Unit MARACANAÚ/CE

Projects under incentive laws

- Child and Adolescent Fund: Earth's early childhood: A window of opportunities - Fundação Terra, **R\$ 88,000.00.**

Volunteering and Donations

- Donation of 136 kits of children's products for children assisted by Fundação Terra in action held on Children's Day.
- Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.
- Donation of 18 tons of food supporting Fundação Terra of Maracanaú in providing snacks and food for the community.

Unit NATAL/RN

Projects under incentive laws

- Rouanet Law: Touch of Life - Josefa Sampaio School, **R\$ 50,000.00.**

Volunteering and Donations

- Donation of 181 kits of children's products for children assisted by Casa do Menor Trabalhador in action held on Children's Day.
- Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.
- Donation of 42 tons of food to 6 supported institutions.



Mateus Pinheiro
Electrical Maintenance Assistant

Supported project empowers community in baker training course



Units

MOINHO DIAS BRANCO UNIT AND SPECIAL SHORTENING AND MARGARINE, FORTALEZA/CE

Projects under incentive laws

- Rouanet Law: Sustainable Finna - Ivens Dias Branco Social Gastronomy School, **R\$ 150,000.00.**

- Elderly Law: Project for the purchase of medicines and supplies for elderly patients at Santa Casa da Misericórdia de Fortaleza - Charity Brotherhood of Santa Casa de Misericórdia de Fortaleza, **R\$ 111,421.64.**

- Elderly Law: Growing actively together - Associação São Vicente de Paulo, **R\$ 112,000.00.**

- PRONAS: Accessibility and Inclusion: Training in Libras - Instituto Filippo Smaidone, **R\$ 100,000.00.**

- PRONON: Hereditary cancer predisposition syndromes in the State of Ceará: Unprecedented molecular and epidemiological characterization of the family distribution pattern - Instituto do Câncer do Ceará - ICC, **R\$ 126,421.64.**

- Rouanet Law: Cine Ceará - Ibero-American Film Festival, **R\$ 100,000.00.**

Volunteering and Donations

- Donation of 400 kits of children's products for children assisted by Instituto Povo do Mar in action held on Children's Day.
- Donation of 44 tons of food to 44 supported institutions surrounding the unit.

- Action related to Children's Day, with donation of 400 kits of children's products for children assisted by Associação de Jovens do Vicente Pinzon.

- Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.

- Vaccination campaign against H1N1 in Serviluz, in Associação de Jovens Vicente Pinzon (100 people vaccinated) and in Alto da Paz - Vicente Pinzon housing complex, in Associação Morro da Vitória (113 people vaccinated).

- Purchase of vouchers to support Mc Lanche Feliz campaign.

- Encouraging beach cleaning in reference to World Clean Up Day.



Unit
SÃO CAETANO DO SUL/SP

Projects under incentive laws

- 👉 Child and Adolescent Fund: Hear to Learn - APAE of São Caetano do Sul, **R\$ 50,000.00.**

Volunteering and Donations

- 👉 Donation of 160 kits of children's products for children assisted by APAE/SP in action held on Children's Day.
- 👉 Christmas with Santa Claus action, with donation of 1 ton of products to the community assisted by APAE.
- 👉 Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.
- 👉 Donation of 76.98 tons of food to SESC/SP with the campaign "You donate, we donate" and a donation of R\$ 200 thousand Brazilian reais to Associação Beneficente de Coleta de Sangue (COLSAN), which resulted in the collection of 6,286 blood bags during the covid-19 pandemic.
- 👉 Donation of 235 tons of food to 13 supported institutions surrounding the unit.

Unit
BENTO GONÇALVES/RS

Projects under incentive laws

- 👉 Rouanet Law: Guitar Orchestra - Associação Bento Gonçalves de Convivência e Apoio à Infância e Juventude - Abraçaí, **R\$ 130,000.00.**

👉 Sports Law: Bento Vôlei -

- Educational, cultural and multisport society in Bento Gonçalves, **R\$ 192,073.52.**

Volunteering and Donations

- 👉 Donation of 140 kits of children's products for children assisted by Associação São Roque in action held on Children's Day.
- 👉 Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.
- 👉 Donation of 63.32 tons of food to SESC/RS with the campaign "You donate, we donate" and a donation of R\$ 200 thousand Brazilian reais to Santa Casa de Misericórdia de Porto Alegre, which resulted in the collection of 1,472 blood bags during the covid-19 pandemic.
- 👉 Donation of 168 tons of food to 3 supported institutions surrounding the unit.

Unit
SALVADOR/BA

Projects under incentive laws

- 👉 Rouanet Law: Neojibá Program - Annual activity plan 2021 - Instituto de Desenvolvimento Social pela Música - IDSM, **R\$ 100,000.00.**

Volunteering and Donations

- 👉 Donation of 60 kits of children's products for children assisted by Lar Pérolas de Cristo in action held on Children's Day.
- 👉 Christmas with Santa Claus action, with donation of 4 tons of products to the community assisted by Associação Bom Samaritano.
- 👉 Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.
- 👉 Donation of 58.10 tons of Food to SESC/BA with the campaign "You donate, we donate" during the covid-19.
- 👉 Donation of 545 tons of food to 11 supported institutions surrounding the unit.

Unit
RIO DE JANEIRO/RJ

Projects under incentive laws

- 👉 Rouanet Law: Piraquê Sustainable Cooking - Instituto Macieira, **R\$ 100,000.00.**

Volunteering and Donations

- 👉 Donation of 250 kits of children's products for children assisted by Associação Faz Quem Quer in action held on Children's Day.
- 👉 Christmas with Santa Claus action, with donation of 0.7 ton of products to the community assisted by Recriando Raízes Project.
- 👉 Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.
- 👉 Donation of 104.04 tons of food to SESC/RJ with the campaign "You donate, we donate" and a donation of R\$ 200 thousand Brazilian reais to Rio Solidário, which resulted in the collection of 4,900 blood bags during the covid-19 pandemic.
- 👉 Vaccination campaign against H1N1 in Complexo da Serrinha (104 people vaccinated) and at the Instituto Faixa Preta de Jesus (50 people vaccinated).
- 👉 Donation of 243 tons of food to 24 supported institutions surrounding the unit.

Unit
LENÇÓIS PAULISTA/SP

Projects under incentive laws

- 👉 Rouanet Law: Adria Sustainable Cooking - Surrounding Community, **R\$ 20,000.00.**

Volunteering and Donations

- 👉 Donation of 14 kits of children's products for children assisted by Associação Amorada in action held on Children's Day.
- 👉 Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.
- 👉 Donation of 182 tons of food to 3 supported institutions surrounding the unit.

Unit
CABEDELO/PB

Projects under incentive laws

- 👉 Rouanet Law: Touch of Life - Municipal School Damásio França de Macêdo, **R\$ 50,000.00.**

Volunteering and Donations

- 👉 Donation of 70 kits of children's products for children assisted by Damásio França Municipal School in action held on Children's Day.
- 👉 Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.
- 👉 Donation of 42 tons of food to 2 supported institutions surrounding the unit.

Bruna Nogueira
Logistics Operation Assistant



Unit
JABOATÃO DOS GUARARAPES/PE

Projects under incentive laws

- 👉 Rouanet Law: Casa de Maria - Year II - Associação Aria Social Espaço de Dança e Arte, **R\$ 70,000.00.**
- 👉 Rouanet Law: Vitarella Sustainable Cooking - Surrounding Community, **R\$ 125,000.00.**
- 👉 Christmas with Santa Claus action, with donation of 1 ton of products to the community assisted by Associação Cristo Vive.
- 👉 Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.
- 👉 Donation of 51.57 tons of food to SESC/CE with the campaign "You donate, we donate" and a donation of R\$ 200 thousand Brazilian reais to Centro de Hematologia e Hemoterapia de Pernambuco (Hemope), which resulted in the collection of 5,752 blood bags during the covid-19 pandemic.

Volunteering and Donations

- 👉 Donation of 200 kits of children's products for children assisted by Associação Cristo Vive in action held on Children's Day.
- 👉 Donation of 500 tons of Food to 15 supported institutions surrounding the unit.

Unit
ROLÂNDIA/PR

Projects under incentive laws

- 👉 Rouanet Law: Isabela Sustainable Cooking - Surrounding Community, **R\$ 60,000.00.**
- 👉 Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.
- 👉 Donation of 182 tons of food to institutions supported by the company in regions beyond the unit surroundings.

Volunteering and Donations

- 👉 Encouragement to donation of toys in the "Santa Claus of the Post Office" campaign.

Distribution
CENTERS

Projects under incentive laws

- 👉 Rouanet Law: Toque de Vida - Cedro/CE Culture Department, **R\$ 50,000.00.**
- 👉 **Volunteering and Donations**
- 👉 **Crato/CE:** 3 tons of food donated to 4 institutions surrounding in the surrounding area.
- 👉 **Belém/PA:** 92 tons of food donated to 2 institutions in the surrounding area and to several institutions in other locations.
- 👉 **Contagem/MG:** 76 tons of food donated to 2 institutions in the surrounding area and to several institutions in other locations.
- 👉 **Brasília/DF:** 196 tons of food donated to 1 institution in the surrounding area and to several institutions in other locations.
- 👉 **Viana/ES:** 19 tons of food donated to 1 institution in the surrounding area and to several institutions in other locations.
- 👉 **São José-dos Pinhais/PR:** 54 tons of food donated to 1 institution in the surrounding area and to several institutions in other locations.
- 👉 **Maceió/AL:** 52 tons of food donated to 1 institution in the surrounding area and to several institutions in other locations.

SOCIAL INVESTMENT IN 2020 (R\$)

Source of Funds		Amount	Qty. of Projects
Federal Incentive Laws	Elderly Law	223,421.64	2
	Sports Law	302,073.52	2
	Children and Adolescent Law	242,274.60	3
	Rouanet Law	1,005,808.60	12
	PRONAS	100,000.00	1
	PRONON	126,421.64	1
Direct Support	Financial	1,279,808.00	-
	Food donation**	17,386,839.95	159***
Total		20,666,647.95	180

* Donation of financial resources for social investment. **Amount billed in food donations to communities and institutions supported in different regions of Brazil. *** Institutions.

EVOLUTION OF SOCIAL INVESTMENT (R\$)

Funds	2018	2019	2020
Direct support (Financial*)	246,000.00	445,280.00	1,279,808.00
Direct Support (Food donation**)	6,849,000.00	3,960,000.00	17,386,839.95
Federal Incentives	1,710,000.00	2,490,591.00	2,000,000.00
State Incentives	200,000.00	485,300.00	0
Total	8,759,000.00	6,935,891.00	20,666,647.95

- 👉 **São Luís/MA:** 16 tons of food donated to 3 institutions in the surrounding area and to several institutions in other locations.
- 👉 **Teresina/PI:** 16 tons of food donated to 5 institutions surrounding in the surrounding area.
- 👉 **Jaboticabal/SP:** 5 tons of Food donated and 1 institution benefited.
- 👉 **Aracaju/SE:** 35 tons of food donated and 1 institution benefited.

R\$ 17.3 million in food donated
The covid-19 pandemic scenario drove an increase in private social investment by M. Dias Branco



Aria Social Project, in Jaboatão dos Guararapes/PE.

ENGAGEMENT CULTURE (GRI 102-43)

INTERNAL COMMUNICATION VEHICLES

Our Communication team is dedicated to the dissemination of information and the development of educational and engagement campaigns. In this sense, we constantly update the various internal vehicles, which have specific editorial lines according to the profile of the target audiences.

In 2020, we started the implementation of a corporate social network that will allow all employees access to the Company's information, especially from the Commercial and operational teams of Industry and Logistics, with more interactivity, agility and effectiveness. We believe that increased participation of employees in the communication process fosters an inclusive, diverse, innovative and favorable environment for engaging in the Company's strategic objectives. In addition, productivity gains are expected due to improved communication between teams.

CAMPAIGNS AND COMMEMORATIVE DATES

Over the year, we carried out several campaigns aimed at promoting the engagement of employees in the actions developed by the Company. The main ones include: "Mãe que representa" (Mother who represents), on Mother's Day; "Entre no ritmo" (Get into the rhythm), at Carnival; "Juntos nessa Páscoa de um jeito diferente" (Together at Easter in a different way); "Meu trabalho faz a diferença" (My work makes a difference), on



Some of the campaigns carried out to value employees over 2020

Labor Day; "Mulheres que inspiram" (Women who inspire), on International Women's Day; "Orgulho de Pai" (Pride of a Father), on Father's Day; "Juntos fazemos a diferença" (Together we make a difference), in Recognition Week; "Higiene e proteção é a melhor prevenção" (Hygiene and protection is the best prevention), in Sipat; Yellow September, Pink October, and Blue November.

Some of the campaigns had an educational nature, connected to the holding of lectures and workshops. Others included emotional/promotional actions, inviting employees to participate in promotions through the company's communication channels. Commemorative dates were: Black Awareness, National Day for the Fight of Persons with Disabilities, Pasta Day and National Day of the Deaf.

Social media

In 2020, we made disclosures on three social media with 47 publications in Instagram, 89 in LinkedIn and 124 in Facebook. In addition, we reached 200 thousand followers in the LinkedIn. Social media was used as a communication channel with the community and also with the employees.

#AllAgainstCoronavirus

Creation of the #AllAgainstCoronavirus campaign for all units of the Company. On and offcommunication pieces were produced, with guidelines for the prevention of contagion, actions implemented by the company, channels of communication with the medical team, etc.

Creation of the Vamos Juntos (Let's Go Together) channel and disclosure of actions, promoting physical and mental health initiatives for employees during the pandemic.

Creation of an intranet page with exclusive content about the new coronavirus. A total of 50 articles were published in 2020.

Creation of a message channel via Whatsapp for guidelines to employees. In total, 328 messages were answered via chatbot.

83 communications were directly sent via email, related to the coronavirus.

Website

In 2020, the Company's web site (www.mdiasbranco.com.br/en) was visited by over 1 million users, with

over 3.3 million page views. In terms of content, a total of 64 articles were published.

Press relations

During the year, we reinforced our actions with the media through the press office. In all, we had 51 interviews (email or phone call), reaching a total of 982 articles published in the media. The audience reached was 1,483,552,071 impacts, with an estimated media return of R\$ 13.3 million.

UNION RELATIONS

We held negotiations with 47 unions (except apprentices) covering all employees, representing all categories in which we operate, by means of collective bargaining convention or agreement, always considering the external environment (inflation, Gross Domestic Product, country

growth, unemployment level and minimum wage adjustment) as well as the specific business scenario (sales performance and budget compliance) to subsidize salary and benefit reviews. (GRI 102-41)

INTERACTION FORUMS

We continued to carry out programs that encourage meetings between employees at different levels, but this year, through virtual means, promoting moments of listening and bringing leaders closer to the teams. They include:

Papo Aberto (Open Chat) - 6 events were held, allowing an informal dialogue of leaders with groups of employees, where topics such as career, values, strategies, prospects, among other subjects are discussed.

Somos o Time (We Are the Team) - 11 meetings were held under this program that strengthens the customer-supplier relationship, promoting alignment and integration between the areas.

Porta-Vozes (Spokespersons) - The program was expanded to 3 commercial units, now totaling 17 units, involving around 150 employees. The idea is to hold meetings with a group of representatives from different sectors to improve the Company's communication process.



Group of Spokespersons contributes to the engagement in the industrial unit in Rio de Janeiro/RJ

CULTURAL CENTER

In Eusébio/CE and Jaboatão dos Guararapes/PE and Rio de Janeiro/RJ units, we have environments featuring game room, art gallery, theater, rest room, art studio, library and reading, multimedia, movie, TV and music rooms.

In view of the restrictions imposed by the pandemic in 2020, artistic and cultural activities needed to be redesigned for the virtual environment and, in partnership with the organizational climate program "Vamos Juntos" (Let's Go Together), we held several online broadcasts, which recorded more than 20 thousand views. We highlight the following virtual activities: virtual June party, zumba and labor gymnastics classes, art workshops, guitar, cavaquinho, theater and choir classes, musical performances such as "Quinta tem Quinteto" (Quintet on Thursdays), Christmas Cantata and Musical Connection, always performed by employees of the Cultural Center, broadcast via M. Dias Branco channel in Youtube for employees from all over Brazil.

Highlight for the first Virtual Games Championship, with the participation of 226 employees. The competitions took place in Dominoes, Checkers, Chess and Snooker modalities, rewarding the 3 best competitors in each of the modalities.

HISTORIC CENTER

M. Dias Branco Historic Center, located in Eusébio/CE, rescues and preserves our history through a vast (physycal and digital) historical collection. With



Maria Carvalho
Gatekeeper

the covid-19 pandemic, on-site visits to the museum were restricted. Thus, we produced a video enabling a virtual visit, expanding access for employees from units across the country, as well as customers and suppliers, reaching a total of over 1,300 views.

SCHOOL PROJECT

School Project, located in Eusébio/CE unit, sought to innovate and reinvent itself in view of the limitations imposed by the pandemic. We developed virtual projects with a focus on internal customers (employees) and external customers (public and private schools), especially through M. Dias Branco channel in Youtube for employees from all over Brazil.

In January 2020, we held the "#SouFãM.DiasBranco" (#IAmM.DiasBrancoFan), which provided employees with a tour of the Eusébio/CE industrial complex. We created the "Animated Zoo at home" program, with eight videos with content focused on environmental and social education, encouraging reading and respect for others, among other topics.

Highlight for the "Escola Mais" Project, which included more than 66 public and private schools, producing and providing online content with the following agenda:

- 🔥 **Virtual tour:** presentation of the production facilities and some sectors of the company to employees' children.
- 🔥 **Viva a Inclusão (Hail to Inclusion):** an episode that tells the story of Diogo, a deaf child who, even in the face of difficulties, does not give up on his dreams.
- 🔥 **Kids Show Musical:** to celebrate Children's Day, which featured the participation some characters from the Animated Zoo Group, in which we addressed the topic of children's rights.
- 🔥 **Mãos que falam (Hands that speak):** provision of a basic course in Libras (Brazilian Sign Language) in more than 12 recreational classes for children aged 6 to 10 years.

SUPPLIERS (GRI 102-9, GRI 102-43, GRI 103-1, GRI 103-2 AND GRI 103-3)

SUPPLY

Suppliers are the first stage in the supply chain and a very important part for running the business. For this reason, supplier management not only ensures the reliability of goods and services, including sustainability aspects, but also allows for a long-lasting relationship between those involved, considering the economic, social, and environmental aspects.

Several of the Company's areas are involved in supplier management, mainly Supplies and Industrial Management System. Both areas have policies and procedures that corroborate the guidelines and commitments assumed by the Company in relation to sustainability. The procedures are frequently reviewed in order to keep the alignment with market practices. In 2020, in order to improve communication with suppliers, a guiding manual was prepared for critical suppliers on qualification and monitoring.

In terms of agricultural inputs such as wheat, vegetable oils, sugar, cocoa and starch, we consumed 2.0 million tons in 2020 (1.7 million in 2019). (GRI 301-1)

The Procurement area also defined the 2020-2024 Strategic Procurement Plan, including themes of sustainability, strategic procurement and risk management in a clear manner. The plan resulted in a thorough review of the area's structure and its policy with the development of a specific strategy for sustainability aspects, which seeks to engage employees and suppliers in

the Company's Sustainability Agenda, contributing to the building of good practices and to the future on two pillars: sustainable supplies and sustainable collaboration.

The sustainable supply pillar will encourage the continuous sustainable development of the supply chain (raw materials, packaging, industry and energy, logistics, administrative and commercial), promoting responsible production practices with a high standard of excellence, economically feasible, encouraging recycling, reduction of emissions and biodiversity protection. The sustainable collaboration pillar will seek to align management practices with the SDGs and seek synergies

between the Working Groups (WG) that implement the Company's sustainability strategy.

INPUTS

In 2020, the Input WG carried out the first monitoring cycle of critical suppliers, assessing the performance of routine deliveries and the commitment to the environmental and social pillars, in order to define the ranking of suppliers.

Critical inputs are defined in a matrix, reviewed on a regular basis, classifying inputs based on the category's impact and external environmental, social and economic risks. This monitoring will be reviewed on an annual basis. In addition, we



reached in advance the goal of qualifying 100% of the suppliers of raw materials considered as critical. We also analyzed the most relevant positive and negative impacts of the input procurement business in the SDGs and defined SDGs 2, 9 and 13 as the main ones to guide our current and future actions.

In order to ensure communication with our suppliers about relevant information, we send out reports on topics such as the Sustainability Policy, Code of Ethics, New Policies for Compliance and other matters on sustainable development related to the Company.

Since 2019, we made a commitment to animal welfare, setting the goal of acquiring, by 2025, 100% cage-free

chicken eggs. In 2020, we carried out a mapping of the supplier market, benchmarking with companies consuming this type of eggs, bimonthly internal engagement meetings with suppliers and purchase of initial volume of cage free egg. The actions related to the item's purchase schedule are in progress and will be disclosed through reports in our website.

In order to set the social and environmental guidelines and measures to be adopted by our suppliers, we also intend to develop the Agricultural Input Policy aimed at commodities consumed, addressing aspects related to sustainable development.



THIRD PARTIES (GRI 102-8)

The Outsourcing Management area was created in 2015 with the purpose of monitoring the fulfillment of labor, social security, health and occupational safety rights by companies providing services in relation to outsourced employees who provide services to the Company. In December 2020, we had a total of 16,701 outsourced employees registered on the Outsourcing Management Portal, of which 8,481 were able to perform services at the Company.

The Service Provider Manual, available on our website, aims to disclose the rules to be complied with by service providers, their employees and subcontractors. The processes developed by the area, in addition to ensuring the control of compliance with legal obligations, have a social aspect as their practice has the

direct consequence of reducing work accidents and the compliance with the labor obligations of service providers to their employees.

As a way of strengthening relationships and building partnerships based on legality, the Outsourcing Management area, together with the Occupational Health and Safety areas, carried out actions to raise awareness among service providers and their employees regarding compliance with internal policies and processes related to OHS and the Environment. As a result, we have strengthened our commitment to social responsibility with our chain of service providers. (GRI 403-10)

In 2020, the covid-19 pandemic scenario brought countless challenges. With the timely changes in legislation and the diversity of health protocols established in various parts of the country, the area quickly

adapted to the new legal demands and health protocols. The documentation scope and the information analysis format were changed as a way to adapt to the scenario, besides sharing with service providers the measures adopted by the company to reduce the virus dissemination, ensuring the continuity of the operations with due compliance in relation to the health of outsourced employees.

With the engagement of several Company's areas, the strengthening of the commitment to legality by service providers, and the awareness of all outsourced employees, we have built a culture focused on legal compliance linked to social responsibility.

Paulo Facundo
Mill Operator

Financial Capital

Growing with profitability is a
commitment of our entire team.

We believe that economic and
financial performance is a pillar of
sustainability, together with social
and environmental aspects.



M. Dias Branco

ECONOMIC AND FINANCIAL RESULT

(GRI 103-1, GRI 103-2 AND GRI 103-3)

We present below the main highlights of the Company's consolidated results for 2020.

NET REVENUES (GRI 102-7)

When comparing 2020 and 2019, net revenue recorded 18.8% growth, due to the 12.1% increase in volumes and 6.1% increase in average price.

COOKIES AND CRACKERS

Net revenue of cookies and crackers increased 12.6% in 2020 versus 2019, as a result of the 11.7% increase in volumes and the 0.8% increase in average prices.

The increase in volumes occurred in all strategic regions, with emphasis on the Attack region (South, Southeast and Mid-west) and exports. The average price increase, in turn, is the result of adjustments implemented on a differentiated basis across regions, subcategories, and brands throughout 2020.

Among the subcategories, the highlight was the growth, both in net revenue and in volumes, of Maria/ Maizena, Water and Salt/Cream Cracker and, also, Filled, all with double-digit growth.

PASTA

In 2020, pasta net revenue increased 28.0% versus 2019, with 22.0% increase in volumes and 4.8% increase in average prices.

The growth in volumes was impacted by the increased consumption at home, due to the closure of bars and restaurants as a result of social isolation caused by covid-19 pandemic. The increase in the average prices was influenced by differentiated price transfers across regions, subcategories and brands throughout 2020, as well as in cookies and crackers.

Highlight for the volume growth in the Northeast, Southeast and Exports. The increase occurred mainly in the subcategories of instant noodles, semolina and regular pasta.

FLOUR AND WHEAT BRAN

In 2020, net revenue from Flour and bran showed a 26.5% growth versus 2019, fueled by 8.4% increase in volumes and 16.9% increase in average prices.

We highlight the volume growth in domestic flours, which offset the decline in industrial flours.

When analyzing the regions, the growth occurred mainly in South, Southeast and Exports, especially with Finna brand, and with the portfolio expansion with the launch of wheat flour from Isabela brand in the traditional paper packaging, in the versions of 1 Kg and 5 Kg.

COST OF GOODS SOLD (R\$ MILLION)

	2020	% NR	2019	% NR	HA%	HA - % NR
Raw materials	3,532.2	48.7%	2,688.9	44.1%	31.4%	4.6 p.p.
Wheat	2,371.1	32.7%	1,729.2	28.3%	37.1%	4.4 p.p.
Oil	588.1	8.1%	380.3	6.2%	54.6%	1.9 p.p.
Sugar	182.6	2.5%	147.5	2.4%	23.8%	0.1 p.p.
Flour acquired from third parties	16.3	0.2%	139.9	2.3%	-88.3%	-2.1 p.p.
Shortening acquired from Third Parties	2.9	0.0%	5.0	0.1%	-42.0%	-0.1 p.p.
Other inputs	371.2	5.1%	287.0	4.7%	29.3%	0.4 p.p.
Packaging	478.3	6.6%	414.4	6.8%	15.4%	-0.2 p.p.
Labor	623.6	8.6%	568.1	9.3%	9.8%	-0.7 p.p.
General Manufacturing Costs	452.6	6.2%	412.2	6.8%	9.8%	-0.6 p.p.
Depreciation and amortization	176.6	2.4%	165.9	2.7%	6.4%	-0.3 p.p.
Other	-	0.0%	1.0	0.0%	-100.0%	0 p.p.
Total	5,263.3	72.6%	4,250.5	69.6%	23.8%	3 p.p.

MARGARINE AND SHORTENING

Net revenue from margarine and shortening in 2020 was 25.7% higher as compared to 2019, with a 7.1% increase in volumes and 17.3% increase in average prices.

The volume increase in exports shall be highlighted, with emphasis on the domestic subcategory with Adorita brand, and in Northeast region, on the industrial subcategory with Puro Sabor brand.

COST OF GOODS SOLD

In 2020, the cost of goods sold represented 72.6% of Net Revenue for the period (69.6% in 2019).

The 3 p.p. increase in COGS representativeness over net revenue in 2020 versus 2019 was a result of the following factors:

- ↑ 14.3% increase in the average cost of wheat consumed (BRL).
- ↑ 48.9% increase in the average cost of oil consumed (BRL).
- ↑ 17.3% increase in the average cost of sugar consumed (BRL).
- ↓ Increased dilution of fixed costs due to the 14.7% increase in volumes produced.
- ↓ Optimization and efficiency gains resulting from our Productivity and Efficiency Program (Multiplique).
- ↓ Increased vertical integration of wheat flour.

NET SALES PER PRODUCT LINE*

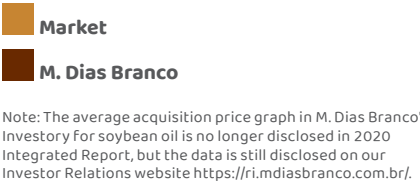
Product Line	2020			2019			Change		
	Net Revenues	Weight	Average price	Net Revenues	Weight	Average price	Net Revenues	Weight	Average price
Cookies and crackers	3,702.2	574.6	6.44	3,287.0	514.5	6.39	12.6%	11.7%	0.8%
Pasta	1,687.9	451.1	3.74	1,318.2	369.7	3.57	28.0%	22.0%	4.8%
Flour and Bran	1,297.0	855.3	1.52	1,025.7	789.0	1.30	26.5%	8.4%	16.9%
Margarine and Shortening	420.6	90.1	4.67	334.5	84.1	3.98	25.7%	7.1%	17.3%
Other Product Lines**	144.8	15.8	9.16	138.2	14.5	9.53	4.8%	9.0%	-3.9%
Total	7,252.5	1,986.9	3.65	6,103.6	1,771.8	3.44	18.8%	12.1%	6.1%

* Net revenue in R\$ million, Weight in thousand tons, Net of Returns and Net Average Price in R\$/kg.
** Cakes, Snacks, Cake Mix, Refreshments and Packaged Toasts



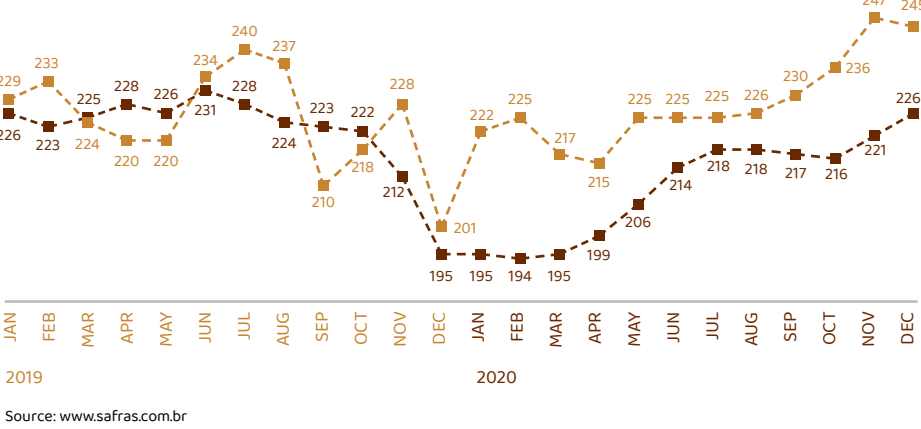
AVERAGE ACQUISITION PRICE IN INVENTORY OF MAIN RAW MATERIALS VS. AVERAGE MARKET PRICE

The graphs on the right show the evolution of wheat, soybean oil and palm oil prices for the 2019 and 2020 periods:

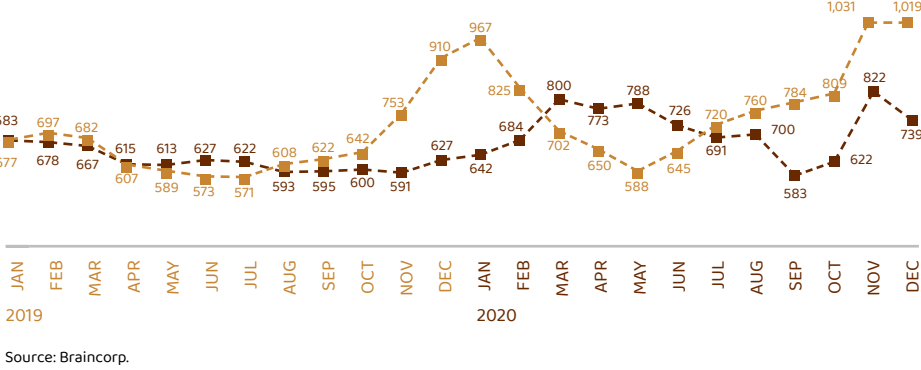


AVERAGE ACQUISITION PRICE IN M. DIAS BRANCO INVENTORY X MARKET PRICE

WHEAT (US\$ / TON YEAR 2019 AND 2020)



PALM OIL (US\$ / TON YEAR 2019 AND 2020)



PRODUCTION AND USE OF PRODUCTION CAPACITY

In 2020, the Company increased production capacity and total production by 10.2% and 14.7%, respectively. Such performance is related to investments made in recent years, such as the Bento Gonçalves mill (RS), which started operation in

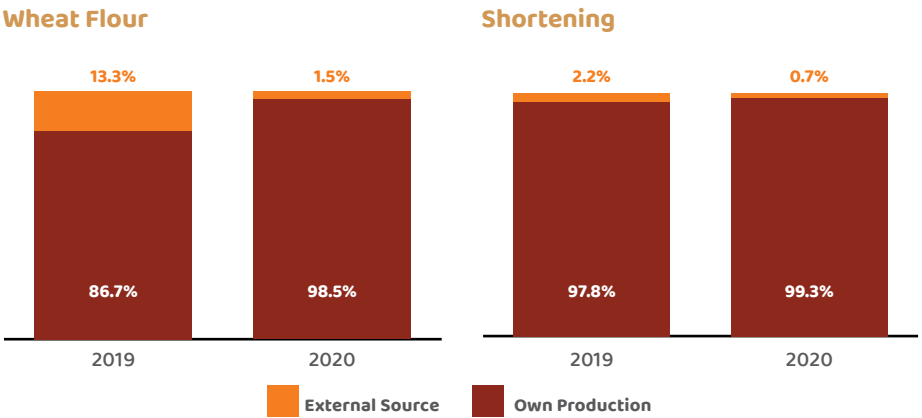
2019. In addition, in order to meet the growing demand seen during 2020, mainly in 2Q20 and 3Q20, production lines were activated and new production shifts were also adopted.

	Cookies and crackers		Pasta		Flours and Brans		Margarine and Shortening		Other Product Lines**		Total	
Effective Production / Production Capacity*	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total Production	598.4	550.8	462.0	391.0	1,765.1	1,503.5	192.1	185.2	17.0	15.2	3,034.6	2,645.7
Total Production Capacity	896.1	868.6	580.8	556.6	2,319.6	1,962.9	385.7	401.3	38.7	39.5	4,220.9	3,828.9
Capacity Utilization Level	66.8%	63.4%	79.5%	70.2%	76.1%	76.6%	49.8%	46.2%	43.9%	38.5%	71.9%	69.1%

* In thousand tons *Cakes, Snacks, Cake Mix and Packaged Toast
Note: The total production capacity is the maximum yield that can be extracted from the equipment, considering the reductions caused by the maintenance stops, setup time, cleaning of lines, restrictions on the maximum number of shifts allowed in each plant, etc.

VERTICAL INTEGRATION

The level of vertical integration of wheat flour in 2020 reached 98.5% (vs. 86.7% in 2019). The increase reflects the start-up of the Bento Gonçalves (RS) mill in 2H19, which started supplying South and Southeast regions. The vertical integration of shortening was 99.3% in 2020 versus 97.8% in 2019, up 1.5 p.p.



STATE INVESTMENT SUBSIDIES

The increased amount of state subsidies for investments was mainly due to the increase in the cost of purchasing wheat.

STATE INVESTMENT SUBSIDIES FOR INVESTMENTS (R\$ MILLION) (GRI 201-4)

	2020	% NR	2019	% NR	HA%	HA -% NR
Tax incentives (ICMS)	391.8	5.4%	308.2	5.0%	27.1%	0.4 p.p.



GROSS PROFIT

Gross profit recorded a nominal growth of 10.2% and the gross margin showed a 2.6 .p.p. decline, pressured by the effects of the cost of wheat and oil, due to the depreciation of the Brazilian Real against the U.S. Dollar.

OPERATING EXPENSES

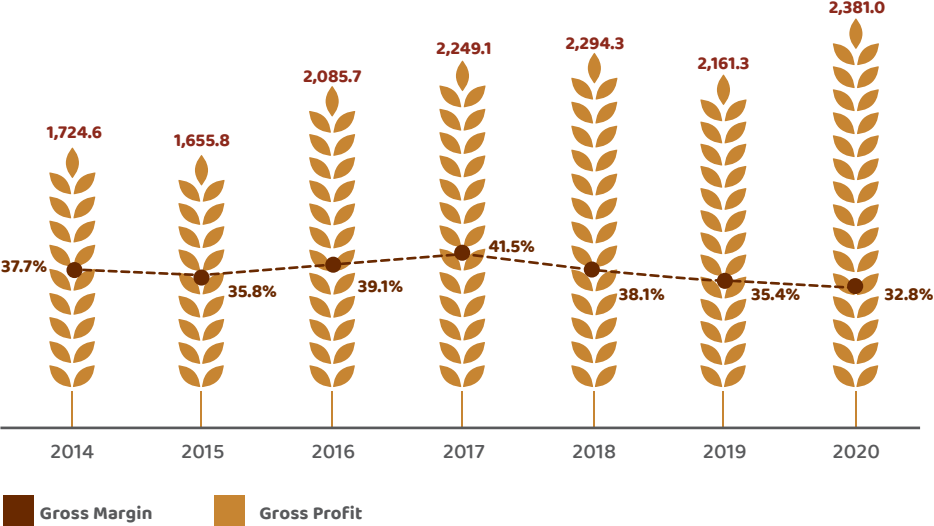
Operating expenses increased 2.4% in 2020 compared to 2019, with a 3.7 p.p. decrease in its representativeness over net revenue. In addition to the efficiency and productivity gains resulting from Multiplique Project, the 12.1% growth in volumes sold contributed to the higher dilution of fixed expenses. Additionally, we recorded a favorable non-recurrent result of R\$ 304.1 million (R\$ 348.5 million income as a result of extemporaneous tax credits and R\$ 44.4 million non-recurring expenses related to the pandemic and restructuring, among others).

FINANCIAL RESULT

In 2020, the Company recorded a positive financial result in the amount of R\$ 81.0 million (R\$ 30.5 million as of 2019) The increase was mainly influenced by the recognition of extemporaneous tax credit adjustments (exclusion of ICMS from PIS and Cofins tax basis). In addition, in 2019, R\$ 20.7 million was recognized as a supplement to the provision for inflation adjustment on labor proceedings (IPCA E), a decision rendered by the Supreme Labor Court (TST), which did not occur in 2020.

We also highlight that M. Dias Branco continues to reiterate its commitment to the conservative policy expressed by the use of swap agreements,

HISTORIC EVOLUTION
- GROSS PROFIT AND GROSS MARGIN



OPERATING EXPENSES (R\$ MILLION)

	2020	% NR	2019	% NR	HA%	HA -% NR
Sales	1,506.4	20.8%	1,303.4	21.4%	15.6%	-0.6 p.p.
General and Administrative	263.6	3.6%	258.2	4.2%	2.1%	-0.6 p.p.
Management fees	15.2	0.2%	14.0	0.2%	8.6%	0 p.p.
Tax	32.0	0.4%	34.8	0.6%	-8.0%	-0.2 p.p.
Depreciation and amortization	83.1	1.1%	67.7	1.1%	22.7%	0 p.p.
Other oper. desp./(rev.)	(239.4)	-3.3%	(56.2)	-0.9%	n/a	-4.2 p.p.
TOTAL	1,660.9	22.9%	1,621.9	26.6%	2.4%	-3.7 p.p.

Note: In the Statement of Profit or Loss, depreciation and amortization expenses were included in the respective selling and administrative expenses, and tax expenses were added to other net expenses (revenues). For more information, see Note 28 of the Financial statements for the year ended December 31, 2020.

FINANCIAL RESULTS (R\$ MILLION)

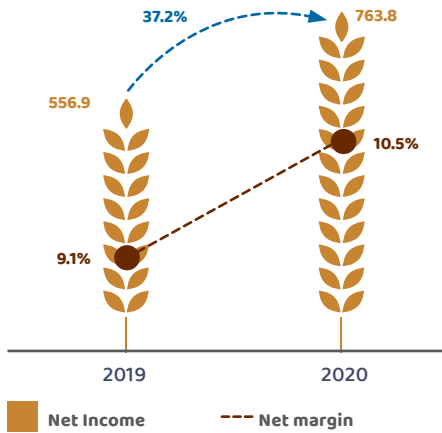
	2020	2019	AH% 2019 - 2020
Financial Revenues	182.3	151.6	20.3%
Financial Expenses	(92.5)	(105.1)	-12.0%
FX Variation	(168.6)	(28.6)	n/a
Derivative losses / gains	159.8	12.6	n/a
TOTAL	81.0	30.5	165.6%

which consists of exchanging foreign exchange risk plus a rate fixed as a percentage of CDI, in order to hedge foreign exchange risk in financing transactions for import of inputs and working capital, which are recorded at fair value and booked in the financial results.

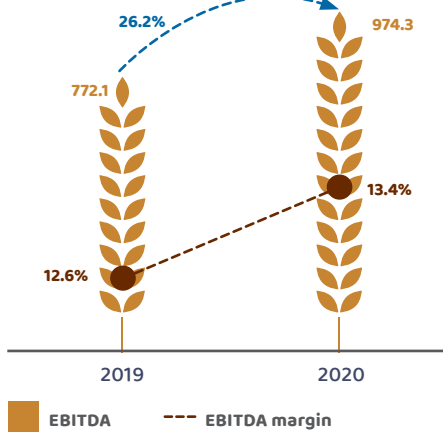
NET INCOME AND EBITDA

Net income increased from R\$ 556.9 million in 2019 to R\$ 763.8 million in 2020 (10.5% of net revenue), representing a 37.2% increase. EBITDA reached R\$ 974.3 million in 2020 (13.4% of net revenue), 26.2% higher as compared to 2019. The year's result was positively impacted by revenue growth, and negatively impacted by higher costs, as a result of the depreciation of Brazilian Real against the U.S. Dollar and the rise in commodity prices in U.S. Dollar. On the other hand, Multiplique Project's results, carried out throughout 2020 and aimed at capturing productivity and efficiency gains, as well as the disclosure of the hedge policy in July 2020, gradually implemented in the subsequent months, mitigated the unfavorable effects of the exchange rate and rise in commodity prices.

NET INCOME (R\$ MILLION) AND
NET MARGIN (%)



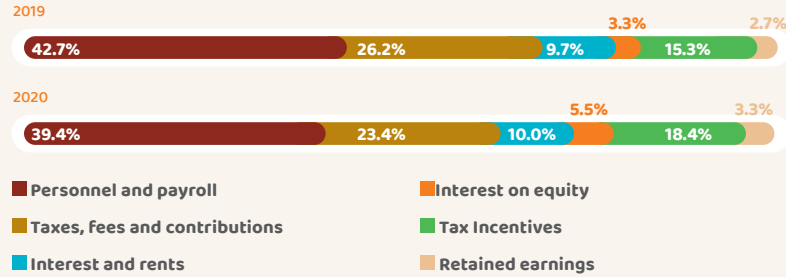
EBITDA (R\$ MILLION) AND
EBITDA MARGIN (%)



ADDED VALUE^(GRI 201-1)

The chart on the right shows the distribution of wealth generated by the Company in 2020:

DISTRIBUTION OF ADDED VALUE



Naval Marques Filho
Sewage Treatment Plant
Operator

CAPITALIZATION, DEBT AND CASH FLOW (GRI 102-7)

In cash front, in 2020, the Company recorded an increase in cash and cash equivalents, closing the period at R\$ 1.2 billion (R\$ 348.4 as of 2019). This growth was stemming, mainly, from the higher volume of the net inflow of financing, combined with the generation of net cash from operating activities, which in 2020 reached the amount of R\$ 693.2 million.

INVESTMENTS

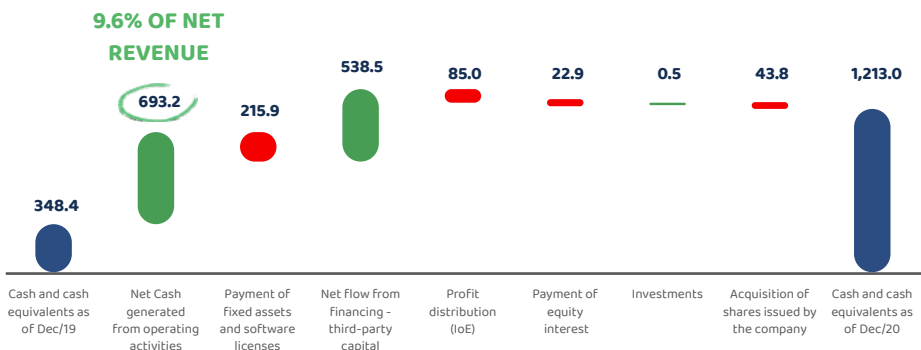
Investments amounted to R\$ 221.8 million in 2020 (R\$ 321.3 million as of 2019), distributed between expansion and maintenance. Among the items that made up investment expenditures throughout the year, the following stand out: (i) acquisition of equipment and expansion of the milling unit in Bento Gonçalves (RS); (ii) construction of a parking lot for wheat trucks in Bento Gonçalves (RS); (iii) adequacy of the CD of the Rio de Janeiro unit; (iv) adequacy and new long pasta line for Piraquê unit; (v) wastewater treatment plant for Maracanaú unit; and (vi) restructuring of São Caetano do Sul (SP) unit.

The Company maintains investments in subsidiaries, whose transactions and details are listed in Note 10 to the financial statements for the year ended December 31, 2020.

CAPITALIZATION (IN R\$ MILLION)

	2020	2019	Change
Cash	1,213.0	348.4	n/a
Short-Term Financial Investments	16.4	16.4	0.0%
Long-term Financial Investments	3.3	3.8	-13,2%
Total Indebtedness	(1,589.1)	(979.7)	62.2%
(-) Short-term	(776.1)	(608.2)	27.6%
(-) Long-term	(813.0)	(371.5)	n/a
Financial Instruments Receivable (Payable)	5.7	6.1	-6.6%
(=) Net Cash (Net Debt)	(350.7)	(605.0)	-42.0%
Shareholder's Equity	6,645.6	6,034.9	10.1%
Capitalization	8,234.7	7,014.6	17.4%

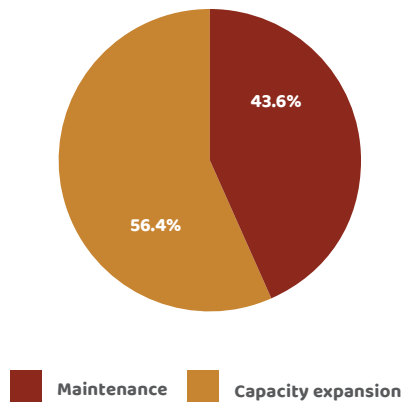
CASH AND CASH EQUIVALENTS (IN MILLION)



INVESTMENTS (R\$ MILLION)

	2020	2019	Change
Facilities	26.4	51.5	-48.7%
Machinery and Equipment	121.0	156.6	-22.7%
Civil Works	43.5	69.3	-37.2%
Vehicles	0.3	0.6	-50.0%
Computers and Peripherals	4.0	9.8	-59.2%
Furniture and Fixtures	8.8	12.9	-31.8%
Land plots	3.8	2.9	31.0%
Software Licenses	12.1	15.8	-23.4%
Other	1.9	1.9	0.0%
Total	221.8	321.3	-31.0%

INVESTMENTS 2020 R\$ 221.8 MILLION



MARKET INFORMATION

PERFORMANCE IN STOCK MARKET

The Company's shares are traded in B3 (Brasil, Bolsa e Balcão), under MDIA3 ticker, listed in Novo Mercado segment. On December 30, 2020, there were 83,703,722 shares outstanding in the market, representing 24.7% of the total Company's capital, priced at R\$ 34.06 each, amounting to R\$ 2,850.3 million. The average daily trading volume of MDIA3 shares in 2020 reached 7,037

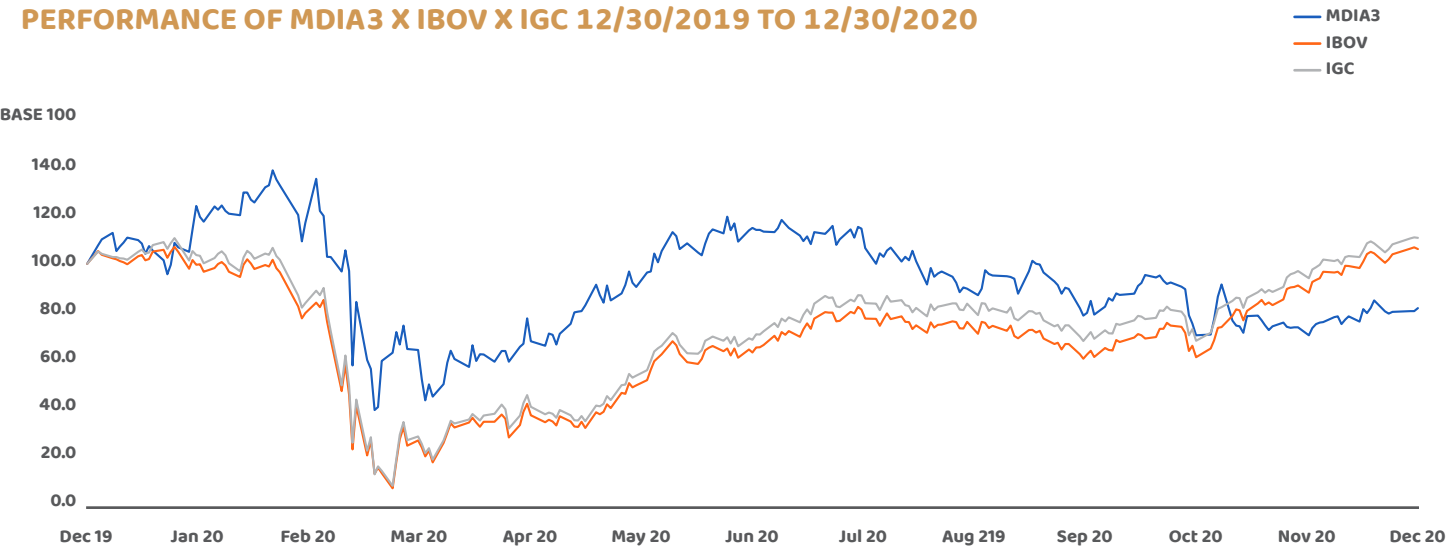
(3,814 as of 2019) and the average daily value of shares traded was R\$ 45.7 million in 2020 (R\$ 28.7 million as of 2019).

The following chart shows the performance of MDIA3 share versus Ibovespa and the IGC in 2020.

M. Dias Branco is part of important indexes: ESI (Corporate Sustainability Index), ICO2 (Carbon Efficient Index), IBRX-100 (Brazil 100 Index), Brazil

Broad-Based Index B3 (IBrA), ICON (Consumption Index), IGC (Special Corporate Governance Index), Corporate Governance Index - Novo Mercado (IGC-NM), IGCT (Corporate Governance Trade Index), Industrials Index (INDX), Special Tag Along Stock Index (ITAG), Small Cap Index (SMLL).

PERFORMANCE OF MDIA3 X IBOV X IGC 12/30/2019 TO 12/30/2020



MDIA3 | 12/30/2020:

Share: R\$ 34.06
Volume: R\$ 26.7 million
IBOV: 119,017
IGC 19,122

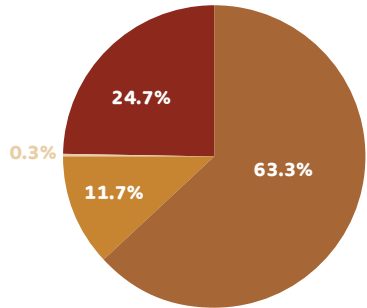
Note: IBOV is the most important indicator of the average performance of shares traded at B3. It comprises the shares with the highest volume traded in recent months. IGC is an indicator of the average performance of the prices of assets of companies in listed Novo Mercado or in Levels 1 or 2 of Corporate Governance of B3.



Rio de Janeiro/RJ Unit

SHAREHOLDING CONTROL (GRI 102-5)

As of December 31, 2020, M. Dias Branco's share capital amounted to R\$ 2,567.9 million, fully subscribed, paid in and divided into 339,000,000 registered common shares, with no par value. The Company's shares are distributed as follows:



DISTRIBUTION OF SHARES

- DIBRA Fundo de Investimento em Ações*
- Board of Directors and Officers
- Treasury Shares
- Free Float

*Corporate shareholding of Dibra Fundo de Investimentos em Ações is comprised by M. Dias Branco Family (Mrs. Maria Consuelo Saraiva Leão Dias Branco and her offspring: Maria das Graças Dias Branco da Escóssia, Maria Regina Saraiva Leão Dias Branco, Francisco Cláudio Saraiva Leão Dias Branco, Francisco Ivens de Sá Dias Branco Júnior and Francisco Marcos Saraiva Leão Dias Branco).

SHAREHOLDER REMUNERATION

At the Board of Directors' Meeting held on December 18, 2020, the credit in the amount of R\$ 154.5 million to the shareholders as interest on equity ("IoE") was approved, booked against the minimum mandatory dividend for 2020 fiscal year, pursuant to article

9 of Law No. 9.249/95, amended by Law No. 9.430/96 and paragraph 2 of article 24 of the Company's Bylaws. The amount of IoE per share is R\$ 0.4572271386.

The credit was made on December 31, 2020, based on the holdings existing

at the closing of B3 trading session on December 23, 2020, and payment to shareholders will be made on May 3, 2021. As of December 28, 2020, the shares are considered "ex-interest on equity".



BALANCE SHEET

Years ended December 31 (in thousands of Brazilian reais).

Assets	Note	Parent Company		Consolidated	
		2020	2019	2020	2019
Current Assets					
Cash and cash equivalents	6	1,212,873	348,312	1,213,007	348,377
Trade accounts receivable	7	959,907	957,325	960,058	957,533
Inventories	8	1,216,061	799,044	1,216,085	799,068
Taxes recoverable	9	398,887	162,535	398,893	162,537
Financial investments		16,413	16,392	16,413	16,392
Derivative financial instruments	18	23,794	7,963	23,794	7,963
Other credits		31,496	21,526	32,047	22,121
Prepaid expenses		10,224	7,736	10,305	7,788
Total current assets		3,869,655	2,320,833	3,870,602	2,321,779
Non-current assets					
Long-term receivables					
Financial investments		3,306	3,782	3,306	3,782
Judicial deposits	23	263,819	257,434	263,827	257,439
Taxes recoverable	9	293,008	273,880	293,008	273,880
Trade accounts receivable	7	-	263	-	263
Tax incentives/other credits		6,776	3,997	6,773	3,994
Assets from indemnities		51,682	57,773	51,682	57,773
		618,591	597,129	618,596	597,131
Investments	10	51,750	57,124	47,289	52,873
Investment Properties	11	54,613	55,225	54,613	55,225
Property, Plant & Equipment	12	3,416,539	3,349,190	3,419,394	3,351,610
Intangible assets	13	1,719,364	1,722,413	1,719,364	1,722,413
Total Non-Current Assets		5,860,857	5,781,081	5,859,256	5,779,252
Total Assets		9,730,512	8,101,914	9,729,858	8,101,031

The notes are an integral part of the financial statements.

Liabilities	Note	Parent Company		Consolidated	
		2020	2019	2020	2019
Current Liabilities					
Suppliers	16	361,646	149,219	361,738	149,044
Financing and borrowings from financial institutions	17	743,764	568,677	743,764	568,677
Tax Financing	17	3,272	5,333	3,272	5,333
Direct financing	17	28,992	34,180	28,992	34,180
Lease	14	41,109	15,075	41,109	15,075
Social and labor obligations	20	176,483	167,344	176,568	167,428
Tax liabilities	21	55,553	83,646	55,611	83,819
Advances from customers		11,144	10,164	11,144	10,164
Derivative financial instruments	18	18,125	1,887	18,125	1,887
Other accounts payable		123,289	77,289	122,332	76,272
Dividends	25	58,978	36,929	58,978	36,929
Government Subsidies	22	12,375	4,799	12,375	4,799
Total current liabilities		1,634,730	1,154,542	1,634,008	1,153,607
Non-current assets					
Financing and borrowings from financial institutions	17	618,395	161,511	618,395	161,511
Tax Financing	17	6,621	5,328	6,621	5,328
Direct financing	17	187,973	204,648	187,973	204,648
Lease	14	153,881	86,904	153,881	86,904
Tax liabilities	21	-	968	-	968
Deferred Income tax and social contribution	24	226,601	205,214	226,601	205,214
Other accounts payable		37,633	34,301	37,701	34,353
Provision for civil, labor and tax risks	23	219,110	213,545	219,110	213,545
Total Non-Current Liabilities		1,450,214	912,419	1,450,282	912,471
Shareholder's equity					
Share capital		2,567,941	2,508,400	2,567,941	2,508,400
Capital Reserves		27,595	26,343	27,595	26,343
Accumulated conversion adjustments		159	121	159	121
Equity valuation adjustments		(7,541)	-	(7,541)	-
Earnings reserves		4,001,420	3,452,014	4,001,420	3,452,014
Treasury Shares		(39,576)	-	(39,576)	-
Additional dividends proposed		95,570	48,075	95,570	48,075
Total controlling shareholders' equity		25	6,645,568	6,034,953	6,645,568
Total Liabilities and shareholders' equity			9,730,512	8,101,914	9,729,858
					8,101,031

STATEMENT OF
PROFIT OR LOSS

Years ended December 31 (in thousands of Brazilian reais, except net earnings per share).

	Note	Parent Company		Consolidated	
		2020	2019	2020	2019
Net operating revenue	27	7,252,524	5,460,773	7,252,524	6,103,608
Cost of Goods Sold	28	(5,263,499)	(3,891,191)	(5,263,266)	(4,250,464)
Tax incentives (ICMS)	22	391,788	298,704	391,788	308,128
Gross profit		2,380,813	1,868,286	2,381,046	2,161,272
Operating Revenues (Expenses)					
Sales expenses	28	(1,551,943)	(1,129,188)	(1,551,943)	(1,333,934)
Administrative expenses	28	(311,609)	(258,135)	(312,298)	(293,252)
Other Operating Revenues (Expenses), net	29	202,767	53,744	203,342	5,321
Results before net financial revenues (expenses), equity income and taxes		720,028	534,707	720,147	539,407
Financial revenues	19	335,294	239,424	335,296	252,857
Financial expenses	19	(254,223)	(199,159)	(254,227)	(222,396)
Other net revenues (expenses)	19	81,071	40,265	81,069	30,461
Equity Income	10	(5,575)	(10,711)	(5,584)	(889)
Income before income tax and social contribution		795,524	564,261	795,632	568,979
Income tax and social contribution	24	(31,680)	(7,377)	(31,788)	(12,095)
Net income for the year		763,844	556,884	763,844	556,884
Result attributable to:					
Controlling shareholders		763,844	556,884	763,844	556,884
Earnings per common share - basic - R\$	30	2.25323	1.64273	2.25323	1.64273
Earnings per common share - diluted - R\$	30	2.25606	1.64093	2.25606	1.64093
Average number of shares (ex-treasury shares)		339,000,000	339,000,000	339,000,000	339,000,000
Average number of shares (common and restricted)		338,574,460	339,370,926	338,574,460	339,370,926

The notes are an integral part of the financial statements.

STATEMENT OF
COMPREHENSIVE INCOME

Years ended December 31 (in thousands of Brazilian reais).

	Parent Company		Consolidated	
	2020	2019	2020	2019
Net income for the year	763,844	556,884	763,844	556,884
Other comprehensive income to be reclassified to income for the year in subsequent periods:				
Gains (Losses) on cash flow hedge transactions	(11,053)	-	(11,053)	-
Tax effects on cash flow hedge transactions	3,512	-	3,512	-
Foreign exchange translation differences from international subsidiaries	38	4	38	4
	(7,503)	4	(7,503)	4
Total comprehensive income	756,341	556,888	756,341	556,888

The notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY PARENT COMPANY AND CONSOLIDATED

Years ended December 31 (in thousands of Brazilian reais).

Capital Reserves														Earnings reserves				
	Note	Share Capital	Options granted	Special reserve		Tax incentive reserve	Legal reserve	Reserve for investment plan	Equity valuation adjustments	Accrued translation adjustments	(-) Shares in treasury	Retained earnings	Additional dividends	Total shareholder's Equity				
Balance as of December 31, 2018		2,258,633	4,977	16,529		1,062,993	300,685	1,866,219	-	117	-	-	51,690	5,561,843				
Capital Increase	25	249,767		-		(249,767)	-	-	-	-	-	-	-	-				
Net income for the year		-	-	-		-	-	-	-	-	-	556,884	-	556,884				
Other comprehensive income to be reclassified to income for the year in subsequent periods																		
Foreign exchange translation differences on foreign operations	10	-	-	-		-	-	-	-	4	-	-	-	4				
Total comprehensive income		-	-	-		-	-	-	-	4	-	556,884	-	556,888				
Transactions with shareholders, booked directly in shareholders' equity																		
Distributions to shareholders																		
Additional dividends approval	25	-	-	-		-	-	-	-	-	-	-	(51,690)	(51,690)				
Mandatory minimum dividends	25	-	-	-		-	-	-	-	-	-	(36,925)	-	(36,925)				
Additional dividends proposed	25	-	-	-		-	-	-	-	-	-	(48,075)	48,075	-				
Recognition of shares granted		-	4,837	-		-	-	-	-	-	-	-	-	4,837				
Other distribution of profit:																		
Legal reserve	25	-	-	-		-	7,774	-	-	-	-	(7,774)	-	-				
Tax incentive reserve - IRPJ	25	-	-	-		29,644	-	-	-	-	-	(29,644)	-	-				
Tax incentive reserve - ICMS	25	-	-	-		371,765	-	-	-	-	-	(371,765)	-	-				
Statutory reserve	25	-	-	-		-	-	62,701	-	-	-	(62,701)	-	-				
Balance as of December 31, 2019		2,508,400	9,814	16,529		1,214,635	308,459	1,928,920	-	121	-	-	48,075	6,034,953				
Capital Increase	25	59,541	-	-		(59,541)	-	-	-	-	-	-	-	-				
Net income for the year		-	-	-		-	-	-	-	-	-	763,844	-	763,844				
Other comprehensive income to be reclassified to income for the year in subsequent periods																		
Gains (Losses) on cash flow hedge transactions		-	-	-		-	-	-	(7,541)	-	-	-	-	(7,541)				
Foreign exchange translation differences on foreign operations	10	-	-	-		-	-	-	-	38	-	-	-	38				
Total comprehensive income		-	-	-		-	-	-	(7,541)	38	-	763,844	-	756,341				
Transactions with shareholders, booked directly in shareholders' equity																		
Acquisition of treasury shares	25	-	-	-		-	-	-	-	-	(43,836)	-	-	(43,836)				
Distributions to shareholders																		
Additional dividends approval	25	-	-	-		-	-	-	-	-	-	-	(48,075)	(48,075)				
Mandatory minimum dividends	25	-	-	-		-	-	-	-	-	-	(58,974)	-	(58,974)				
Additional dividends proposed	25	-	-	-		-	-	-	-	-	-	(95,570)	95,570	-				
Recognition of shares granted		-	6,642	-		-	-	-	-	-	-	-	-	6,642				
Exercise of the grant and restricted shares plan		-	(5,390)	-		-	-	(353)	-	-	4,260	-	-	(1,483)				
Other distribution of profit																		
Legal reserve	25	-	-	-		-	12,415	-	-	-	-	(12,415)	-	-				
Tax incentive reserve - IRPJ	25	-	-	-		32,821	-	-	-	-	-	(32,821)	-	-				
Tax incentive reserve - ICMS	25	-	-	-		482,714	-	-	-	-	-	(482,714)	-	-				
Statutory reserve	25	-	-	-		-	-	81,350	-	-	-	(81,350)	-	-				
Balance as of December 31, 2020		2,567,941	11,066	16,529		1,670,629	320,874	2,009,917	(7,541)	159	(39,576)	-	95,570	6,645,568				

The notes are an integral part of the financial statements

STATEMENT OF CASH FLOW

Years ended December 31 (in thousands of Brazilian reais).

	Note	Parent Company		Consolidated	
		2020	2019	2020	2019
Cash Flow from Operating Activities					
Net Income before income tax and social contribution		795,524	564,261	795,632	568,979
Adjustments to Reconcile net incomewith cash from operating activities					
Depreciation and amortization		259,707	169,149	259,707	233,536
Cost on sale of permanent assets		1,819	5,689	1,819	7,393
Equity income	10	5,575	10,711	5,584	889
Restatement of financing and short-term investments, exchange rate variations on assets and liabilities		218,531	64,688	218,531	79,371
Tax credits and restatements		(533,951)	(275,499)	(533,951)	(284,996)
Restatement of judicial deposits		(4,244)	(4,372)	(4,244)	(8,292)
Restatement of provision for civil, labor and tax risks		9,009	22,861	9,009	23,802
Lease restatement		17,427	5,640	17,427	8,307
Provision for civil, labor and tax risks		44,711	44,478	44,711	44,210
Recognition of shares granted		6,642	4,837	6,642	4,837
Provision / impairment loss of clients		22,952	27,103	22,952	30,658
Provision for IT on financing		3,312	3,077	3,312	3,077
Provision of impairment loss of inventories		8,408	6,483	8,408	6,483
Estimated losses due to the impairment of taxes		779	-	779	-
Provision (reversal) resulting from derivative agreement transactions		(159,764)	(12,513)	(159,764)	(12,513)
Reversal of provision for impairment of assets		(7,699)	-	(7,699)	-
Changes in assets and liabilities					
(Increase) reduction in trade accounts receivable		(25,271)	92,359	(25,213)	57,255
(Increase) in inventories		(431,262)	(37,890)	(430,939)	(27,869)
(increase) in financial investments		(21)	(16,392)	(21)	(16,392)
Reduction in recoverable taxes		345,314	63,066	345,311	73,048
(Increase) Decrease in other accounts receivable		(11,115)	1,858	(11,105)	(3,273)
Increase (decrease) in suppliers		212,426	1,022	212,694	(3,312)
(Decrease) in taxes and contributions		(18,191)	(8,684)	(18,236)	(5,925)
Increase (Decrease) in government subsidies		7,577	(8,741)	7,577	(8,741)
Increase in accounts payable and provisions		9,813	7,359	9,928	13,409
Interest paid		(42,747)	(27,472)	(42,747)	(45,329)
FX Variations paid		(122,749)	(36,352)	(122,749)	(36,352)
Income tax and Social Contributions paid		(53,316)	(43,176)	(53,496)	(45,445)
Receipts of Funds by settlement of derivative transactions		133,338	25,272	133,338	25,272
Net Cash generated from operating activities		692,534	648,822	693,197	682,087
Cash Flows from Investment Activities					
Purchase of property, plant and equipment and intangible assets		(215,149)	(281,075)	(215,906)	(319,590)
Payment of debt from company acquisition		(22,947)	(6,840)	(22,947)	(6,840)
Long-term financial investments		-	(6,208)	-	(6,208)
Redemption of long-term financial investments		557	9,579	557	9,579
Investments		(163)	(39,716)	-	(38,000)
Cash and cash equivalents		-	33,775	-	-
Net cash (used) in investment activities		(237,702)	(290,485)	(238,296)	(361,059)
Cash flows from Financing activities					
Interest on Equity paid		(84,999)	(139,000)	(84,999)	(139,000)
Financing obtained		1,822,050	401,553	1,822,050	401,553
Acquisition of shares issued by the company		(43,836)	-	(43,836)	
Payment of financing		(1,246,207)	(611,246)	(1,246,207)	(663,497)
Payment of leases		(37,279)	(12,228)	(37,279)	(22,707)
Net cash generated (used) in financing activities		409,729	(360,921)	409,729	(423,651)
Statement of increase (decrease) in cash and cash equivalents		864,561	(2,584)	864,630	(102,623)
At the beginning of the year		348,312	350,896	348,377	451,000
At the end of the year		1,212,873	348,312	1,213,007	348,377
Increase (decrease) in cash and cash equivalents		864,561	(2,584)	864,630	(102,623)

The notes are an integral part of the financial statements.

STATEMENT OF VALUE ADDED^(GRI 201-1)

Years ended December 31 (in thousands of Brazilian reais).

	Parent Company		Consolidated	
	2020	2019	2020	2019
Revenues				
Sales of goods, products and services	8,239,164	6,236,277	8,239,164	7,004,640
Other revenues	380,209	207,168	380,812	220,637
Revenue relating to the construction of own assets	43,385	67,859	43,385	67,859
Provision / impairment loss of clients	(15,253)	(27,103)	(15,253)	(30,658)
	8,647,505	6,484,201	8,648,108	7,262,478
Inputs purchased from third parties				
Costs of products and goods sold and services rendered	(3,723,682)	(2,664,705)	(3,723,448)	(2,815,103)
Materials, energy, third-party services and others	(2,180,445)	(1,598,815)	(2,180,959)	(1,841,178)
Materials relating to the construction of own assets	(11,414)	(22,319)	(11,414)	(22,319)
	(5,915,541)	(4,285,839)	(5,915,821)	(4,678,600)
Gross added value	2,731,964	2,198,362	2,732,287	2,583,878
Retentions				
Depreciation and amortization	(259,707)	(169,149)	(259,707)	(233,536)
Net added value produced	2,472,257	2,029,213	2,472,580	2,350,342
Added value received on transfer				
Equity Income	(5,575)	(10,711)	(5,584)	(889)
Financial revenues	335,294	239,424	335,296	252,857
Total added value to distribute	2,801,976	2,257,926	2,802,292	2,602,310
Distribution of added value				
Personnel and payroll	1,103,351	929,530	1,103,497	1,110,402
Direct compensation	709,473	586,047	709,586	697,993
Benefits	327,060	282,972	327,070	323,981
FGTS	66,818	60,511	66,841	88,428
Taxes, fees and contributions	655,235	543,075	655,389	682,278
Federal	283,910	299,190	284,018	381,698
State	356,171	233,832	356,213	289,073
Municipal	15,154	10,053	15,158	11,507
Remuneration of third-party capital	279,546	228,437	279,562	252,746
Interest	254,223	199,159	254,227	222,396
Rents	25,323	29,278	25,335	30,350
Remuneration of equity	763,844	556,884	763,844	556,884
Dividends and interest on equity	154,544	85,000	154,544	85,000
Tax Incentives	515,535	386,330	515,535	401,409
Retained earnings	93,765	85,554	93,765	70,475
	2,801,976	2,257,926	2,802,292	2,602,310

The notes are an integral part of the financial statements.

LETTER OF ASSURANCE (GRI 102-56)



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Limited assurance report issued by independent auditors

To the Board of Directors and Shareholders of
M. Dias Branco S.A.
Eusébio - CE

Introduction

We were engaged by M. Dias Branco S.A. ("M. Dias Branco" ou "Companhia") to apply limited assurance procedures on the sustainability information disclosed in M. Dias Branco's Integrated Annual Report 2020 ("Report"), in the accompanying information to this report related to the period ended December 31, 2020.

Responsibilities of M. Dias Branco's Management

The Management of M. Dias Branco is responsible for adequately preparing and presenting the sustainability information in the Integrated Report 2020 in accordance with both the Standards for Sustainability Report of Global Reporting Initiative – GRI, with CPC 09 Guideline - Integrated Report (which is correlated with the Basic Conceptual Framework for Integrated Report prepared by the International Integrated Reporting Council - IIRC), and the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors' responsibility

Our responsibility is to express a conclusion about the information in the Report based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC (equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information). These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of M. Dias Branco and other professionals of the Company involved in the preparation of the information disclosed in the Report and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Report taken as a whole could present material misstatement.



The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Report, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- a. engagement planning: considering the material aspects for M. Dias Branco's activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the M. Dias Branco's Report. This analysis defined the indicators to be checked in details;
- b. understanding and analysis of disclosed information related to material aspects management;
- c. analysis of preparation processes of the Report and its structure and content, based on the Principles of Content and Quality of the Standards for sustainability report of the Global Reporting Initiative - GRI (GRI - Standards) and with CPC 09 Guidelines - Integrated Report (which is correlated with the Basic Conceptual Framework for Integrated Report, prepared by the The International Integrated Reporting Council - IIRC);
- d. evaluation of non-financial indicators selected:
 - understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
 - application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Report;
 - analysis of evidence supporting the disclosed information;
- e. analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company.
- f. comparison of financial indicators with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Report.



Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

Conclusion

Based on the procedures performed, described in this report, we have not identified any relevant information that leads us to believe that the information in the M. Dias Branco's Integrated Annual Report 2020 is not fairly stated in all material aspects in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI- Standards) with CPC 09 Guideline – Integrated Report (which is correlated with the Basic Conceptual Framework for Integrated Report prepared by the International Integrated Reporting Council – IIRC), and with the records and files that served as the basis for its preparation.

São Paulo, March 31st, 2021

KPMG Auditores Independentes Ltda.
CRC 2SP014428/O-6
Original report in Portuguese signed by.
Sebastian Yoshizato Soares
Contador CRC 1SP257710/O-4

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

GRI INDEX (GRI 102-55)

General Information		Page, description or Link	Principles of the Global Compact
GRI 102: General Information	Strategy and analysis		
	102-14 - Message from the CEO.	Page 8.	
	ORGANIZATIONAL PROFILE		
	102-1 - Name of organization.	M. Dias Branco S.A. Indústria e Comércio de Alimentos.	
	102-2 - Activities, brands, products and services.	Pages 14 and 54. There are no restrictions on the use of our products.	
	102-3 - Location of the organization's headquarters.	Eusébio/CE, Brazil.	
	102-4 - Location of operations.	Pages 50 and 51.	
	102-5 - Ownership and legal type of the organization.	M. Dias Branco is a publicly-held company listed in the São Paulo Stock Exchange (B3).	
	102-6 - Overview of Markets of Operation	Pages 22 to 29.	
	102-7 - Scale of the organization.	Pages 50,102 and 112.	
	102-8 - Information about employees and other workers.	Pages 65 and 103. The indicator considers own employees.	
	102-9 - Supply chain.	Pages 15 and 101.	Principle 5.
	102-10 - Significant changes in organization and value chain.	None	
	102-11 - Precautionary principle	The precautionary principle is adopted through the risk management system.	
	102-12 - External initiatives.	Signatory to the Global Compact.	
	102-13 - Memberships.	The Company is a member of the Advisory Board of ABIA - Associação Brasileira de Indústria de Alimentação (Brazilian Association of Food Industry), of the Managerial Board of ABIMAPI - Associação Brasileira das Indústrias de Biscoitos, Massas Alimentícias e Pães& Bolos Industrializados (Brazilian Association of Industrialized Crackers and Cookies, Pasta, Breads & Cakes Companies).	
16 ETHICS AND INTEGRITY			
Ethics and Integrity	102-16 - Values, principles, standards and rules of behavior.	Pages 14 and 37.	
	102-17 - Counseling mechanisms and ethics concerns.	Pages 37 and 38.	
	103-1 - Explanation on material topic and its boundaries.	Pages 37 and 38.	
	103-2 - Management approach and its components.	Pages 37 and 38.	
	103-3 - Assessment of management approach.	Pages 37 and 38.	
	205-3 - Confirmed cases of corruption and measures taken.	Pages 37 and 38.	Principle 10.
	GOVERNANCE		
	102-18 - Governance structure.	Pages 32 to 36.	
	ENGAGEMENT OF STAKEHOLDERS		
	102-40 - Groups of stakeholders.	Page 88.	
	102-41 - Collective agreements.	Page 99.	
	102-42 - Identification and selection of stakeholders.	Page 88.	
	102-43 - Approach to engagement of stakeholders	Pages 88 to 103.	
	102-44 - Main topics and concerns raised	Page 88	
	REPORTING PRACTICES		
	102-45 - Entities included in the consolidated financial statements.	According to the Reference Form filed with CVM.	
	102-46 - Definition of content and boundaries of the report.	Pages 6, and 42 to 45.	
	102-47 - Material topics	Pages 42, 44 and 45.	
	102-48 - Reaffirmation of information.	None	
	102-49 - Changes in reporting.	there were no significant changes	
	102-50 - Reporting period.	Page 6.	
	102-51 - Date of the last report.	The Annual Report referring to 2019 was published in March 2020.	
	102-52 - Reporting cycle.	Page 6.	
	102-53 - Contact for information on the report	Page 6.	
	102-54 - Type of GRI report.	Page 6.	
	102-55 - GRI Index	Pages 126 to 129.	
	102-56 - External assurance.	Pages 124 and 125.	

GRI INDEX (GRI 102-55)

Specific topics		Page, description or Link	Principles of the Global Compact
<div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div></div> <div>Human Capital</div>			
MATERIAL TOPIC OCCUPATIONAL HEALTH AND SAFETY			
GRI 403 - Occupational Health and Safety (2018)	103-1 - Explanation on material topic and its boundaries.	Pages 70 to 73.	
	103-2 - Management approach and its components.	Pages 70 to 73.	
	103-3 - Assessment of management approach.	Pages 70 to 73.	
	403-1 - Occupational health and safety management system	Pages 70 to 73.	Principles 3 and 6
	403-2 - Hazard identification, risk assessment and incident investigation.	Pages 70 to 73.	
	403-3 - Occupational health services.	Pages 72 and 73.	
	403-4 - Worker participation, consultation and communication to workers regarding occupational health and safety.	Pages 70 and 71.	
	403-5 - Training of workers in occupational health and safety.	Pages 70 and 71.	
	403-6 - Promotion of worker's health.	Pages 72 and 73.	
	403-1 - Workers covered by an occupational health and safety management system	Pages 70 and 71.	Principles 3 and 6.
	403-9 - Occupational accidents.	Page 71.	Principles 3 and 6.
	403-10 - Occupational diseases.	Pages 72 and 73.	Principles 3 and 6.
MATERIAL TOPIC SUSTAINABILITY CULTURE, HUMAN RIGHTS AND DIVERSITY			
GRI 401 - Employment (2016)	103-1 - Explanation on material topic and its boundaries.	Pages 65 to 75.	
	103-2 - Management approach and its components.	Pages 65 to 75.	
	103-3 - Assessment of management approach.	Pages 65 to 75.	
	401-1 - Hirings and dismissals.	Page 65.	Principles 3 and 6.
	401-2 - Benefits granted to employees	Page 75.	
GRI 405 - Diversity and Equal Opportunities (2016)	103-1 - Explanation on material topic and its boundaries.	Page 68.	
	103-2 - Management approach and its components.	Page 68.	
	405-1 - Diversity in governing bodies and employees	Pages 35 and 36 and 65.	Principles 3 and 6.
GRI 404 - Training and education (2016)	103-1 - Explanation on material topic and its boundaries.	Pages 66, 67 and 69.	
	103-2 - Management approach and its components.	Pages 66, 67 and 69.	
	103-3 - Assessment of management approach.	Pages 66, 67 and 69.	
	404-1 - Average number of training hours per year per employee	Page 66.	Principles 3 and 6.
	404-3 - Performance analysis and career development.	Page 69.	
<div><div><div>2</div><div>CLEAN ENERGY</div></div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div></div> <div>Intellectual Capital</div>			
MATERIAL TOPIC NUTRITION AND HEALTH			
GRI-G4	Management approach.	Pages 59 and 60.	
	FP7 - Addition of nutrients.	Pages 59 and 60.	
<div><div><div>6</div><div>CLEAN WATER AND SANITATION</div></div><div><div>7</div><div>AFRORDABLE AND CLEAN ENERGY</div></div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>13</div><div>CLIMATE ACTION</div></div></div> <div>Natural Capital</div>			
MATERIAL TOPIC ENVIRONMENT			
GRI 307 - Environmental Compliance (2016)	103-1 - Explanation on material topic and its boundaries.	Pages 78 to 85.	
	103-2 - Management approach and its components.	Pages 78 to 85.	
	103-3 - Assessment of management approach.	Page 78.	
	307-1 - Non-compliance with environmental laws and regulations.	Page 78.	
GRI 304 - Biodiversity (2016)	304-2 - Significant impacts of activities, products and services on biodiversity.	Page 84.	
	304-3 - Habitats Protected or restored.	Page 84.	Principles 7, 8 and 9
GRI 306 - Residues (2016)	103-1 - Explanation on material topic and its boundaries.	Page 83.	
	103-2 - Management approach and its components.	Page 83.	
	103-3 - Assessment of management approach.	Page 83.	
	306-2 - Waste by type and method and disposal.	Page 83.	

Specific topics		Page, description or Link	Principles of the Global Compact
GRI 303 - Water and Effluents (2018)	103-1 - Explanation on material topic and its boundaries.	Pages 80 and 81.	
	103-2 - Management approach and its components.	Pages 80 and 81.	
	103-3 - Assessment of management approach.	Pages 80 and 81.	
	303-1 - Interactions with water as a shared resource.	Page 80.	
	303-2 - Management of impacts related to water disposal	Page 81.	
	303-3 - Water collection.	Page 80.	Principles 7, 8 and 9
	303-4 - Water disposal	Page 81.	Principles 7, 8 and 9
	303-5 - Water consumption	Page 80.	Principles 7, 8 and 9
MATERIAL TOPIC PACKAGING AND INPUTS AND SUSTAINABLE VALUE CHAIN			
GRI 301 - Materials (2016)	103-1 - Explanation on material topic and its boundaries.	Page 83.	
	103-2 - Management approach and its components.	Page 83.	
	103-3 - Assessment of management approach.	Page 83.	
	301-1 - Re Materials used, broken down by weight or volume.	Page 83.	
MATERIAL TOPIC CLIMATE CHANGE, ENERGY AND EMISSIONS			
GRI 302 - Energy (2016)	103-1 - Explanation on material topic and its boundaries.	Page 82.	
	103-2 - Management approach and its components.	Page 82.	
	103-3 - Assessment of management approach.	Page 82.	
	302-1 - Energy consumption in the organization	Page 82.	
	302-3 - Energy Intensity	Page 82.	Principles 7, 8 and 9
GRI 305 - Emissions (2016)	103-1 - Explanation on material topic and its boundaries.	Pages 79 and 82.	
	103-2 - Management approach and its components.	Pages 79 and 82.	
	103-3 - Assessment of management approach.	Pages 79 and 82.	
	305-1 - Direct GHG emissions (scope 1).	Page 79.	
	305-2 - Direct GHG emissions (scope 2).	Page 79.	
	305-7 - Emissions of NOx, SOx and other significant emissions.	Page 82.	
	305-4 - Intensity of GHG emissions.	Page 90.	Principles 7, 8 and 9
<div><div><div>1</div><div>NO POVERTY</div></div><div><div>2</div><div>ZERO HUNGER</div></div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>10</div><div>REDUCED INEQUALITIES</div></div><div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div></div> <div>Social and Relationship Capital</div>			
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2020 INTEGRATED ANNUAL REPORT

EDITION

M. Dias Branco Indústria e Comércio de Alimentos S.A.

GENERAL COORDINATION

Organizational Development Office
Corporate Sustainability Management
and Communication, Culture and Sustainability Management

CONTENT

All internal areas whose initiatives
were reported in this report.
Origami Consultoria em Gestão de
Negócios Sustentáveis Ltda.

GRAPHIC DESIGN

Advance Comunicação.

PHOTOS

Falcão Studio
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