

# Sustainability Report

**2018-2019**

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# INTRODUCTION

## About the Report

GRI 102-1 / 102-50

Welcome to Metalfrío Solutions S.A. (Brazil) 2<sup>nd</sup> Sustainability Report, where we will share the main highlights and impacts from our performance between January 1<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2019. In this document, we underscore our commitment to transparency and to the sustainable growth of our businesses.

The Report follows the guidelines of the Global Reporting Initiative (GRI), a voluntary standard adopted by companies from a variety of sectors and countries for sustainability reporting. The information published in the document includes all of Metalfrío's operations in Brazil and the scope of the indicators refers to the results of Metalfrío's units in São Paulo and Mato Grosso do Sul.

Throughout the publication, we also seek to demonstrate how our business relates to and may collaborate with the 17 Sustainable Development Goals (SDGs), proposed by the United Nations (UN) with the purpose of engaging companies around the world towards goals such as poverty eradication, fighting climate change and preserving natural resources.

## Materiality

GRI 102-40 / 102-42 / 102-43 / 102-44 / 102-46 / 102-47 / 102-53 / 103-1

In order to define the report's contents, in 2017 we conducted a structured process of stakeholder consultation to identify the most relevant themes for our business model.

We choose the stakeholders consulted in the survey according to their strategic relevance to our performance, taking into account the impact of our activities, products and services on them.

### STAKEHOLDERS CONSULTED



Employees



Suppliers



Customers



### Contact

For questions, suggestions or comments about Metalfrio's Sustainability Report, you may contact the following relationship channel:

[nakamurac@metalfrio.com.br](mailto:nakamurac@metalfrio.com.br)

Following the GRI guidelines, we applied an online questionnaire based on the most relevant themes for our sector and Metalfrio's strategic concepts.

**In these terms, we have reached four aspects considered most relevant to our business, divided into three material themes:**

Material themes	Relevant aspects	Impacted stakeholders
<b>Financial Performance</b>	<p><b>Financial results:</b> to present in a transparent manner the financial result and economic performance of the Company.</p>	Employees; Leadership; Investors; Banks.
<b>Environmental Performance</b>	<p><b>Climate change:</b> learn about actions related to the mapping of Greenhouse Gas emissions generated by Metalfrio and initiatives to control and reduce emissions.</p>	Customers; Society; Investors; Employees.
	<p><b>Environmental impacts of products:</b> learn about the company's actions to manage environmental impacts from manufacturing, usage and end of life of its products.</p>	Customers; Society; Investors; Employees.
<b>Social Performance</b>	<p><b>Health and safety:</b> to understand the actions aimed at the health and safety of employees.</p>	Employees; Customers.

For each relevant aspect, we have chosen GRI indicators that will be reported throughout this document and can be identified by the acronym GRI-XXX. At the end of the document, we publish the list of all indicators in the GRI Standards Content Index (page 54).



## 2018 and 2019 Highlights

### Business Diversification



Strengthen our service area, which now represents 26% of our revenue in Brazil.

### Revenue Growth



Driven by innovation, market needs and our operational improvement, in 2019 our global net revenue were 50% higher than in 2017. In Brazil, net revenue grew 19% in the same period.

### Environmental Certification



Our Environmental Management System in Brazil has received ISO 14001 certification.

### Bronze Label ECOVADIS



We won the bronze label in the ECOVADIS platform sustainable development evaluation.

### Energy Efficiency



In partnership with universities and research centers, we have improved the energy efficiency of our equipment by 40% compared to 2010.

### Selo Verde Eco-efficiency SENAI



For the second year in a row we achieved 100% compliance, maintaining the Selo Verde in the SENAI's Ecoefficiency Program in Mato Grosso do Sul.

# Message from the Management

GRI 102-14

With satisfaction and a sense of responsibility we publish our 2018/2019 Sustainability Report. In this document we present how we continue to expand our business, both in terms of revenues and geographic coverage, while generating value for our stakeholders and preserving the environment.

During the two years covered by the Report, the Brazilian economy kept struggling to resume the growth pace, impacted by the political and economic crises. Nevertheless, we maintained our investments in technology, in customer relations and in business efficiency, increasing our global net revenue by 50.2% in the period.

**A strategic initiative that contributed to the business growth was the diversification of our portfolio and the increasing offer of services that help our customers to manage their refrigerator and freezer fleet.**

Life Cycle, for example, offers several solutions with the objective of carrying out the management and maintenance of the equipment at the point of sale itself, serving customers as quickly as possible.

In innovation terms, we now have IoT (Internet of Things), which offers data-based connectivity, incorporated into our products. Through the technology, it is possible to manage the refrigerators network and monitor in real time information regarding the health of the equipment, its environmental impact and consumer behavior trends.

In 2019, we also joined the equipment rental market, which allowed us to expand the offer of services and create alternative proposals that meet our customers' demands.

Thus, we stopped supplying only refrigeration equipment, becoming the first company in the sector to integrate technological solutions that support customers even after the equipment purchase.

The innovations implemented during these years have had a significant impact on our sustainability

and the improvement of equipment remanufacturing techniques at the end of its useful lifespan paves the way for the reverse logistics of our products. In 2018 and 2019 the amount of remanufactured equipment represented 8.8% and 7.2%, respectively, of the beverage displays sold during the period.

From a technological point of view, we have developed and implemented components and controls that optimize energy consumption, improving the energy efficiency of our products by over 40% compared to 2010. We also work on replacing HFC gases, which contribute to the greenhouse effect. By the end of 2019, we already had 78% of our portfolio converted to R290 gas.

A number of national and international certifications attest to the sustainability of our operations. In 2019, the environmental management system of our plant in Três Lagoas (MS) underwent an external audit that certified it with ISO 14001. Since 2015, the plant has also maintained the Senai Ecoefficiency Program (PSE) Selo Verde.



**We won the bronze label on the Ecovadis platform, through which major international clients assess our suitability for best sustainability practices.**

For the years to come, we intend to continue to evolve the strategy and sustainable management of our business, developing increasingly disruptive technologies and expanding the portfolio of services available to our customers.

We invite you, our reader, to learn more about our sustainable initiatives throughout this Report.

**Have a good read!**



**Petros Diamantides**  
Metalfrío CEO

# ABOUT METALFRIO SOLUTIONS

## Profile

GRI 102-6 / 102-7 / 102-16

We are Metalfrio, the most traditional commercial refrigeration brand in Brazil. With 60 years of history, we develop complete solutions for the market, from manufacturing, through distribution to products after-sales.



We operate globally and are partners with the world's largest beverage and ice cream brands, with a broad portfolio of freezers, refrigerators and breweries.



### Countrywide Presence

Brand present in nine out of ten commercial establishments in Brazil<sup>1</sup>.



### Leading Brand

Sales leader in the plug-in commercial refrigeration Latin American market<sup>2</sup>.



### Top of Mind

The most remembered brand in the commercial refrigeration market<sup>3</sup>.



### Global Operations

We have five facilities, ten sales offices and a presence in over 80 countries.

<sup>1</sup> Oxigen Trade survey.

<sup>2</sup> Freedonia Group.

<sup>3</sup> GFK Indicator survey.

## Values



### Passion For Winning

- Never give up;
- Prioritize and Focus;
- Challenge the status quo;
- Self motivated;
- Determined to be the best;
- Results & long term oriented.



### Create Value

- Generate stakeholder value;
- Deliver the promise;
- Grow with the business;
- Manufacture with quality;
- Innovate;
- Customer focus.



### Integrity

- Be ethical;
- Honest and straight forward;
- Follow Principles of the law & our Values;
- Be transparent;
- Question any perceived wrong doings.



### Trust & Respect

- We respect and count on each other;
- Trust in each other's abilities;
- Trustful and respectful relationship with all our stakeholders.



### People

- Be proud to be part of the team;
- Treat the Company as if it was your own;
- Deliver the promise;
- Foster teamwork;
- Attract, develop and retain the best people.



### Simplicity

- Straight forward;
- Keep it simple.

## Mission

We are a unique global team passionate about delivering the best cooling solutions to our partners and providing broad opportunities to our people.

## Vision

One committed Team to be our Customers' Preferred Choice worldwide through value creation in cooling solutions, leading market transformations.

## Global presence

GRI 102-3 / 102-4 / 102-5 / 102-6 / 102-7

We are a Brazilian company, headquartered in São Paulo (Brazil), and we have the largest commercial refrigerator facility in operation in Latin America.

With a production capacity of 1.5 million units per year, we are present on all continents, with five industrial units and eight sales offices strategically located (see map next). We have a global distribution structure in more than 80 countries, with sales offices spread around the world

With operations in the commercial and residential refrigeration market, we have, in addition to Metalfrio, three other product brands, marketed in Europe: Derby, Caravell and Klimasan.

Our international growth is driven mainly by the commitment to our customer base, which includes multinational companies, seeking to meet their needs worldwide. We are, therefore, present in countries with high growth and export potential, in addition to efficient logistical positioning.

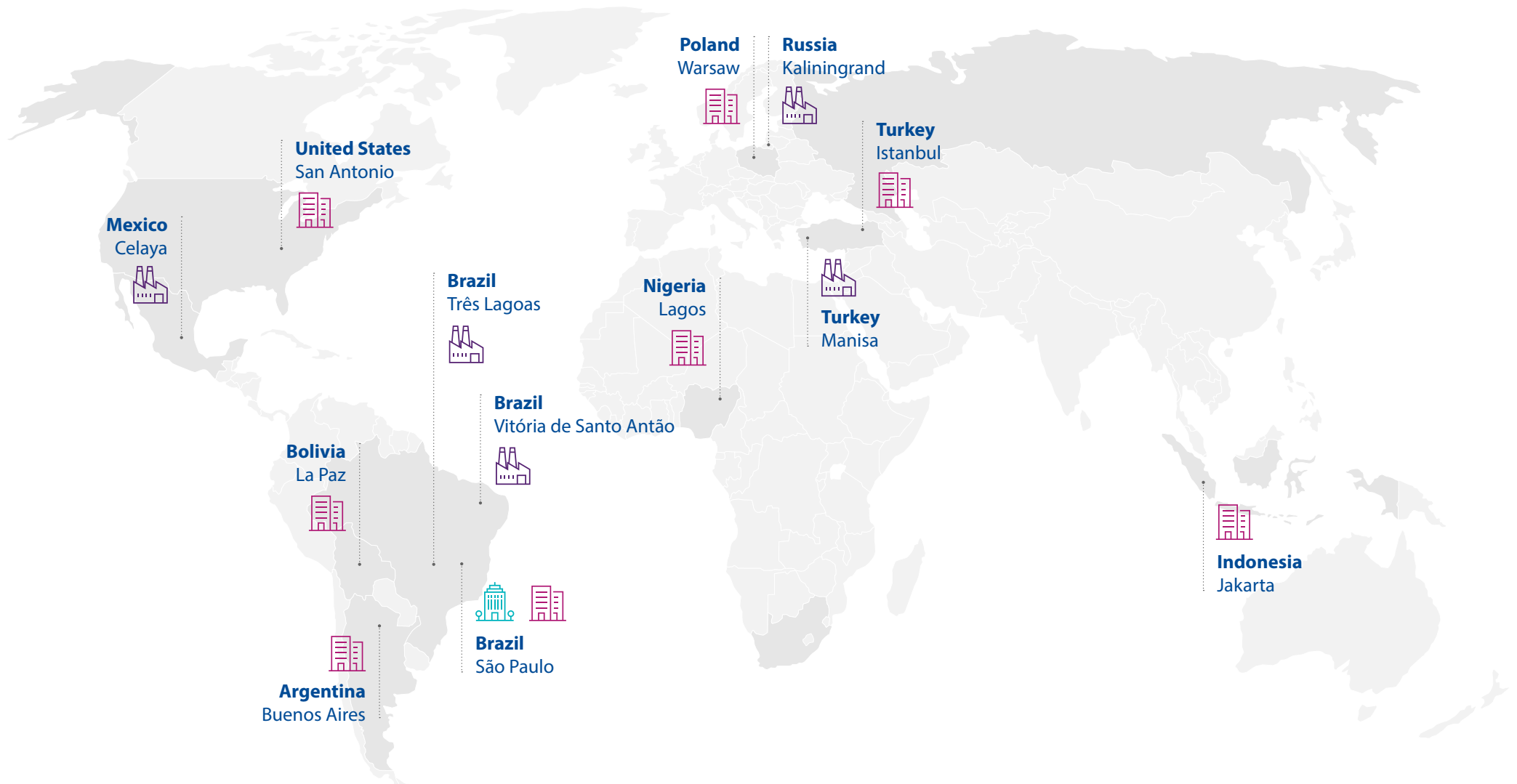
Throughout 2018 and 2019, we conquered growing markets in Africa, Eastern Europe and the Middle East, consolidated our position in Mexico and the United States and strengthened our presence in mature markets, such as those in Western Europe.

## Our Brands



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The Derby logo features the word "Derby" in a large, bold, blue, sans-serif font.



**Caption**  Head Office  Sales Office  Production facilities



# Our products and services

GRI 102-2

Metalfrio positions itself as a provider of full and customized solutions, offering a wide products and services portfolio to its customers. We operate from research and development of new technologies, to production and distribution of refrigeration equipment up to the after-sales relationship with customers.

Our diversified product portfolio includes more than 350 models of refrigerators, featuring vertical and horizontal plug-in freezers. They present several applications, such as cooling beer and soft drinks, preserving ice cream and freezing food in general. Among our products, we highlight:





## E-Commerce

In 2018, we continued to advance in our digital transformation process and launched an exclusive online channel for shopping, targeted especially at the B2C audience. On this platform, consumers can easily find Metalfrío's entire portfolio, strengthening our communication with fast and efficient interaction with the end consumer.

Metalfrío's new store reinforces our pioneering profile by being the first company in the sector to offer a communication and sales channel aimed at the end consumer.

For more information about the Metalfrío store, go to:

<https://www.lojametalfrío.com.br/>

## Products: constant innovation with customers in mind

GRI 302-5

We have developed hundreds of distinguished models to meet the demands of our partners, bringing innovations that ensure the best consumption temperature, size and the ideal model for the point of sale and outstanding product display. Our technologies are continuously improved, in search of greater energy efficiency (learn more on page 48) and the use of sustainable materials and gases (page 49).

We are also committed to continuous improvement of our quality management system and have numerous quality controls, in the forefront of which are:

- **High pot testing**, where current and shock leaks at the user are tested, measurement control and release control of parts and components;
- **Sniffer** performs a gas leak test at high pressures;
- **Functional testing** on 100% of products;
- **LAP** esthetic and functional test carried out on a sampling of 6% of finished products, verifying finish and features.

In addition to allowing numerous applications for food conservation, most of our equipment has a customized design for the visual dissemination of the customers' logo and can be used as merchandising tool.



On the next page, learn about what was featured in 2018/2019 in the coolers, freezers and special lines:



## VB25R refrigerator

is aimed at small businesses and provides energy savings and rapid and uniform cooling, storing various types of beverages at the ideal temperature.



## VF28F model

features an electronic micromotor that speeds up cooling and temperature recovery, in addition to internal LED lighting, ensuring greater product visibility.



## NF30 Model of the Nex Gen

has the Wire on Tube Condenser, which ensures better performance and longer lifespan to the refrigeration system, besides providing lower energy consumption.

### New electronic controller

from the NextGen line, provides better temperature control and reduces energy consumption, in addition to featuring an innovative alarm system.



### VF56 Model

provides optimal temperature range conservation for food storage and can be set for refrigerator, conservator or freezer.



### VB40 Refrigerator

has a continuous airflow cooling system, providing fast and uniform cooling of all beverages. Its electronic controller has a device that activates the economy mode when the door is not opened for up to three hours.







## Commercial Breweries VN28FE and VN28RE

have the Intelligent Next Control, which optimizes and controls the refrigerator operation, providing up to 58% reduction in energy consumption.

## Services: supporting customers at all times

GRI 102-10

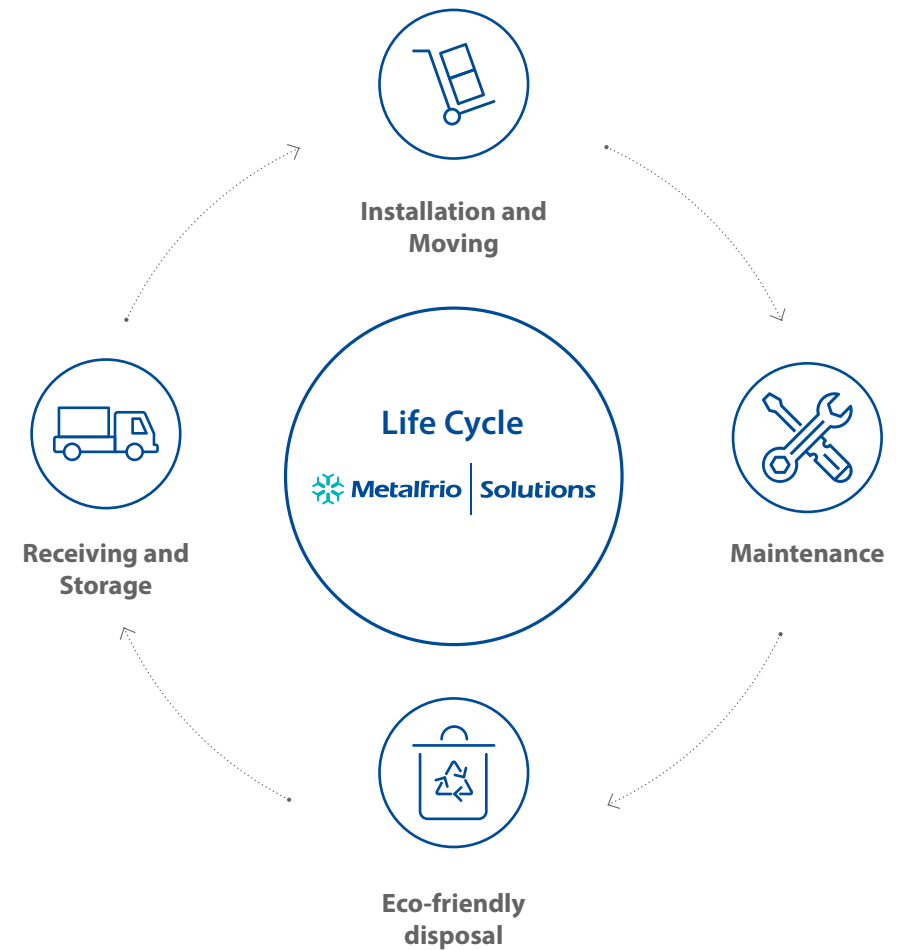
Life Cycle is Metalfrio's 360-degree service, which encompasses several solutions aimed at managing and maintaining our equipment at the customers' point of sale.

The service consists of interconnected online systems, through which we are able to quickly identify problems in the equipment, perform preventive and corrective maintenance and replace the parts.

Our Authorized Network includes more than 400 service stations and two thousand trained and qualified professionals to attend any eventuality. Depending on the client's needs, our goal is to answer their calls within three hours after the request, anywhere in Brazil.

With Life Cycle, we manage countless equipment in more than five thousand municipalities across the country. In this regard, we have the largest technical assistance services structure in Brazil and we are in a process to globally expand our service coverage.

The service also contributes to mitigate the environmental impact of our business, because, in addition to increasing the equipment lifetime, it takes care of its ecological disposal at the end of its use time.



Through these actions, we contribute to  
SDG 12 - Responsible Consumption and Production.

## Services included in Life Cycle



**Fast Solution:** ensures that corrective maintenance is carried out within three hours, reducing the risk of stock loss.



**Preventive Maintenance:** checks the wear level of refrigerator parts, cleans the cooling system and pre-empt operational equipment faults.



**Corrective Maintenance:** carried out by the Metalfrio Technical Assistance Network anywhere in Brazil.



**Installation:** ensures the installation of refrigerators at point of sale following the technical specifications.



**Moving:** will remove, handle and install refrigerators, including storage of refrigerators at storehouses for later installation.



**Census:** inventory and identification of site-installed refrigeration facilities.



**Smart:** remote management and monitoring system for your refrigeration facilities, enabling point-of-sale location and performance checks in real time via internet.



**Renov:** changes aesthetic and functional parts to update refrigerators.



**Reform:** includes revamp of refrigerators in doubtful conditions of use.



**Disposal:** we take responsibility for the process of environmentally-appropriate disposal of refrigerators at the end of their lifespan, in accordance with environmental standards and codes, forwarding them for dismantling, sorting, decontamination and recycling.



## Equipment rental

In July 2019, Begur, a subsidiary of Metalfrio focused on logistics services, acquired 100% of the company 3L, whose main activity is the rental of refrigerators.

With the acquisition, we started to offer our clients a comprehensive equipment rental solution in the full-service model, in which we are responsible for the supply and management of the company's entire range of refrigerators, including Life Cycle maintenance and Begur logistics services.



# Certifications

GRI 416-1



## Selo Verde

Part of the Senai Ecoefficiency Program (PSE), the label attests and classifies the environmental efficiency of facilities. Our facility in Três Lagoas (MS) has maintained the label since 2015.



## ISO 9001

Our Quality Management System has been certified since 2003 and we are audited annually by an external qualified entity.



## ISO 14001

Since 2019, we have been audited by an external consultancy and our environmental management system is NBR ISO 14001 certified.



## PROCEL label

Our household horizontal freezers (models DA 170 and DA 302) have the energy efficiency label.



## INMETRO and S Mark

To ensure the quality and safety of our equipment, all our products are certified for electrical safety and user safety by an external agency approved by Inmetro.



## Fundação Dom Cabral

Since 2007, Metalfrio is considered one of the most internationalized companies according to the Dom Cabral Foundation Ranking. In the 2018 ranking, we placed 9<sup>th</sup>.



## ECOVADIS

In order to ensure - to our major clients - that our operations are in line with the best corporate sustainability practices, since 2017 we have been part of the EcoVadis platform, which brings together and evaluates suppliers from all over the world.

# Associations or partner entities

GRI 102-12 / 102-13

To increase the positive impact of our business and ensure best practices for our sector, we are part of a number of associations such as:



## SINDRATAR/SP

Union of the Refrigeration, Heating, and Air Treatment Industries of São Paulo.



## SENAI

National Industrial Training Service.



## FIESP

Federation of Industries of the State of São Paulo.



## SESI

Industry Social Service



## FIEMS

Industry Federation of the State of Mato Grosso do Sul.



## IFMS

Federal Institute of Mato Grosso do Sul.



# BUSINESS DRIVING

## Corporate Governance

GRI 102-18

Metalfrío seeks to continuously improve its corporate governance, focusing on transparency in market accountability, equal treatment for all investors and efficient and professional management.

We are a publicly traded company, with shares listed on B3 (Brazil, Bolsa and Balcão) under the code **"FRIO3"** and traded on the Novo Mercado, the highest level of distinguished corporate governance practices.

Our main corporate governance bodies include a Board of Directors, an Executive Board and, when required by shareholders, an Fiscal Council, presented below.

To learn more about Metalfrío's governance practices, visit da Metalfrío: <https://bit.ly/2X2ey6y>



## Board of Directors

Metafrío's Board of Directors is the decision-making body responsible for, among other things, formulating and monitoring the general policies for its business, including its long-term strategy. It is also responsible for appointing and supervising its Executive Officers.

The Board of Directors meets on a monthly basis or as often as required by its chairman or Vice-President. All the Board of Directors' decisions are taken by a majority vote of its members present at its meetings

Board Members			
	Position	Member since	End of term of office
Marcelo Faria de Lima	Chairman	04/29/2019	ASM of 2020
Pedro Manuel Jacinto Casanova Guerra	Vice-President	04/29/2019	ASM of 2020
Luiz Antonio de Rossi Jr	Member	04/29/2019	ASM of 2020
Livinston Martins Bauermeister	Member	04/29/2019	ASM of 2020
Hélio Marcos Coutinho Beltrão	Independent Member	04/29/2019	ASM of 2020

Under Brazilian Corporate Law, Board of Directors members are prohibited from carrying out any transaction or business in which any member has a conflict of interest with the Company.



For more information on Metafrío's Board Members, please visit: <https://bit.ly/307todT>

## Board of Executive Officers

Metafrío's Executive Officers are its legal representatives and are primarily responsible for managing its day-to-day operations and implementing the general policies and guidelines set forth by its Board of Directors.

According to the Brazilian Corporate Law, each member of the Executive Board must be resident in the country and may be a shareholder or not.

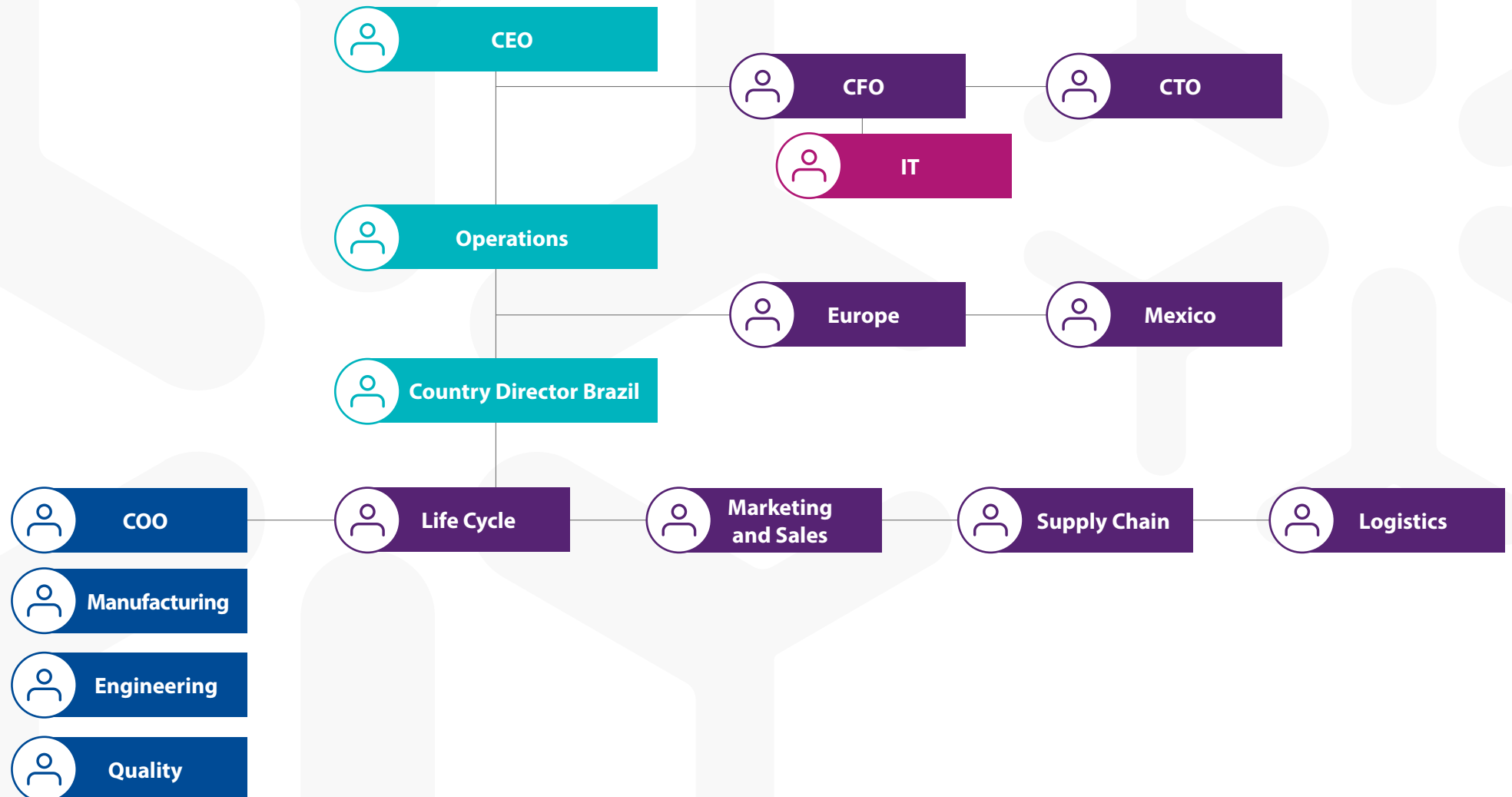
Executive Officers <sup>1</sup>			
	Position	Member since	End of term of office
Petros Diamantides	CEO	01/10/2019	01/10/2022
Frederico da Silveira Moraes	CFO and IRO	01/10/2019	01/10/2022
Fábio Eliezer Figueiredo	Officer	01/10/2019	01/10/2022

The members of Metafrío's board of Executive Officers are elected by the Board of Directors for a three-year term and may be reelected for subsequent terms. Any officer may be removed by the Board of Directors at any time.

<sup>1</sup>The composition of the Executive Board was changed in early 2020. For more recent and detailed information on Metafrío's Board of Directors, please visit: <https://bit.ly/307todT>

## Organizational Structure

At the end of 2019, our hierarchy was structured as follows:



# Ethical Performance

GRI 102-16 / 205-1 / 412-1

Metalfrio's Code of Ethics and Business Conduct has the purpose of establishing the **values, principles and guidelines** that guide the behavior of all our employees, whatever their hierarchical level. The document should be used as a tool for professional and personal conduct so that employees can perform their duties according to the highest levels of integrity in all aspects of their activities, fully complying with the Laws, Rules and Regulations in force.

The ethical values that guide Metalfrio and its employees' activities are based on the following principles:



Through these actions, we contribute to **SDG 16 - Peace, Justice and Strong Institutions.**

## Code of Conduct Principles

TRUTH	RESPECT FOR DIVERSITIES
TRANSPARENCY	◦ ETHNIC
	◦ SOCIO-ECONOMIC
JUSTICE	◦ CULTURAL
	◦ RELIGIOUS
HUMAN VISION	◦ SEXUAL

Each year, all of our employees are required to review the Code of Ethics and Business Conduct, sign a Code Acceptance Form and make a written statement that they are not aware of any violation of the document, as well as complete a Conflict of Interest Questionnaire. If the employee's circumstances change at any time, a new Conflict of Interest Questionnaire or Letter of Explanation must be completed.

We are currently developing a structured process for assessing risks related to corruption, but we already have a number of initiatives aimed at mitigating them, including:



We offer a reporting channel where employees may confidentially report any suspected corrupt activity;



We carry out monthly evaluations of employees' expenses and spending through the Controller's Office;



The Company's financial figures are audited quarterly by an independent external auditor.



**For more information on Metalfrio's Ethical Conduct, go to:**  
<https://bit.ly/2Dic3G4>





## Ethical trade auditing

In 2017, we carried out an audit with the SMETA 4 methodology, which includes the evaluation of four pillars:

- health and safety;
- labor standards;
- environment;
- ethics.

Both production line and administrative staff were part of the audit. As a result, we obtained 100% compliance, being classified within the green category. As the audit is valid for three years, we should go through the process again in June 2020.





# Risk Management

GRI 102-11 / 201-2

Metafrío Solutions understands that risk management is paramount to the business and operation sustainability and, accordingly, establishes a periodic assessment of risks and their mitigation actions in its management.

The main risk factors that may affect our operating and financial results are:



**Interest rate risk:** our financial income and expenses may fluctuate unfavorably due to fluctuations in interest rates on loans made in the past;



**Exchange rate risk:** the income from the products export and the import expenses of inputs and raw materials, made in currencies other than the Real, are exposed to the variations in the exchange rates;



**Commodity price risk:** material price fluctuations, such as steel, copper, aluminum and raw materials such as plastic and polyurethane may affect our operating and financial results;



**Operational risk:** sudden changes in technology, suppliers and product performance in the field can also impact operational and financial results;



**Legislation risk:** taxes, socio-environmental legislation and labor laws also offer risk to the business if not properly monitored and included in management.

Due to the fact that Brazil's energy matrix is based on hydroelectric generation, we are subject to interruption in the activities in case of rainfall shortages. Additionally, to mitigate potential small-scale environmental impacts, we have adopted the following actions in our production chain:

## 1. Risks in the production process

As a management method, we diagnose the aspects and impacts from all sector activities and productive processes, adopting monitoring and control measures. Among them, we highlight:

- Construction of containment basins where there is a chemical leak risk;
- Adoption of filters in paint booths;
- Quantification of noise around the facility and the surrounding community;
- Individualized electrical panels to be switched off while the sector is not running;
- Environmental indicators with stipulated targets and monthly monitoring by the Environment area, in addition to the Environmental Committee, quarterly by senior management and annually by external audit.

## 2. Risks in produced equipment

Bearing in mind the impact of gas emissions on the atmosphere, we use only environmentally friendly refrigerant gases in our equipment that do not harm the ozone layer. In addition, we invest in technology to produce better energy-efficient refrigerators and freezers.



### To learn more about

our Risk Management Policy, access the Reference Form at:  
<https://bit.ly/307uNkF>



# Quality Policy

In line with our strategic objectives and driven by our commitment to quality management, we have developed our Quality Policy, based on four pillars:



## Customer-oriented

All actions undertaken should focus on customer satisfaction.



## Excellence in Products and Services

Due to the increasing level of demand from customers, superior products and services are requirements for the company's success.



## Commitment to continuous improvement of the Quality Management System

Improvement and continuous learning programs, involving all employees, contribute to operational efficiency.



## Commitment to fulfil applicable commitments

Ensure that appropriate processes are put in place, enabling applicable requests to be met and any information requested to be given within the timeframe agreed between the stakeholders.

# BUILDING TOGETHER

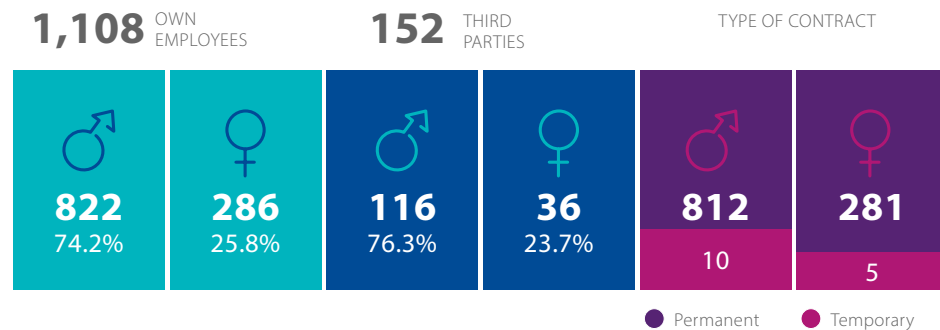
## Our People

GRI 102-8 / 102-41 / 401-1

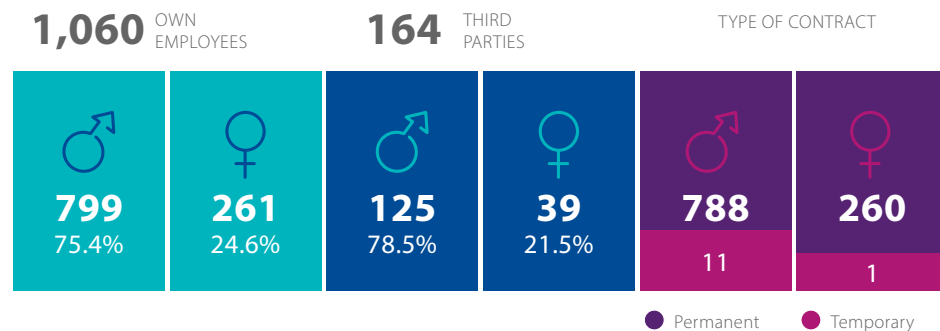
At Metalfrio, we know that employees are responsible for our operational excellence. For this reason, we are absolutely committed to the care and support of our team, having their well-being and continuous development as priorities.

We closed 2019 with 1,060 employees, 75.4% male and 24.6% female.

### Profile (2018)



### Profile (2019)



At the end of 2019, we also had 164 contractors, whose functions comprise the middle activities, such as access gate services, cleaning, recycling, loading and tarpaulin of trucks, maintenance of forklifts, air conditioning and printers, sawmill and restaurant services and IT consultants. All third parties work on a permanent, full-time contract basis.

### Employee distribution

	2018		2019	
	Own employees	Third parties	Own employees	Third parties
São Paulo (SP)*	172	82	189	98
Três Lagoas (MS)	936	70	871	66

\* All temporary employees are based in São Paulo.

In 2019, we hired 370 own- or third-party employees, resulting in a 35% hiring rate. In the same period 420 were terminated, with a turnover rate of 38%.

Hiring rate and turnover (2018)				
	Hired employees	Hiring rate (%)	Terminated employees	Turnover (%)
<b>REGION</b>				
Southeast	40	25%	27	21%
Midwest	312	33%	324	34%
<b>GENDER</b>				
Male	282	35%	263	34%
Female	70	25%	88	28%
<b>AGE GROUP</b>				
Up to 30 years old	275	49%	243	43%
Between 30 and 50 years old	74	16%	98	21%
Over 50 years old	3	4%	10	14%
<b>Total</b>	<b>352</b>	<b>32%</b>	<b>351</b>	<b>32%</b>

Hiring rate and turnover (2019)				
	Hired employees	Hiring rate (%)	Terminated employees	Turnover (%)
<b>REGION</b>				
Southeast	60	34%	44	29%
Midwest	310	36%	376	39%
<b>GENDER</b>				
Male	319	40%	343	42%
Female	51	20%	77	25%
<b>AGE GROUP</b>				
Up to 30 years old	290	53%	281	51%
Between 30 and 50 years old	76	18%	125	29%
Over 50 years old	4	6%	14	21%
<b>Total</b>	<b>370</b>	<b>35%</b>	<b>420</b>	<b>38%</b>

## Development and training

GRI 404-1

We believe that only a prepared and trained team is able to face the challenges imposed by the global market. Therefore, we deem the development of our team as an essential pillar for our sustainable growth.

Over the course of 2019, we conducted 51,282 hours of training, resulting in an average of 41.7 hours per employee.

Average training hours per employee by gender and job category		
	2018	2019
<b>GENDER</b>		
Male	61	56
Female	62	27
<b>JOB CATEGORY</b>		
Board of Directors	0	0
Executive Board	25	18
Management	53	52
Coordination	75	40
Administrative/Operational	62	50
<b>Total</b>	<b>62</b>	<b>42</b>

In those two years, the trainings encompassed subjects such as:

- Excellence Academy;
- Leadership Development Program (PDL);
- Tooling Technical Course,
- Coaching Operational Certification;
- E-Social, Fight Against Sexual Abuse against Children and Adolescents
- Work Instruction Sheet (FIT);
- DISC, ISO 9001 and ISO 14001 Awareness;
- Selective Waste Collection Program, Lean Manufacturing;
- Excel, TPM Training - Masp - Fmea - MRP - DFMA - Milk Run, Finance for Executives Programme;
- Purchase Management, Fire Brigade;
- CIPA and Regulatory Standards, Emergency Simulation;
- General Data Protection Act (LGPD) and Consumer Law.

We also have the Coffee with the Director Program, where our employees can express, with the top management, the best way to maintain our Mission, Vision and Values.



## Diversity

GRI 405-1

Metalfrío recognizes the transforming capacity that diversity brings to society and especially to the Company itself, directly impacting our innovation ability.

At the end of 2019, 24.6% of our employees were female, 1.2 percentage points less than in 2018.

### EMPLOYEE DIVERSITY 2018 AND 2019





## Occupational Health and Safety

GRI 103-2 / 103-3 / 403-2 / 403-4 / 403-9

At Metalfrio, we value each employee and for this reason we consider their health and safety a top priority of our business. We manage this issue through health risk prevention and employee integrity programs, with ongoing monitoring of a series of indicators and the application of procedures to improve the working environment.



Through these actions, we contribute to **SDG 8 – Decent Work and Economic Growth.**

### Taking care of our people OSH programs and practices



Environmental Risk Prevention Program



Analysis and investigation of events to avoid reoccurrences



Monitoring and monthly analysis of OSH indicators



Internal Week for Accident Prevention (Sipat)



Management and behavioral performance program through the Total Productive Maintenance tool (TPM)



Educational campaigns and capacity building and qualification training for activities with potential risks

Our health and safety communications take place through wall boards, corporate e-mails and daily dialogues. Employees take part in the management of the issue through the Internal Commission for Accident Prevention (CIPA), which holds monthly meetings to discuss, prevent and manage situations that may affect their integrity and occupational health. They also participate in the Industrial Safety Committee, responsible for the management of industrial processes that pose risks and hazards to employees, acting through project analysis, preventive maintenance, operation training and emergency response. In addition, we have Committees that discuss and approve our goals for reducing work accidents, which influence the company's profit share.

After workplace incidents and accidents have occurred, we use a range of tools to determine the actions and improvements needed in the environment. The procedures include interviews with the victim, Medical Clinic employees, the occurrence site manager and co-workers, in order to find out which factors contributed to the event. A group is then established, which includes CIPA and the Occupational Safety, Engineering and Maintenance departments, to eliminate or neutralize the situation that caused the occurrence.

In order to minimize exposure to dangerous situations, any employee has the right to refuse the execution of activities that

may put his/her physical integrity at risk. Employees receive guidance on exercising this right during the integration process.

As a result of all these efforts, we recorded an injury rate reduction of 52.7% in 2019 compared to the 2018 result, and 76.3% compared to 2017.

As for the lost days rate, the value obtained in 2019 was 74.4% lower than in 2017. In comparison with 2018, a small increase was registered, related to incidents that occurred in sectors and activities with no history in the Company

#### Employees' health and safety\*

	2017	2018	2019
Injury rate	4.06	2.03	0.96
Lost day rate	43	7	11
Absenteeism rate	1.24	1.40	1.20
Number of fatalities	0	0	0

\* The data on injury rates, lost days and number of fatalities refer to the plant in Três Lagoas (MS). Methodology used: NBR 14280 - Work Accident Register - Procedure and Classification.



# Suppliers

GRI 102-9 / 102-10 / 102-48 / 308-1 / 408-1 / 409-1 / 414-1

The visible quality in every detail of our products stems from the attention paid to the choice of our components and materials and, as a consequence, the maintenance of an excellent relationship with our supply chain. For that reason, we consider the transparent and honest relationship with responsible suppliers one of the cornerstones of our performance, through which we positively impact society.

We have a procurement policy that establishes socio-environmental criteria for the selection of suppliers and prioritizes materials coming from companies that rigidly comply with current legislation, codes and socio-environmental norms. Our aim is to relate with partners who also adopt measures for the prevention, control and mitigation of environmental impacts.

Before commencing any business relationship, we perform a third-party audit on our local suppliers, in addition to conducting periodic compliance audits after the contract is signed. Since 2018, we have included socio-environmental requirements in the audits carried out before the start of the relationship with direct suppliers, which include the verification of work accidents and the existence of social projects and community relationship initiatives and the employability of young people and people with disabilities. As for international suppliers, we use ILO reports in the selection process.



Through these actions, we contribute to  
**SDG 12 - Responsible Consumption and Production.**



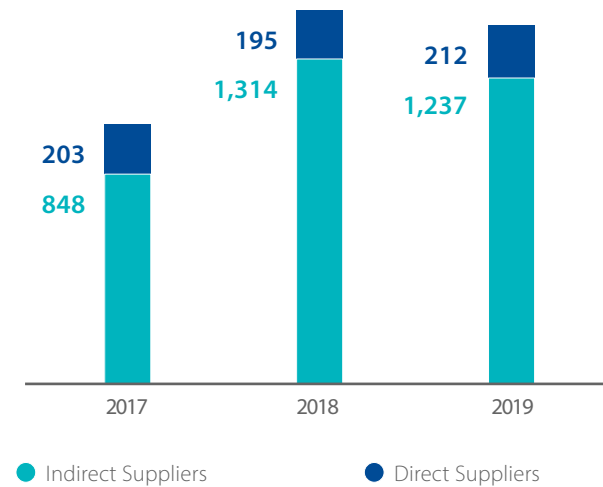
In order to establish our responsibility towards our suppliers, we have a **SUPPLIER CODE OF ETHICS**, and we are developing a **Supplier Policy** along with the **Code of Ethics**, which are being incorporated as tools for the partner selection.

In our contracts, we count on General Delivery Conditions that establish the general supply and delivery norms. Through these, we declare that we do not allow, under any circumstances, the use of child, forced, compulsory or abusive labor, and that we promote equal employment opportunities, forbidding any kind of discrimination in hiring and working conduct.

In 2020, we intend to publish and disclose our Sustainable Purchasing Policy, which will be integrated into the General Delivery Conditions as part of our continuous improvement process. Among the principles addressed in this policy, we will emphasize the preference for suppliers that perform environmental management in an effort to increase our chain's eco-efficiency, coupled with strict control of the environmental impacts of its operations.

Over the past few years, we have increased our supplier base from 1,051 in 2017 to 1,449 in 2019. We have therefore expanded our partner portfolio based on a strategy to mitigate risks related to the supply or price of raw materials.

#### TOTAL SUPPLIERS\*



\* The data refers to the units in São Paulo (SP) and Três Lagoas (MS). In the 2017 Sustainability Report, the information published covered only the Três Lagoas facility.

#### Estimated monetary value of payments to suppliers (millions of reais)

<b>2017</b>	277.2
<b>2018</b>	306.2
<b>2019</b>	307.9

## Customers

Our vision is centered on being the preferred choice of our customers around the world. That is why we have built partnerships with the leading beverage, ice cream and food manufacturers and the largest retail chains on the planet, delivering flexible, customized solutions to the most important brands.

Our relationship extends beyond the commercialization of refrigerators, offering continuous technical assistance throughout their life cycle, through the Life Cycle service (learn more on page 16). We have thus become a Company that, in addition to selling refrigerators, also provides comprehensive solutions for refrigeration.

Throughout 2018 and 2019, we continued to establish promising business partnerships around the globe, closing Full-Service agreements with major multinational companies. In these contracts, we are responsible for offering and managing all the companies' refrigeration equipment.

In order to evaluate the quality of our relationship, we rely on a daily customer satisfaction survey. Participants are randomly selected based on 3% of the service calls for the current month. Every semester, the result is consolidated and presented during the critical analysis meetings, helping to measure whether we are suited to their expectations. In 2019, approximately 80% of survey respondents were satisfied with our services and products.

Our customers have their own sustainability agenda, which is reflected in demands on their suppliers and raises the requirements of our own policies and practices. Since 2018, face-to-face audits of our clients have been carried out through the Ecovadis platform, which includes suppliers from all over the world and embraces clients such as Coca-Cola, Heineken, Unilever and Nestle. Currently, we have won the bronze label in the evaluation of the platform's sustainable development.

### Awards

As a result of our commitment to customers, in 2018 we were elected one of Brazil's 500 best companies, according to the Época Negócios ranking.



In 2019, we were also recognized as one of the 100 Best Companies in Customer Satisfaction in Brazil, in the Home Appliances segment, evidencing the success in our after-sales services.



# CREATING VALUE

## Economic Performance

GRI 102-7 / 103-2 / 103-3 / 201-1

At Metalfrio, we consider transparency and broad disclosure of our results to be critical to the success of our business and the maintenance of our shareholders' confidence.

Accordingly, our Financial Statements (DF's) include the individual and consolidated DF's, which are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also in accordance with accounting practices adopted in Brazil, which follow the pronouncements of the Accounting Pronouncements Committee and other instructions issued by the Securities and Exchange Commission.

In 2019, Metalfrio had a net revenue of R\$ 1,481 million, 23.7% higher than in 2018 and 50.2% higher than in 2017.



Through these actions, we contribute to  
**SDG 8 - Decent Work and Economic Growth.**



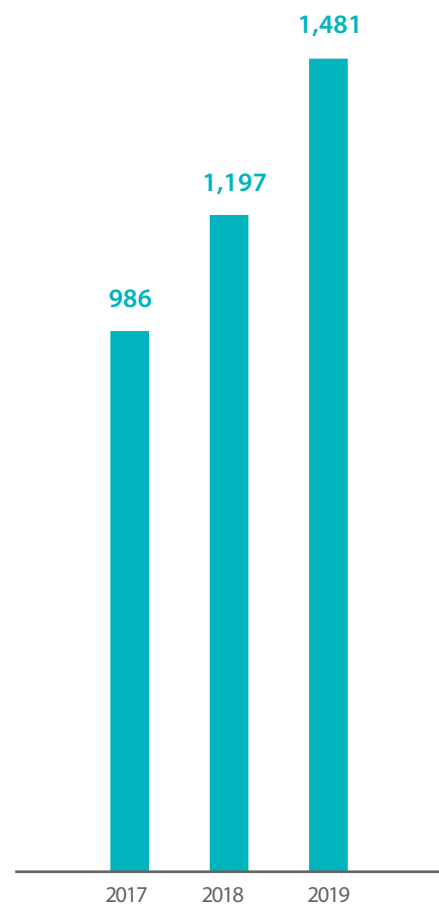
Our Financial Statements are audited by an external auditing company registered with the CVM and are disclosed in Portuguese and English in the links:

[www.metalfrio.com.br/ri](http://www.metalfrio.com.br/ri) and [www.cvm.gov.br](http://www.cvm.gov.br)

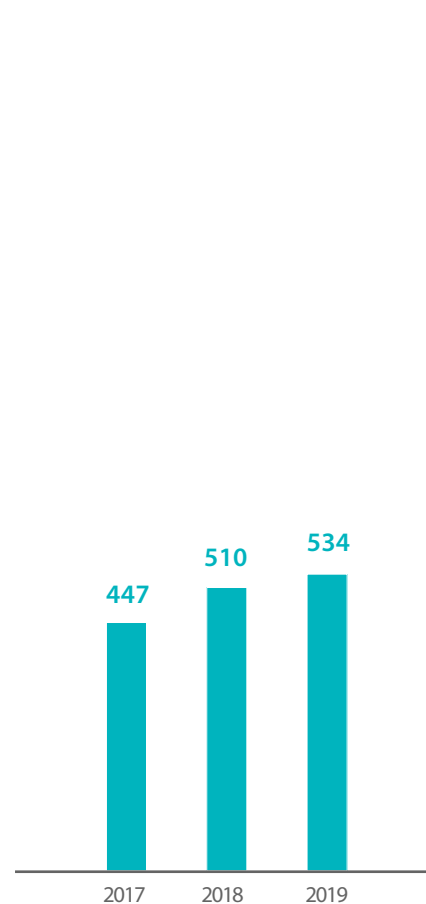


In our operation in Brazil, represented by Metalfrío Solutions S.A. - Brazil, we had revenues of R\$ 668.6 thousand, 3.9% higher than in 2018 and 16.9% higher than in 2017.

### GLOBAL NET REVENUE (MILLION OF R\$)



### METALFRÍO'S NET REVENUE IN BRAZIL (MILLION OF R\$)



### Value Added Statement (in million of Reais)

	2018	2019
<b>REVENUE</b>	<b>643.4</b>	<b>668.6</b>
Sales of goods, products and services	644.1	669.2
Provision for doubtful debtors - Reversal/Constitution	-0.7	-0.6
<b>INPUTS ACQUIRED FROM THIRD PARTIES (includes ICMS and IPI)</b>	<b>-556.0</b>	<b>-565.0</b>
Costs of products, goods and services provided	-496.1	-514.4
Materials, Energy, Third Party Services and Others	-59.9	-50.6
<b>GROSS VALUE ADDED</b>	<b>87.4</b>	<b>103.6</b>
<b>RETENTIONS</b>	<b>-13.8</b>	<b>-17.0</b>
Depreciation, amortization and depletion	-13.8	-17.0
<b>ORGANIZATION'S NET ADDED VALUE</b>	<b>73.6</b>	<b>86.5</b>
<b>VALUE ADDED RECEIVED IN TRANSFER</b>	<b>103.3</b>	<b>120.6</b>
Equity Accounting Results	-16.7	63.2
Financial Revenues	120.0	57.4
<b>TOTAL VALUE ADDED TO BE DISTRIBUTED</b>	<b>176.9</b>	<b>207.2</b>
<b>VALUE ADDED DISTRIBUTION</b>	<b>176.9</b>	<b>207.2</b>
Personnel and charges	70.5	74.7
Taxes, fees and contributions	-32.2	-4.1
Interest and rentals	157.1	114.8
Retained earnings/loss for the year	-18.5	21.8



# Environment

Metalfrio's Environmental Policy is designed to guide our line of action and management of the issue, ensuring its dissemination, understanding and compliance at all levels of the organization. The document defines four principles for our performance in the environmental field:

## Environmental Policy



We also have a working group on Safety, Health and Environment, which has among its objectives to ensure that respect for nature is part of our permanent work.

Both the plant in Três Lagoas (MS) and the head office in São Paulo have an Environmental Management System (SGA), which evaluates and manages their environmental impacts. In 2019, we received an external audit certifying our SGA at the plant with ISO 14001. The plant also has the Selo Verde, which attests to its environmental efficiency, recognized by Senai's external audit.



## Environmental Pioneering

The concern with the environmental impact of our operations is a long-standing company worry, with the implementation of a series of measures over the years to mitigate and prevent damage.

In 1998, for example, we fully eliminated CFC gases from our products and facilities, making us the first entirely environmentally friendly refrigerator plant in Latin America.

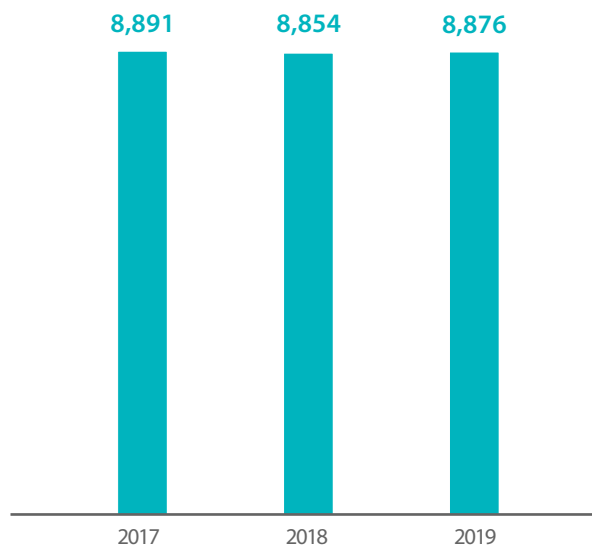
In 2001 we were the first to introduce the Economizer refrigerators to the market, enabling energy savings for the user.

## Power consumption in operation

GRI 102-48 / 103-2 / 103-3 / 302-1 / 302-3 / 302-4

Energy consumption in our operation is one of the main ways in which we have an impact on the environment, especially with regard to the emission of greenhouse gases and the resulting contribution to climate change. In 2019, we consumed 8.9 million kWh of energy, 0.2% more than in 2018.

### ENERGY CONSUMPTION (THOUSAND KWH)



Through these actions, we contribute to SDG 7 - Affordable and Clean Energy.

During this period, the main source of energy in our operation was electricity. As a way to mitigate the environmental impact caused by the CO<sub>2</sub> emissions resulting from the generation of this type of energy, we are part of the Free Energy Market and 50% of all electricity consumed in our plant comes from renewable sources (wind, solar and SHP's).

### Energy consumption within the organization (kWh)

	2017*	2018	2019
<b>FACILITY</b>			
Electricity	5,581,796	5,832,800	6,019,009
LPG Gas	1,223,245	1,243,887	1,256,870
Natural Gas	862,037	486,237	440,719
Diesel oil (generators)	78,742	53,600	26,995
<b>Head Office</b>			
Electricity	1,145,424	1,237,249	1,132,432
<b>Total</b>	<b>8,891,244</b>	<b>8,853,773</b>	<b>8,876,025</b>

\* The amount of diesel oil consumed in 2017 and reported in the previous Sustainability Report was revised. As a result, the total energy consumption in 2017 was also updated.

We have introduced a number of processes and technologies in the last two years that have increased energy consumption in our factory, such as the acquisition of three new plastic injectors, a thermoforming machine and a new part cutting robot.

At the same time, we have undertaken a number of initiatives to bring down energy consumption on site. In 2018, we have implemented the following initiatives:



Replacement of fluorescent lamps by LED lamps;



Awareness campaign among employees;



Hiring a third-party company to perform energy management diagnosis;



Turning off power on weekends.

On the other hand, actions to reduce energy consumption in 2019 include:

- Energy Efficiency Project;
- Compressor relocation system with inverter;
- Continuation of awareness campaigns;
- Continuing to replace fluorescent lamps with LED lamps;
- Study for installation of central air conditioning;
- Analysis of the points that consume the most energy and implementation of a compressor relocation system with inverter to reduce consumption;
- Implementation of a directive on purchase and replacement, so that the new engines and equipment are energy efficient.

The outcome of these initiatives was that the energy intensity of our business in 2019 was 35.4 thousand kWh per thousand products, 4% higher than in 2018, but 3% lower than in 2017.

### Energy intensity

	2017*	2018	2019
Total energy consumption within the organization (kWh)	8,891,244	8,853,773	8,876,025
Products produced in Três Lagoas (thousands)	243.9	259.9	250.9
<b>ENERGY INTENSITY (kWh/thousand products)</b>	<b>36,454.4</b>	<b>34,066.1</b>	<b>35,376.74</b>

\* With the 2017 energy consumption review, the energy intensity of our operation in the year was also updated.

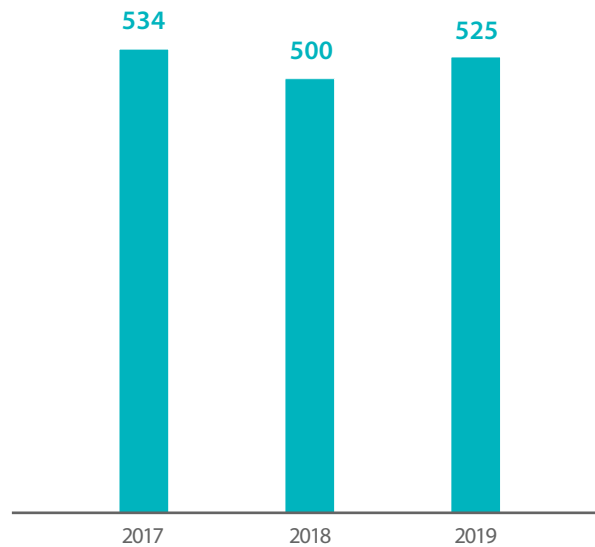
Towards 2020, we plan to install an energy manager capable of indicating consumption at specific points in the plant, with more effective and efficient control of energy peaks.

## Greenhouse gas emissions

GRI 103-2 / 103-3 / 305-1 / 305-2 / 305-3 / 305-4 / 305-5 / 305-7

In an effort to measure and mitigate how much our operation contributes to climate change, since 2016 we have been carrying out our Greenhouse Gas Emissions Inventory using the GHG Protocol methodology. In 2019 we emitted 525.1 tCO<sub>2</sub>, 5.0% higher than in 2018 and 1.7% lower than in 2017.

### GREENHOUSE GAS EMISSIONS (tCO<sub>2</sub>)



Through these actions, we contribute to **SDG 13 – Climate Action.**

The cause for the emissions increase between 2018 and 2019 was mainly the fact that we started to use a greater quantity of our own vehicles to carry out our equipment maintenance, which was previously done by third-party vehicles, in parallel with the equipment exchange at our plant (described on page 41).

### Greenhouse Gas Emissions (tCO<sub>2</sub>)

	2017	2018	2019
Direct Emissions (Scope 1)	278.0	285.5	297.8
Indirect emissions from energy acquisition (Scope 2)	256.4	214.5	227.3
<b>TOTAL</b>	<b>534.4</b>	<b>500.0</b>	<b>525.1</b>

Beyond these values, in 2019 we accounted for the emission of 5.1 tons of biogenic CO<sub>2</sub>, made from the burning of biomass (ethanol). In 2018, the amount was 3.3 tons. These values are monitored separately because the CO<sub>2</sub> resulting from the burning of ethanol was removed from the atmosphere through photosynthesis and, when emitted, simply returns to its natural cycle, with no additional impact on the concentration of GHG in the atmosphere.

In 2019, our energy intensity grew by 8.9% over 2018 and dropped by 4.6% over 2017.

### Emission intensity

	2017	2018	2019
Greenhouse Gas Emissions (tCO <sub>2</sub> )	534.4	500.0	525.1
Products produced in Três Lagoas (thousands)	243.9	259.9	250.9
<b>Energy intensity (tCO<sub>2</sub>/million product)</b>	<b>2.19</b>	<b>1.92</b>	<b>2.09</b>

To offset part of our emissions, we plant trees in the Greener Areas Program and annually acquire carbon credits, supporting social and environmental projects. In 2018, we acquired 65 tCO<sub>2</sub> with the Cerâmica Irmãos Fredi project and in 2019, we acquired 85 tCO<sub>2</sub> with the Luara project (learn more about the Program and the socio-environmental projects supported in the following boxes).



## Greener Areas Program

We participate and support the City Department of Environment of Três Lagoas (MS) in the program, which aims to plant and maintain native species of the cerrado. Since its inception, 700 trees have already been planted. The project is monitored by our Environment and Sustainability team.

In 2019, we planted and donated 100 native seedlings in partnership with the Rotary Cidade das Águas community organization of Três Lagoas (MS) and the city hall. The action was undertaken in several areas of the city that were made available by the city hall.

## Carbon credits: Investing in Sustainable Ceramics

### CERÂMICA IRMÃOS FREDI

It involves a project to produce bricks and blocks for sale in local construction markets, located in Presidente Epitácio (SP). Until 2006, the facility used firewood extracted from the Cerrado to supply the ovens.

Since then, it has invested in more sustainable production and acquired equipment that is supplied with renewable biomass, made from sugarcane bagasse and sawdust. In this manner, it has managed to reduce its greenhouse gas emissions and, consequently, generate carbon credits. In 2018, we purchased 65 tCO<sub>2</sub> of company credits.

Along with mitigating CO<sub>2</sub> emissions, ceramics also invests in the elaboration of a plan to recover degraded areas with the extraction of clay.



### LUARA PROJECT

Ceramic factory located in Panorama (SP), has also replaced the equipment that used firewood from the Cerrado with versions that use renewable biomass.

This made it the first company in the ceramic sector in São Paulo (SP) to develop a carbon credit project. In 2019, we purchased 85 tCO<sub>2</sub>e of carbon credits from the company.



## Water

GRI 303-1 / 303-3 / 306-1

Our environmental impact can also be mitigated by monitoring, managing and reducing water consumption in our operation.

At the Três Lagoas (MS) plant, water is withdrawn from underground wells and used mainly to serve administrative areas and the kitchen. Our refrigerator manufacturing process, on the other hand, consumes practically no water, except for two industrial processes:



Glass washing in a closed-circuit equipment, which has a filter for reuse.



Evaporator leak test bath. In this process, the component (evaporator) is tested by being immersed in a bathtub containing nitrogen gas for leakage detection in its circuit.

6

CLEAN WATER AND SANITATION



Through these actions, we contribute to **SDG 6 - Clean Water & Sanitation.**

In the administrative unit in São Paulo(SP), the water supply is made by municipal water tanker trucks.

### Total water withdrawal by source (m<sup>3</sup>)

	2017	2018	2019
Groundwater	25,613	22,790	24,776
Municipal water supply or other supply companies	4,348	4,543	4,876
<b>TOTAL</b>	<b>29,961</b>	<b>27,333</b>	<b>29,652</b>

In our Environmental Policy, we have established a commitment to continuously reduce our water consumption, through goals to be achieved annually. In the reporting period, we were able to achieve these objectives through initiatives such as ongoing employee awareness campaigns and periodic inspections to identify leaks or opportunities for network improvement. Furthermore, at our headquarters, we replaced 100% of conventional taps by timer models and started installing flush valves with two flows in the toilets.

### Relative water consumption (m<sup>3</sup>/employee)

	2017	2018	2019
<b>Total</b>	<b>27.3</b>	<b>24.7</b>	<b>28.0</b>

In our facility, there is no continuous generation or effluent disposal by the production process, because the water used in the industrial processes is reused in closed circuit in the equipment. Therefore, all the water disposed of in our operation refers only to administrative processes.

## Waste

GRI 306-2

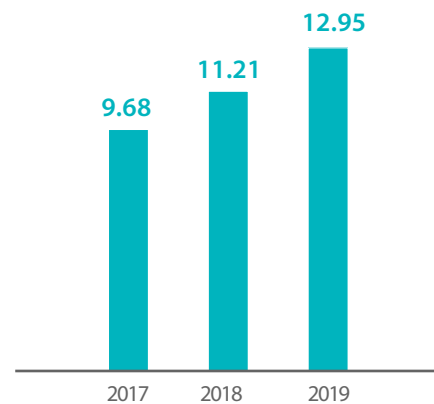
Waste management is one of the pillars of our Environmental Policy, aiming to maximize recycling and correct disposal of materials. To this end, we have regularly monitored indicators and targets, such as the relative volume of waste generated and the percentage allocated to each type of treatment.



Through these actions, we contribute to SDG 12 - Responsible Consumption and Production.

### RESULTS 2017 X 2018 X 2019<sup>1</sup>

Solid waste generation (kg) per product produced (unit)

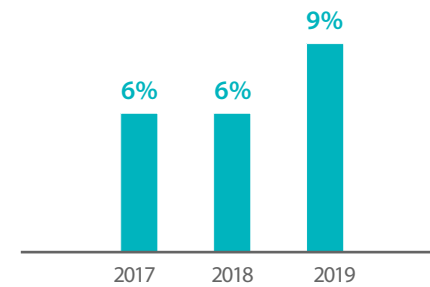


Hazardous solid waste generation (kg) per product produced (unit)

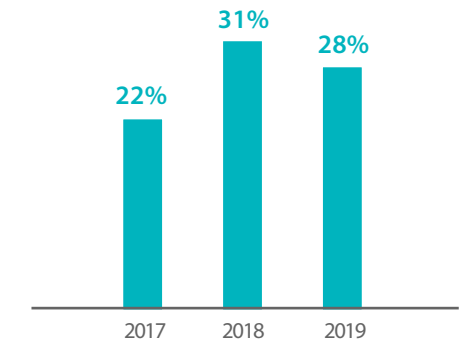


Percentage destined for

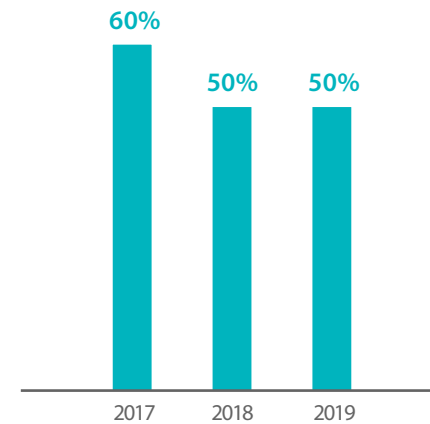
LANDFILL



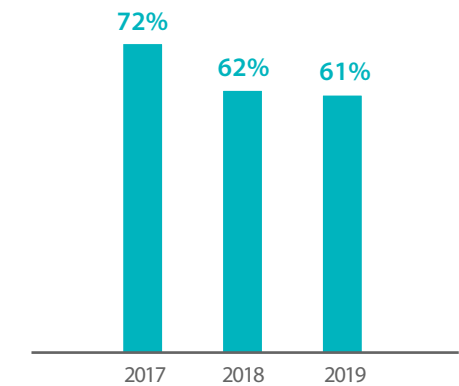
ENERGY RECOVERY



INCINERATION



REUSE, RECYCLING OR RECLAIM



<sup>1</sup> The reported figure contains the waste generated in our operations in São Paulo (SP) and Três Lagoas (MS), with the exception of the figures for Incineration, energy recovery and reuse, recycling and reclaiming in 2017, which refer only to the Três Lagoas facility.



Between 2017 and 2019, the waste generation per product produced in our operation increased 33.8%. Such growth is mainly due to a flood that occurred in the São Paulo (SP) unit.

The site has gates and other safety measures, but the volume of water went beyond the existing barriers to contain this type of accident. The event made it necessary to dispose of a high volume of materials that could not be recovered internally.

Over the course of 2019, we generated 43.2 tons of hazardous waste and 2,945.3 tons of non-hazardous waste in our operation, coming from both our production and administrative processes.

#### Total weight of waste by type and disposal method - Hazardous waste

	2018	2019	
Disposal method	Weight (kg)		Type of waste
Incineration	50	50	Infectants
Landfill	34,250	37,240	Miscellaneous contaminants (paints, solvents) and fluorescent lamps
Recovery	-	2,690	Lubricating oils, electronic waste and polyurethane
Recycling	2,550	130	Lamps
<b>Total discarded</b>	<b>38,280</b>	<b>43,247.1</b>	

#### Total weight of waste by type and disposal method - Non-hazardous waste

	2018	2019	
Disposal method	Weight (kg)		Type of waste
Recycling	1,792,980	1,817,660	Paper, cardboard, plastic, glass, scrap metal and EPS
Landfill	156,070	266,440	Sweeping, organic, rubble, polyurethane and non-recyclable glass
Recovery	904,380	861,240	Wood
<b>Total discarded</b>	<b>2,853,430</b>	<b>2,945,340</b>	

In our factory, we have a Recycling Center, where we segregate, compact and sell the materials, according to our Selective Garbage Collection Program. In 2018, we also began selective collection in the administrative sectors of the São Paulo (SP) and Três Lagoas (MS) units. Through this effort, we have improved our capacity to correctly dispose of our waste.

However, the percentage of waste sent for recycling decreased in the period due to a series of Kaizen projects implemented in our operation, which caused materials that would be recycled to be reused and reincorporated as raw material.

Over the period covered by the report, we also carried out the following actions to reduce waste generation in our production process:

Horizontal rear film elimination  
**6 tons per year**

**20% reduction**  
(17,768 kg/year) in the volume  
of crepe tape used for vertical  
preassembly

Vertical side film elimination  
**6.4 tons per year**

Plastic film elimination from the  
material sent for fingerprinting  
**14 tons per year**

We also use the circular economy to reintroduce certain types of waste into our production chain. For instance, we reincorporate the ground thermoplastic, which would normally be discarded, in the development of new sheets for thermoforming. We therefore reuse 20% of the waste per sheet, preserving the characteristics, not losing the quality of the raw material.

We also return the wooden pallets of compressors to suppliers who can reinsert them in the production process. With this action, we no longer generate 60 tons of wood waste per year, reducing the amount of materials sent for energy recovery.



## Energy consumption in products

GRI 103-2 / 103-3 / 302-5

A recurring concern in our business is the environmental impact of products after they leave the production line at the time they are used by customers.

In our research and development activities, we aim to produce increasingly energy efficient refrigerators that help both to reduce our customers' operating expenses as well as to mitigate their CO<sub>2</sub> emissions into the atmosphere.

For instance, some of our equipment have controllers that optimize and regulate its operation. The device uses sensors to identify the operating hours of the point of sale and activates the stand-by mode when there is no movement, turning off the internal lights and powering the cooling system. The technology is capable of reducing energy consumption by up to 30%.

Furthermore, by installing LED lamps on refrigerators, we have increased their energy efficiency and ensured more attractive lighting for products on display at points of sale (learn about eco-efficient technologies from our main launches between 2018 and 2019 on page 13).

To develop these more efficient technologies, we have partnerships programs with Brazilian universities, such as the Federal University of Santa Catarina and UNESP Ilha Solteira, which aim to encourage research on more sustainable technologies.



**Based on the technical improvements implemented in the last two years, the average energy consumption reduction of our products was 40% compared to 2010.**



Through these actions, we contribute to **SDG 7 - Affordable and Clean Energy.**

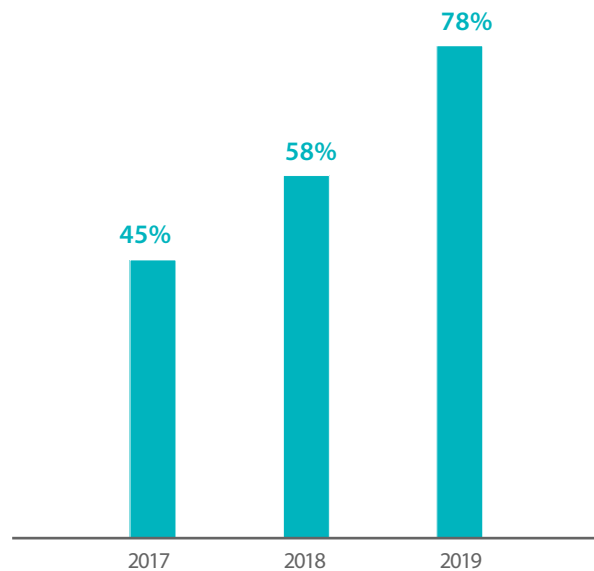
## Refrigerant gases

GRI 103-2 / 103-3

At Metalfrio, we are well aware of the impact CFC and HFC gases used in refrigeration systems have on the environment and therefore one of the main objectives of our Environmental Policy is to continuously reduce their use by replacing them with hydrocarbon refrigerant gases (HCs) such as R290 (propane). Apart from not damaging the ozone layer, these gases have practically no impact on global warming and optimize the refrigeration system's efficiency.

Accordingly, since 1998, we have completely eliminated CFC gases from our products and facilities. We are currently working on the gradual phase-out of HFC gases in our refrigerators, with 78% of the portfolio converted to R290 gas.

**Percentage of products with R290**



It is our goal that, by the end of 2020, all the Company's equipment will be produced using R290. At the same time, we work on marketing strategies to strengthen the sales of these more environmentally friendly products among our customers.

Another gas that harms the ozone layer that is usually used in the manufacture of refrigerators is polyurethane foam, used as an expansion agent for thermal insulation of these equipment. Since 2001, we have exchanged this input for cyclopentane throughout our production, further reducing our environmental impact.

## Refrigerators end of life

GRI 103-2 / 103-3 / 301-3





Metalfrio's vision for the environmental impact of our products goes beyond the development of more efficient and sustainable technologies.

Through the Life Cycle service (learn more on page 16), we reform the refrigerators used by customers, increasing their lifespan, and provide the reverse logistics of end-of-life equipment. In this process, the product is uncharacterized and all its components are correctly destined, being transformed again into raw material whenever possible.

In 2018 and 2019, we recovered 41,000 units of beverage displays and sent 6,513 pieces of equipment for reverse logistics, helping to reduce the disposal of their materials.



Through these actions, we contribute to **SDG 12 - Responsible Consumption and Production.**

Percentage of refrigerators recovered by technical assistance				
				
	Product Category	Total products sold in the reporting period	Total products and/or their packaging recovered during the reporting period	Percentage (%)
<b>2018</b>	Beverage Displays	259,933	22,881	8.80%
<b>2019</b>	Beverage Displays	250,934	18,177	7.24%



## Engaging for sustainability

GRI 413-1

In order to increase our capacity to create value for the environment, we also work to involve employees and residents of the communities surrounding our units in environmental awareness and conservation actions, such as:



### World Water Day

Celebrated on March 22<sup>nd</sup>, the date has the objective of educating conscious citizens, able to act in a pollution and water scarcity reality all over the planet. To contribute to the initiative, we bring information and transmit attitudes to the population, in a fun and entertaining way. In 2018, for example, we created a parody contest with themes related to water consumption awareness involving students from Casa Cultura de Três Lagoas (MS), who also participated in lectures on how important this resource is.

In 2019, we sought to raise awareness among employees through banners and informative materials about the appropriate water consumption at Metalfrio. In the Três Lagoas (MS) cafeteria, the Vigilância em Água (Vigiagua) team and the Municipal Health Secretariat (SMS) carried out awareness-raising actions on quality and conscious consumption. We also carried out a series of external activities in partnership with the City Hall of Três Lagoas (MS), which involved from the installation of a booth to distribute information and clear up doubts about water savings to lectures at State and Municipal Schools.





## Day of the Tree

On September 20 and 21, 2019 we organized activities concerning the Day of the Tree, in order to foster environmental awareness among our employees and the local community. As part of the internal actions, our employees were able to participate in the planting of 15 species of native seedlings in the facility premises and to sign their commitment to the environment by registering their fingerprint on a plate.

In partnership with the City Hall of Três Lagoas (MS), we hold drawing and sentence competitions with the local population. The highlights were contemplated with exhibitions in the Municipal Library. We also held a schedule of lectures on the environment with students at the State College José Ferreira and the planting of native species seedlings in schools and forests of the region.



## Environment Week

Every year, at the beginning of June, we hold the Environment Week, with the aim of engaging our employees in sustainability issues. During 2018, it had a schedule with interactive and educational activities, such as lectures, drawings, interactive games and our first Truco Environmental tournament.

During the 2019 Environment Week, we used the slogan **"You are our Transformation"** to bolster our environmental pillars. We resumed training on the Environmental Policy and other topics related to the subject, announcing our commitments and awareness messages on corporate TV's, wallpaper on computers and e-mail marketing. We also created an arts exhibition about environment and industrial evolution, by the artist Nilva Barroso.



## Society

GRI 413-1

At Metalfrio, we consider the value generated for society an essential part of our sustainability strategy. Because of this, we establish partnerships and support a series of entities, projects and programs with social and environmental benefits in the communities surrounding our industrial units:



### Mapping and engagement plan

In Três Lagoas (MS), we promote environmental awareness actions and establish partnerships with educational institutions, with the objective of developing environmentally correct products and processes, also encouraging scientific initiation projects on this topic. We also meet demands requested through official letter by local entities and institutions and adhere to environmental programs developed in the community. Metalfrio is part of the Sustainable Network, comprising companies in the region, which provide support for the development of actions such as the depollution of rivers and the planting of trees.



### Mutual Aid Plan (PAM)

A non-profit organization made up of private companies and public entities, with the operational coordination of the Military Fire Brigade. Its objective is to prevent and respond to emergencies in the signatory companies and their respective areas of interest in the city of Três Lagoas (MS). Metalfrio is a signatory member of the organization and is in charge of the administrative coordination for the biennium 2016-2018. The PAM of Três Lagoas (MS) was elected the best in the state of Mato Grosso do Sul.



### Committee for development of the Três Lagoas macro region (MS)

Metalfrio's Industrial Director is a member of the Committee, sharing and suggesting measures for the city's development, focusing on tourism, health and economy, among other topics.



### Visitation program

We work in an environment where everyone is welcome, which is why our production unit in Três Lagoas (MS) hosts the family of employees and students from the educational network. In 2018 and 2019 we welcomed 26 families to our factory, who could get to know Metalfrio's main sectors and follow the refrigerator manufacturing process.



### Hospital Nossa Senhora Auxiliadora's Advisory Board

Metalfrio's Industrial Director and Human Resources Manager are members of the hospital's Advisory Board, which has important operations in the Três Lagoas (MS) region, suggesting and proposing strategies to help manage the institution.



### Fight Against Sexual Abuse against Children and Adolescents Campaign

Held annually through training sessions, lectures, posters and flyers, it aims to prepare our employees to detect and prevent possible sexual abuse actions against children and adolescents.

# GRI CONTENT INDEX

GRI 102-55

Universal Disclosures		Reference (page)/Direct Answer
<b>General Disclosures</b>		
<b>Organizational Profile</b>		
102-1	Name of the organization	Page 02
102-2	Activities, brands, products, and services	Page 11
102-3	Location of headquarters	Page 09
102-4	Location of operations	Page 09
102-5	Ownership and legal form	Page 09
102-6	Markets served	Pages 07 and 09
102-7	Scale of the organization	Pages 07, 09 and 37
102-8	Information on employees and other workers	The employee profile is described on page 28. All Metafrío's employees are hired full time.
102-9	Supply chain	Page 34
102-10	Significant changes to the organization and its supply chain	Pages 16 and 34
102-11	Precautionary Principle or approach	Page 25
102-12	External initiatives	Page 19
102-13	Membership of associations	Page 19
<b>STRATEGY</b>		
102-14	Statement from senior decision-maker	Page 05
<b>ETHICS AND INTEGRITY</b>		
102-16	Values, principles, standards, and norms of behavior	Page 07 and 23

Universal Disclosures		Reference (page)/Direct Answer
<b>General Disclosures</b>		
<b>GOVERNANCE</b>		
102-18	Governance structure	Page 20
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	List of stakeholder groups	Page 03
102-41	Collective bargaining agreements	Page 28
102-42	Identifying and selecting stakeholders	Page 03
102-43	Approach to stakeholder engagement	Page 03
102-44	Key topics and concerns raised	Page 03
<b>REPORTING PRACTICES</b>		
102-45	Entities included in the consolidated financial statements	<p>Metalfrio holds shares listed in B3 and discloses its financial results quarterly, broken down between the results of the Parent Company (Metalfrio Solutions - Brasil) and Consolidated results (including the foreign subsidiaries).</p> <p>The entities included in the consolidated results are listed in note 4 of our Financial Statements (published on the link <a href="https://bit.ly/Mtlfrdf">https://bit.ly/Mtlfrdf</a>).</p> <p>This Sustainability Report addresses only the operations of Metalfrio Solutions - Brasil.</p>
102-46	Defining report content and topic Boundaries	Page 03
102-47	List of material topics	Page 03
102-48	Restatements of information	Pages 34 and 40
102-49	Changes in reporting	There were no changes in the list of material topics and the boundaries of the topics covered.
102-50	Reporting period	Page 02
102-51	Date of most recent report	January 1 <sup>st</sup> to December 31 <sup>st</sup> , 2017.
102-52	Reporting cycle	Biennial.
102-53	Contact point for questions regarding the report	Page 03

Universal Disclosures		Reference (page)/Direct Answer
<b>General Disclosures</b>		
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core Option.
102-55	GRI content index	Page 54.
102-56	External assurance	The Company does not conduct external verification of the document.
<b>MANAGEMENT APPROACH</b>		
103-1	Explanation of the material topic and its Boundary	Page 03
103-2	The management approach and its components	Pages 32, 37, 40, 42, 48, 49 and 50
103-3	Evaluation of the management approach	Pages 32, 37, 40, 42, 48, 49 and 50
<b>Specific Content</b>		
<b>Economic Disclosures</b>		<b>Reference (page)/Direct Answer</b>
<b>ECONOMIC PERFORMANCE</b>		
201-1	Direct economic value generated and distributed	Page 37
201-2	Financial implications and other risks and opportunities due to climate change	Page 25
<b>ANTI-CORRUPTION</b>		
205-1	Operations assessed for risks related to corruption	Page 23
<b>Environmental Disclosures</b>		
<b>MATERIALS</b>		
301-3	Percentage of reclaimed products and their packaging materials in relation to total products sold within the reporting period, for each product category	Page 50

Specific Content		Reference (page)/Direct Answer																											
<b>ENERGY</b>																													
302-1	Energy consumption within the organization	<p>The energy consumption is described on page 40. To better communicate information to stakeholders, the data was reported in kWh. Below, the information in GJ:</p> <table border="1"> <thead> <tr> <th colspan="3">Energy consumption within the organization (GJ)</th> </tr> <tr> <th></th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Electricity</td> <td>20,998.1</td> <td>21,668.4</td> </tr> <tr> <td>LPG Gas</td> <td>4,478.0</td> <td>4,524.7</td> </tr> <tr> <td>Natural Gas</td> <td>1,750.5</td> <td>1,586.6</td> </tr> <tr> <td>Diesel oil</td> <td>193.0</td> <td>97.2</td> </tr> <tr> <td colspan="3"><b>HEAD OFFICE</b></td> </tr> <tr> <td>Electricity</td> <td>4,454.1</td> <td>4,076.8</td> </tr> <tr> <td><b>Total</b></td> <td><b>31,873.6</b></td> <td><b>31,953.7</b></td> </tr> </tbody> </table>	Energy consumption within the organization (GJ)				2018	2019	Electricity	20,998.1	21,668.4	LPG Gas	4,478.0	4,524.7	Natural Gas	1,750.5	1,586.6	Diesel oil	193.0	97.2	<b>HEAD OFFICE</b>			Electricity	4,454.1	4,076.8	<b>Total</b>	<b>31,873.6</b>	<b>31,953.7</b>
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302-2	Energy consumption outside of the organization	Metalfrio does not currently monitor this indicator.																											
302-3	Energy intensity	<p>The energy intensity is described on page 41. To better communicate information to stakeholders, the data was reported in kWh.</p> <p>In 2018, the intensity was 99.7 GJ per thousand products, and in 2019 it was 152.1</p>																											
302-4	Reduction of energy consumption	Page 40																											
302-5	Reductions in energy requirements of products and services	Pages 12 and 48																											
<b>WATER AND EFFLUENTS</b>																													
303-1	Interactions with water as a shared resource	Page 44																											
303-3	Water withdrawal	Page 44																											

Specific Content		Reference (page)/Direct Answer
<b>BIODIVERSITY</b>		
304-2	Significant impacts of activities, products, and services on biodiversity	Our facility is not located in an environmentally protected area or one of high biodiversity value. We continuously monitor our significant environmental aspects and impacts through the Environmental Management System (SGA) and none of them affect biodiversity, since we do not have any industrial effluent generation in the environment.
<b>EMISSIONS</b>		
305-1	Direct (Scope 1) GHG emissions	Page 42
305-2	Energy indirect (Scope 2) GHG emissions	Page 42
305-3	Other indirect (Scope 3) GHG emissions	Page 42
305-4	GHG emissions intensity	Page 42
305-5	Reduction of GHG emissions	In parallel to the emissions offset actions described on page 43, we exchanged vehicles in our fleet and implemented a series of initiatives towards energy efficiency of the operation, described in indicator 302-4.
305-6	Emissions of ozone-depleting substances (ODS)	Metalfrio does not have ozone depleting substances emissions.
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Metalfrio has no NOx, SOx or other significant air emissions.
<b>EFFLUENTS AND WASTE</b>		
306-1	Total water discharge by quality and destination	Page 44
306-2	Total weight of waste, by type and disposal method	The disposal methods were provided by the companies contracted for disposal and confirmed by the Company through the analysis of the documentation received.
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308-1	New suppliers that were screened using environmental criteria	Page 34
<b>Social Disclosures</b>		
<b>EMPLOYMENT</b>		
401-1	Total number and rate of new employee hires and rate of employee turnover, by age group, gender and region	Page 28

Specific Content		Reference (page)/Direct Answer
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403-9	Work-related injuries	Page 32
<b>TRAINING AND EDUCATION</b>		
404-1	Average hours of training per year per employee	Page 30
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>		
405-1	Diversity of governance bodies and employees with per-centage of individuals by gender, age group, minority or vulnerable groups and other indicators of diversity	Page 31
<b>CHILD LABOR</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	Page 34
<b>FORCED OR COMPULSORY LABOR</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 34
<b>HUMAN RIGHTS ASSESSMENT</b>		
412-1	Operations that have been subject to human rights re-views or impact assessments	Page 23
<b>LOCAL COMMUNITIES</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	Page 51 and 53
<b>SUPPLIER SOCIAL ASSESSMENT</b>		
414-1	New suppliers that were screened using social criteria	Page 34
<b>CUSTOMER HEALTH AND SAFETY</b>		
416-1	Assessment of customer health and safety impacts of product and service categories	Page 18





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