

INTEGRAL TRANSFORMATION



ABOUT THIS REPORT

This report presents our key achievements and contributions to Arca Continental's Sustainability Strategy during the period from January 1st through December 31st, 2016. Its main objective is to create a platform and channel for dialogue with our stakeholders. It also describes our progress in diverse methodologies, indexes and commitments, such as the 10 Principles of the United Nations Global Compact, Sustainable Index of the Mexican Stock Exchange (BMV), FTSE4Good and MSCI.

Arca Continental makes every effort to assure the transparency of its performance and accuracy of the data presented. Thus, as in previous years, PwC verified several of the indicators reported by Mexico Beverages. The scope of the indicators subject to verification and the verification report issued by PwC are included in the full version of the 2016 Arca Continental Social Responsibility and Sustainability Report. This document is an executive summary of that report which was written in accordance with the Standards of the Global Reporting Initiative (GRI).

More detailed information on the topics presented and other data and programs that contribute to the company's sustainable development is included in the full version of the report, which can be downloaded from <http://www.arcacontal.com/social-responsibility.aspx>



VISION

To be leaders in beverage and food consumption for every occasion in all the markets in which we participate, focusing on profitability and sustainability.

MISSION

To generate maximum value for our customers, associates, communities and shareholders, satisfying our consumers' expectations at all times with excellence.

OUR VALUES

- Focus on Customer Service
- Integrity Based on Respect
- Comprehensive Associate Development
- Sustainability and Social Responsibility

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Aware of the importance of the United Nations Sustainable Development Goals, once again we have aligned the full version of our 2016 Social Responsibility and Sustainability Report to GRI guidelines. Last year, we were among the first companies in America to use the SDG Mapping Service and we have done so again this year.

In addition, because of our sustainable performance, the London Stock Exchange included Arca Continental in its FTSE4Good Emerging Index. In the evaluation process, we obtained a score 20% above that required to belong to the index.



FTSE4Good

COMPANY PROFILE

Arca Continental has consolidated its position among the world's top Coca-Cola bottling companies, operating today in five countries: Mexico, Argentina, Ecuador, Peru and, recently, the southwest of the United States and serving more than 118 million consumers across these nations.

Arca Continental produces, distributes and sells non-alcoholic beverages under The Coca-Cola Company brand, as well as snacks under the brands of Bokados in Mexico, Inalecsa in Ecuador and Wise in the U.S. Together with The Coca-Cola Company, Arca Continental leads the high-value added dairy category in Ecuador through ToniCorp. With an outstanding history spanning more than 91 years, Arca Continental is the second-largest Coca-Cola bottler in Latin America and one of the largest in the world. Within its Coca-Cola franchise territory, the Company serves over 118 million consumers in northern and western Mexico, Ecuador, Peru, northern Argentina and the southwestern United States.

The Company's shares trade on the Mexican Stock Exchange under the ticker symbol "AC". For more information on Arca Continental, please visit www.arcacontal.com.

For more information on Arca Continental's profile and performance, access the full version of the report at: goo.gl/JFyemY



* Equity stake
● Snacks production facilities

MAIN 2016 ACHIEVEMENTS

ECONOMIC VALUE

Net Sales (Mx. Ps. Millions)	93,666
EBITDA (Mx. Ps. Millions)	20,092
Direct economic value generated (Mx. Ps. Millions)	95,696
Distributed economic value (Mx. Ps. Millions) ¹	88,983

ENVIRONMENTAL WELLBEING

Water usage rate (l water/l beverage):	1.71
Percentage of treated wastewater:	100
Emissions index in manufacturing processes (g CO ₂ e / l beverage)	25.81
Percentage of electricity from renewable sources	25
Energy use index (MJ/l beverage)	0.231
Percentage of recycled PET or BioPET	24
Percentage of recycled waste	92

INDIVIDUAL WELLBEING

Percentage of low- or zero-calorie beverages	40
Number of people directly benefited by physical activity and/or nutrition awareness events	3,800,000
Nutritional information on our NR presentations	100%
Percentage of food and beverage production centers with food safety certifications	100

SOCIAL WELLBEING

Investment in social programs and causes (Mx. Ps. Millions)	67.11
Number of participants in Annual Volunteer Day ²	8,826
Man-hours of associates and their families invested in volunteer work ²	34,000
Number of training hours provided for associates	1,108,574
Lost time incident rate (LTIR) ³	0.98
Number of centers certified as a Great Place to Work	51

1. Includes cost of sales, operating expenses, taxes, dividends, interest and social investment.

2. Includes Annual Volunteer Day, Annual Sustainability Day, and Christmas with Meaning programs.

3. Includes Mexico, Ecuador and Argentina Beverages' operations and Tonicorp.

Since 2013, as part of the Coca-Cola Industry in Mexico and through the Mexican National Reforestation and Water Stewardship Program, we have constructed systems for collecting and storing rainwater, giving rural communities access to quality water and thereby enhancing their quality of life and growth potential.

+2.5 million trees planted in 2016

across our territories in Mexico, as part of the Coca-Cola Reforestation and Water Stewardship Program, helping to recharge underground water supplies and return an amount of water equivalent to that used in our plants.

+100% restoration

of the water used in our operations in Mexico, Argentina, Ecuador and Peru.

25% of the electricity

used in our operations comes from renewable sources.

+72 thousand tons of PET

collected annually and processed to produce recycled food-grade PET.

PetStar allows us to eliminate intermediaries and directly benefit Mexican garbage pickers.

+26%*

recycled PET and Bio PET in our bottles.

* Excluding operations in Peru.

15%

reduction in emissions per liter of beverage vs. 2010 baseline.

+90%

of industrial waste recycled.

13%

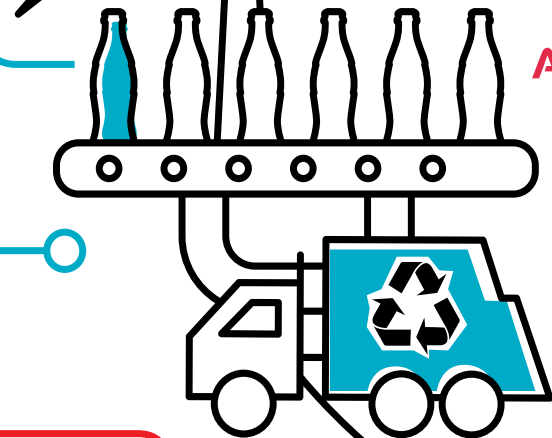
saving in energy per liter of beverage compared to 2010.

33 production centers

certified under the OHSAS 18001:2007 Occupational Health and Safety Management System.

51 operating centers

in Latin America certified by Great Place to Work.





+114 thousand
benefited

by the Schools in Motion Program as of yearend 2016.

3.8 million

people physically activated in Mexico activated in 2016.

We rehabilitated and inaugurated urban parks and football fields to encourage physical activation.

We supported and invested in our retailers' businesses, driving an average increase of 15% in their sales.

+30 thousand
women empowered

over the past few years, contributing to fulfilling the objective of the 2020 Vision of The Coca-Cola Company worldwide.

40%
of our products

are low- or zero-calorie offerings. In addition, over the past few years, we have launched new presentations with less than 100 calories.



TINENTAL

1.1
million hours

invested in the training of our associates in 2016.

70%
reduction in safety incidents

vs. 2012, placing our safety index significantly below the industry average.

100%
of production centers

certified internationally in safety and hygiene. Our Quality System incorporates HACCP (Hazard Analysis and Critical Control Points), one of the world's strictest systems.

In 2016, we were designated as a Socially Responsible Organization for our health and wellness programs and quality workplace environment.



MESSAGE FROM THE CHAIRMAN OF THE BOARD AND THE CEO

In a milestone year for our path of profitable growth, the commitment of Arca Continental to the integral wellbeing of its associates, the harmonious development of society and environmental stewardship has been strengthened, in parallel with geographic expansion, a consistent delivery of positive results and the continuous improvement of commercial and production operations.

In our efforts to enhance the dialogue on how we are translating our commitment into actions, we present this executive summary of our 2016 Social Responsibility and Sustainability Report, underscoring the achievements made during the year in each of the three pillars of our Sustainability Strategy: Individual, Social and Environmental Wellbeing.

We are pleased to report that, thanks to the efforts of our associates, in 2016 we continued to deploy this strategy, posting significant progress across all three areas. Through the actions contained in this document, we also ratified the company's adherence to the Ten Principles of the United Nations Global Compact, as we have done since 2006.

The achievements reported here reflect the actions of all of us who belong to the Arca Continental team, coordinated by the Sustainability Operating Committee. This committee, led and supervised by the executive team, is made up of functional leaders for each strategic pillar who assure the execution of the strategy with the support and guidance of the Board of Directors' Human Capital and Sustainability Committee.

One of the main tasks of the Operating Committee is the standardization of objectives and metrics across the organization, in all territories and countries where we operate, the continuous search to identify and incorporate best practices, and the involvement of new operations in the implementation of the sustainability strategy.

The processes for standardizing data collection and the expansion of programs transversally across all operations constitute great achievements of 2016, resulting in an improvement in our sustainability indicators and a very positive reception of our actions by people in general.

Regarding the pillar of individual wellbeing, we significantly increased the impact of our initiatives to promote active, healthy lifestyles, both for company associates and the community in general, benefiting them with different programs of physical activation and nutritional education. Through these programs, we had an impact on more than 3.8 million people in Mexico alone.

We are convinced that education is the only way to really change people's habits so, during 2016, we benefited more than 114 thousand students in public schools throughout Mexico with sports infrastructure and physical activation programs in the eighth year of our Schools in Motion Program.

For social wellbeing, we invested heavily in associate training initiatives, offering a comprehensive curriculum including technical topics related to workplace needs, as well as content useful for personal and family growth.

During the year, we gave 20 thousand courses to more than 65 thousand associates, and supported the studies of approximately one thousand associates at the high school and college levels.

Our determination to assure the best possible workplace environment has resulted in several work centers being certified by Great Place to Work, with Arca Continental placing as one of the best places to work in Mexico as well as Tonicorp in Ecuador. Moreover, IPASA, in Mexico, received the "Hall of Fame" prize for participating and qualifying for six consecutive years in this ranking in Mexico.

The safety of our associates, visitors and neighboring communities is a priority for the company, so in 2016 we strengthened and consolidated our Industrial and Commercial Safety Program, providing more than 43

Francisco Garza Egloff
CHIEF EXECUTIVE OFFICER



Manuel L. Barragan Morales
CHAIRMAN OF THE BOARD OF DIRECTORS



thousand hours of safety training for our associates and reducing the Lost Time Incident Rate (LTIR) by 34% year-over-year. We now have 33 Production Centers certified under the OHSAS 18001:2007 Occupational Health and Safety Management System.

During 2016, we continued to enhance our Operational Excellence Program and continuous improvement processes, achieving the certification of more than 5,772 associates and six operating centers in the model, giving us a total of 11 certified Benchmark Centers of Operational Excellence.

We know that the success of our sustainability strategy depends on all members of our value chain. Thus, we continued setting up programs to support, train and develop suppliers across our operations. During the year, we provided training for more than 11,500 retailers, which translated into an average increase of 15% in their businesses' profits.

As part of our commitment to empower women, in 2016 we provided development programs for more than 9,700 women through the different programs implemented in Mexico, Ecuador, Argentina and Peru. Program participants went on to implement close to one thousand production projects.

With regard to our efforts to support the community and the environment, we continued the VOLAR Program, with its three main initiatives: Annual Volunteer Day, Annual Sustainability Day and Christmas with Meaning.

In 2016, more than 8,800 associates volunteered for actions implemented across 32 cities in the countries where we operate, benefiting 39 schools and public spaces, planting more than 12 thousand trees, cleaning 25 linear kilometers of beachfront and riverbanks, and collecting almost 49 tons of garbage.

In the area of environmental wellbeing, in 2016 we made great steps forward with our main sustainability indicators, decreasing our water consumption index to 1.71 liters of water per liter of beverage produced, more than 26% below the 2010 baseline.

Another significant achievement of the year was our reduction of emissions in beverage production by 15% since 2010. We have also significantly increased the percent of the energy that we consume from renewable sources, such as wind or biomass. In Mexico, this figure reached 41%.

Additionally, during 2016, we implemented a new Risk Management Policy, together with diverse programs to evaluate and control contingencies. Also, a new Code of Ethics and Conduct Policies was implemented, modified and improved to incorporate some of the best international practices. The process used for the upgrading began with a comprehensive diagnosis of the previous document and comparing it with a selection of the world's most advanced instruments.

These achievements and initiatives underscore Arca Continental's commitment to act as an agent of positive change for society and drive the development of the communities we serve, minimizing our environmental impact and seeking the comprehensive wellbeing of our associates, consumers, customers, suppliers and society in general.

The selection of Arca Continental to be part of the London Stock Exchange's FTSE4Good Emerging Index is just one indication that our actions and strategies are moving us in the right direction. The listing comprises companies who operate with the best practices in social responsibility, environmental protection and corporate governance.

This recognition was one of the most important of the year and adds to other social responsibility and sustainability distinctions that the company boasts, such as the inclusion in the MSCI Global Sustainability Index since 2014, our participation in the Sustainability Index of the Mexican Stock Market since its creation in 2011, and our recertification as a Socially Responsible Company for 13 consecutive years.

In 2017, we will continue our efforts to deploy Arca Continental's Social Responsibility and Sustainability Strategy and thereby reach our objectives.

We invite our readers to join our continuous, open dialogue with all stakeholders, analyzing what we have done and presented in this report and giving us valuable feedback.

Thank you very much,



Manuel L. Barragan Morales
CHAIRMAN OF THE BOARD OF DIRECTORS



Francisco Garza Egloff
CHIEF EXECUTIVE OFFICER

SUSTAINABILITY

A complete description of all the programs related to the company's Sustainability Strategy can be found in the complete version of the 2016 Arca Continental Social Responsibility and Sustainability Report.



ORGANIZATIONAL CULTURE

DIALOGUE WITH OUR STAKEHOLDERS

In line with corporate values, Arca Continental's sustainability strategy begins with a dialogue with our stakeholders. Over the past few years, we have made an unprecedented effort to improve our understanding of these groups' expectations in order to incorporate the results of the exercises into the strategy:

- We surveyed more than 2,600 different stakeholders in Mexico, Ecuador, Peru and Argentina.
- Ecuador interviewed its retailers through the "Empoderate" program.
- We asked the community in Mexico, Peru and Argentina which of the UN Sustainable Development Goals they believed to be most important for us to attain.

SOCIAL RESPONSIBILITY AND SUSTAINABILITY MODEL

We operate according to the most renowned international methodologies and the sustainability strategy of the Coca-Cola System, which enables us to contribute to achieving the objectives of the 2020 Vision. The model is designed to enhance the integral wellbeing of all our stakeholders and, to implement it, we have divided our strategy into three fundamental pillars: Individual wellbeing, Social wellbeing and Environmental wellbeing.

INDIVIDUAL WELLBEING

Strategic priorities to enhance individual wellbeing:

Active, healthy lifestyles

- Support community programs for physical activation and healthy habits.
- Expand and strengthen our product portfolio according to the needs, energy balance and lifestyle of each individual.

Safe products and ingredients

- Abide by our responsible marketing policy.
- Provide clear, transparent information to consumers so that they can decide on, and manage, their consumption.

Responsible marketing

- Assure the quality of our products and ingredients.
- Increase the availability of single-serve presentations and low- or no-calorie options across our markets.

ETHICS AND CORPORATE GOVERNANCE

STRATEGY

Sustainability is an intrinsic part of Arca Continental's organizational culture. It is our associates who generate, through their daily activities, the positive impact that our strategy seeks. All of them know that they are agents of change and behave in accordance with our values and principles. Arca Continental executives include sustainability metrics in their objectives, guaranteeing that they are a prime example to follow and ensuring that our sustainability strategy and goals are understood and implemented across our operations. We use diverse tools to disseminate our organizational culture, such as an internal magazine, organizational communications and intranet, assuring we maintain a continuous dialogue with our associates. As a forward looking and constantly growing company, implementing and standardizing Arca Continental's organizational culture is one of our foremost actions when we expand our operations. We work continuously with local leaders to share best practices.

SOCIAL WELLBEING

Strategic priorities to enhance social wellbeing:

Workplace

- Be the best place to work.
- Grow associates' talent through training and development.
- Create an environment of diverse, egalitarian, inclusive development.
- Disseminate, monitor and respect Human Rights.

Empowerment of women

- Contribute to the comprehensive development of women.
- Promote training programs.
- Strengthen our VOLAR volunteer programs.
- Implement and support social and environmental initiatives that benefit society.
- Promote shared-value alliances and build relationships that encourage women's development.

Workforce health

- Promote a culture and initiatives related to workplace health and safety.
- Provide safety training for our associates, contractors and suppliers.

Responsible procurement

- Develop our value chain
- Disseminate and assure ethical compliance and respect for human rights.

ENVIRONMENTAL WELLBEING

Strategic priorities to enhance environmental wellbeing:

Water footprint

- Improve water-use efficiency.
- Replace and treat the water used to make our products.
- Carry out research on, and participate in, watershed protection.

Carbon footprint

- Use electricity from renewable sources.
- Lower greenhouse gas emissions.
- Implement new technologies to reduce energy consumption.
- Optimize distribution routes.

Waste

- Recycle the waste generated in our processes.
- Implement initiatives to recover post-consumption PET containers.
- Integrate recycled material into PET containers.

DEVELOPMENT AND INTEGRAL WELLBEING

We provide conditions to ensure that our associates and those around us operate in a healthy and prosperous environment and community.

We have received prizes and awards from diverse international institutions and organizations:

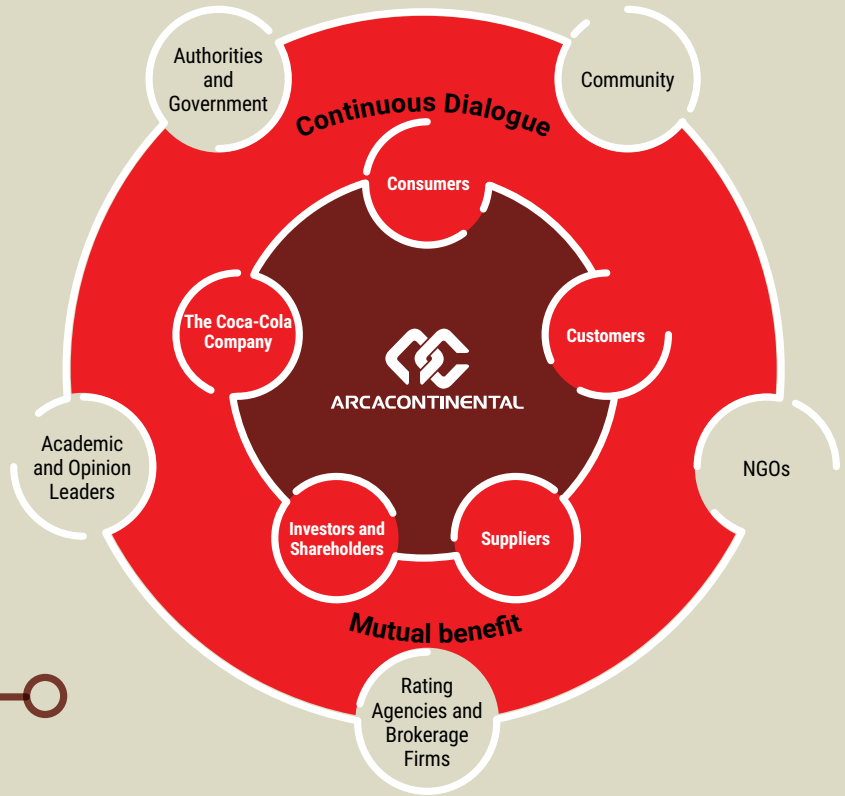
- In 2016, the London Stock Exchange included us in its FTSE4Good Emerging Index.
- The Mexican Stock Exchange's Sustainable Index, to which we have belonged since its creation in 2011, rated us as one of the best companies in the sector.
- Arca Continental, PetStar and Bokados have been awarded Socially Responsible Company accreditation. In fact, Arca Continental has been designated as such for the past 13 years.
- MSCI ranks us among the top 30% of companies in sustainability in our sector on a global level.
- We are the world's only bottler with two production centers certified at the Silver Level as Reference Centers of Operational Excellence.

All associates, suppliers and any other person commercially related to Arca Continental should behave in strict accordance with the law and our Code of Ethics and Conduct Policies. The company's Corporate Governance, based on international best practices and the Code of Corporate Best Practices of the Mexican Stock Exchange (BMV), assures that there are no deviations therefrom or from any applicable rules and regulations. In this way, we seek to achieve our Mission and Vision and ensure that our Values are implemented across all areas of the company.

STAKEHOLDERS








All internal and external individuals, collectives and organizations that might be directly or indirectly impacted by the company's operations or have a stake in its development are our stakeholders.

Creating and maintaining long-term, win-win relationships based on transparency, dialogue, and mutual respect is our priority. Therefore, we have set up direct communication channels with our stakeholders, establishing a continuous dialogue to understand their concerns and expectations, and address them proactively.



SUSTAINABLE DEVELOPMENT GOALS THROUGH WHICH WE CAN CREATE AN IMPACT

POSSIBLE COMPANY ACTIONS THAT THE COMMUNITY IDENTIFIED AS A PRIORITY

 <p>Good Health and Well-Being</p>	<p>Promote education in sustainable development and the adoption of sustainable lifestyles, Human Rights, gender equality and the promotion of a culture of peace and non-violence, among other important topics.</p>
 <p>Quality Education</p>	<p>Execute technical and professional competency enhancement and creation programs to promote employment and entrepreneurship, in particular for vulnerable population sectors. Develop strategies to promote the employment of young people.</p>
 <p>Gender Equality</p>	<p>Adopt measures to guarantee a fair, decent wage across the production chain, regardless of gender or any other characteristic.</p>
 <p>Reduced Inequalities</p>	
 <p>Clean Water and Sanitation</p>	<p>Reduce industrial water consumption and increase its reuse capacity. Share sustainable water-use practices and knowledge with the community.</p>
 <p>Decent Work and Economic Growth</p>	<p>Promote actions aimed at creating decent work, entrepreneurship, creativity and innovation. Encourage the formal creation and growth of micro, small and medium-sized companies.</p>
 <p>Responsible Consumption and Production</p>	<p>Substantially decrease the generation of waste through prevention, reduction, recycling and reuse policies. Work to diminish the impact of the company's products across their lifecycle.</p>

MATERIALITY

An honest, transparent and inclusive dialogue with our stakeholders has allowed us to identify which social, economic and environmental topics are most relevant for each of them. We have also analyzed the possible impact of Arca Continental's operations to define the material topics for the company. This work has gradually laid the foundations for Arca Continental's sustainability strategy.



The material topics for Arca Continental's sustainable development are:

- Responsible procurement
- Community development
- Empowering women
- Carbon footprint reduction
- Active, healthy lifestyles
- Waste management
- Workplace betterment
- Responsible marketing
- Occupational safety
- Water stewardship

In 2015, we decided to align our report to the then recently launched, United Nations (UN) Sustainable Development Goals (SDG). During 2016, we created a maturity model to identify the SDGs in which we could have a significant and positive impact. The outcome of this exercise was a list of topics where Arca Continental can make a major contribution to the Sustainable Development Goals.

Consistent with our vision of stakeholder dialogue, we completed a survey in which we asked the community in general to prioritize these topics. After analyzing over 500 surveys administered in Mexico, Ecuador, Peru, and Argentina, we could identify the Sustainable Development Goals in which these communities would like to see the company have a positive impact. The following table shows the results:

ARCA CONTINENTAL'S SUSTAINABLE STRATEGY PILLARS

ARCA CONTINENTAL'S PROJECTS WITH IMPACT ON THE SDGS

Individual Wellbeing	Promoting Active and Healthy Lifestyles / p. 12
Social Wellbeing	Society Development / p. 16 We Drive Our Value Chain / p. 20
Social Wellbeing	Society Development / p. 16 We Drive Our Value Chain / p. 20
Social Wellbeing	Society Development / p. 16 We Drive Our Value Chain / p. 20
Corporate Governance	Ethics Management / p. 28
Environmental Wellbeing	Preserving the Environment / p. 24
Social Wellbeing	Society Development / p. 16 We Drive Our Value Chain / p. 20
Environmental Wellbeing	Preserving the Environment / p. 24



ASSOCIATES' INTEGRAL DEVELOPMENT

WORKPLACE

We are the only bottler group in the world with two Operational Excellence Centers certified at the Silver Level.

OCCUPATIONAL SAFETY

We have reduced safety incidents by almost 70% since 2013, outperforming the industry in general.

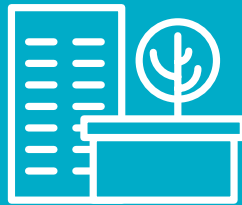
TRAINING

More than 1.1 million hours of training for associates in 2016.

OUR COMMITMENT TO THE CONTINUOUS IMPROVEMENT OF OUR WORK ENVIRONMENT HAS RESULTED IN 51 CENTERS RECEIVING GREAT PLACE TO WORK CERTIFICATION, STANDING OUT FOR THEIR EXTRAORDINARY PERFORMANCE:



Peru's Good Employer Association gave Arca Continental Lindley its Social Responsibility Award for the safety of its work environment, reflecting its outstanding record in human management, mainly in the areas of safety, leadership development and labor flexibility.

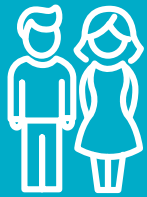


PROCESA is one of the top three Great Places to Work in northeastern Mexico.



tonicorp

Tonicorp was recognized as one of the top three Great Places to Work in Ecuador.



5,772

Associates

certified in the Operational Excellence Model in 2016.

OPERATIONAL EXCELLENCE MODEL IN MEXICO

In 2016, we continued with our efforts to standardize all our initiatives under the Operational Excellence Program.



\$123 million

pesos saved thanks to the projects implemented as part of the Operational Excellence Program.

11 operating centers certified

as Benchmark Operational Excellence centers, nine at the bronze level and two at the silver level. Arca Continental is the only bottler with two silver level certified centers in the world.



The development and integral well-being of associates, in safe workplaces and in an adequate working environment, allows us to generate a virtuous circle of productivity, innovation and attraction of the best talent, with well-paid jobs in a fair and inclusive environment.

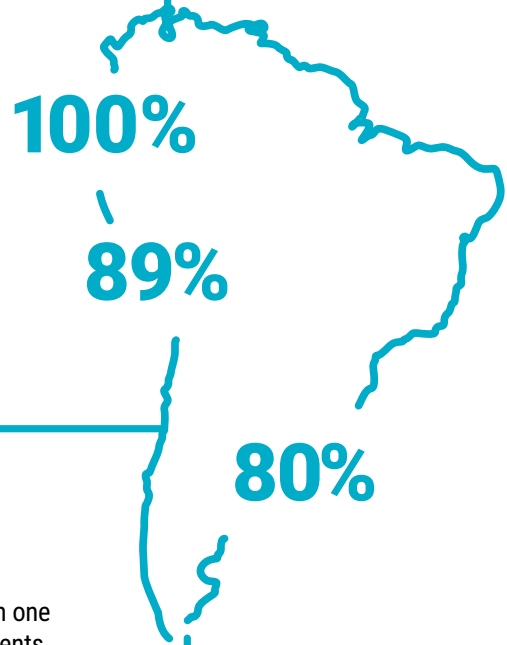
Arca Continental deploys a wide variety of programs for associates' benefit and offers safe and efficient operational centers. If you wish to read about all of them, you can do so here: goo.gl/JFyemY



IN 2016, ARCA CONTINENTAL DESIGNED AND UPDATED THE PROCESS FOR EVALUATING THE PERFORMANCE OF ITS ASSOCIATES AND THE DEVELOPMENT OF THEIR COMPETENCIES, IN ORDER TO CREATE TRAINING AND PROMOTION PROGRAMS, AND MORE EFFECTIVE CAREER PLANS.

Ecuador conducted a 360° evaluation of 100% of its middle-management associates. Peru and Argentina completed almost 3 thousand Supervisor-Associate evaluations.

Percentage of associates evaluated in Ecuador, Peru and Argentina.



6 OUT OF EVERY 10

associates participated in one of the activation tournaments, more than doubling last year's participation.

AC+ MOVEMENT

Arca Continental was the company with the highest number of participants in the "2016 Be Active 10,000 Steps Challenge" in the Business Group Category.



1,314

associates took part in the Human Values Program, contributing to their personal and family development.

CONSTANT COMMUNICATION

and diffusion of active and healthy lifestyles to associates.



“ The Human Values Program has helped me to strive to become a better person every day and given me practical insight into how to improve my relationships with my loved ones. ”

MARIA ISABEL CARRASCO
TONICORP

WE EXECUTED VARIOUS PROGRAMS AS PART OF OUR COMMITMENT TO OUR ASSOCIATES



+65,700

associates were trained across all our Latin American operations through 20,000 courses.

3x

the offer of courses in the e-learning platform with respect the previous year.



+8,300

associates received assistance to complete their high school and college-level studies.

120

associates received a full scholarship for the Arca Continental Master in Business Administration Program, imparted by a highly recognized Mexican University.

100%

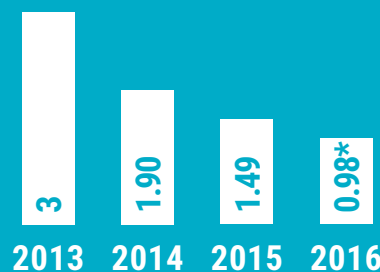
of our beverage Production Centers in Mexico, Ecuador and Argentina are certified in Occupational Health and Safety Assessment System OHSAS 18001:2007.

Lost Time Incident Rate

34%



reduction in our Lost Time Incident Rate (LTIR) compared to 2015.



*Includes Mexico, Ecuador and Argentina Beverages' operations and Tonicorp.



PROMOTING ACTIVE AND HEALTHY LIFESTYLES

PHYSICAL ACTIVITY AND NUTRITION

In order to promote integral health, we implemented more than 100 thousand hours of nutritional education in our territories.

SAFE PRODUCTS AND INGREDIENTS

100% of our beverage and food production facilities possess food safety certification from an international organization.

RESPONSIBLE MARKETING

100% compliance with the legislation and norms regarding labeling and marketing.

Some of our activation and nutritional education programs are:

- Measurement and health days, with medical check-ups and nutritional advice
- Installation of recreational games in urban parks and gyms
- Customized physical activation programs
- Support for sports events
- Excursions to get in touch with nature

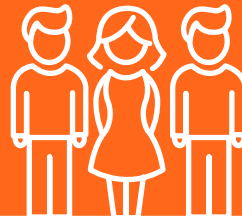
+15 programs

for nutritional education and physical activation were implemented for our communities and associates.

26%

improvement

in the Health Index of "Ponte al 100"¹ participants through customized physical activation and nutrition plans. During 2016, we completed over 239 thousand measurements (double-round measurements).



3.8 million

people activated in the MOVE platform during 2016.



In just four years, we have managed to almost triple the number of people who have benefited from our physical activation programs.



¹ "Ponte al 100" is a multi-stakeholder program, that seeks to reduce the obesity index and increase levels of physical activity aiming to get to 100% of your functional potential for your age.

One of our main strategies is to promote active and healthy lifestyles among the people around the company. This strategy is executed through two sets of programs: physical activation and nutritional education campaigns.

If you wish to know more about Arca Continental's activation strategy, the details of all our programs and the impacts that they generated in each country, you can consult the following link: goo.gl/JFyemY

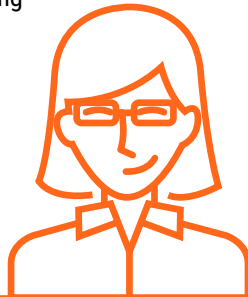


IN 2016 WE WERE DISTINGUISHED FOR A SECOND CONSECUTIVE YEAR AS A "HEALTHY RESPONSIBLE ORGANIZATION"

Convinced that education on nutrition habits and active lifestyles should begin in childhood, we promote courses and activities in public schools.

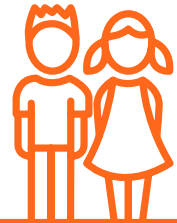
+8 thousand doctors

received nutritional counseling in Ecuador.



114 thousand students benefited

in 2016 by the Schools in Motion Program, which has reached more than 132 schools to date.



+70 thousand students benefited

through the programs "Let's Play" in Argentina and "It's Time to Move" in Ecuador. In these programs, students are invited to take part in physical activation exercises and are provided with nutritional information.



If all the people who were activated, including ourselves, through programs implemented in our territories stood next to each other holding hands, we could form a human chain of almost 3 thousand kilometers. This is practically the distance between the cities of Monterrey and New York.





The Powerade Marathon is a cardio-protected event with medical staff and equipment positioned every 5 kilometers ready to respond.



**+57
thousand
students**

participated in the 2016 edition of the Coca-Cola Cup in Mexico and Argentina.



IN 2016 WE HELD THE ELEVENTH EDITION OF THE POWERADE MARATHON, WITH THE PARTICIPATION OF MORE THAN 8,000 RUNNERS, WHICH POSITIONS THIS EVENT AS THE SECOND MOST IMPORTANT MARATHON IN MEXICO.

Watch a video of this event here:



**+1 million
pesos in donations**

This marathon supports the community by raising funds through registration fees, which were shared among eight different charities in 2016.

100%

of our beverage and food production centers boast international safety and hygiene certification. Our quality plan incorporates HACCP (Hazard Analysis and Critical Control Points), one of the world's strictest systems.

40%

of our products are offered in low- or zero-calorie options. In addition, over the past ten years we have launched new under-100-calorie presentations.





CONTRIBUTING TO COMMUNITY DEVELOPMENT

WOMEN'S INTEGRAL DEVELOPMENT

More than 9,700 entrepreneur women or associates were trained through diverse programs in Mexico, Argentina, Ecuador, and Peru.

SOCIAL INVESTMENT

More than 67 million pesos were invested in social causes. During 2016, nearly nine thousand volunteers enrolled to rehabilitate schools and public spaces.

COMMUNITY DEVELOPMENT

We have more than 30 programs in Latin America for community development, especially focusing on women and children.

As part of our community development and environmental protection actions, we have implemented the VOLAR program, through which our company and associates partner to drive sustainable development through three main initiatives:

- Annual Volunteer Day
- Annual Sustainability Day
- Toy collection campaign "Christmas with Meaning"

IN 2016, WE CARRIED OUT ACTIVITIES IN 32 CITIES IN MEXICO, ECUADOR, PERU, AND ARGENTINA, ACHIEVING GREAT RESULTS:



25 km

of water frontage cleaned up through Annual Volunteer Day in 2016.



48,980 kg

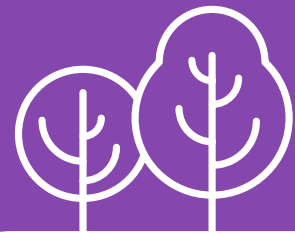
of waste collected on Annual Volunteer Day.

+8,800

volunteers participated in Volar initiatives.



More than 17 thousand toys were collected among Arca Continental associates, and were given to children in need through the initiative "Christmas with Meaning".



12,160

trees planted or donated

in 2016 through the initiatives Annual Volunteer Day and Annual Sustainability Day.

39

public spaces were benefited through Annual Volunteer Day.

One of Arca Continental's priorities is to improve people's quality of life and achieve the sustainable growth of the communities in which we operate. To contribute to the development of the communities we serve, we promote the generation of direct and indirect jobs, support women's empowerment, implement volunteer programs and support local, non profit organizations, among many other actions.

The development of society is one of the strategic axes of the company's sustainability strategy. If you wish to know more about our programs and the information presented here, just access the Social Wellbeing section of the full version of this report at: goo.gl/JFyemY





AS PART OF OUR COMMITMENT TO THE DEVELOPMENT OF SOCIETY, WE HAVE PROGRAMS IN PLACE THAT TARGET THE COMPREHENSIVE DEVELOPMENT OF WOMEN:

WORKSHOP “MY BUSINESS”

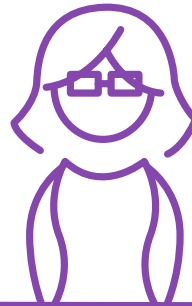
An initiative of the program 5 by 20 Potencia Mexico that seeks to empower women and develop their entrepreneurial capabilities. In 2016, more than 650 women were benefited by this program.

ANSPAC

Through the centers run by Arca Continental’s National Personal Self-Improvement Program (ANSPAC) we trained and developed more than 1,700 women in 2016.

“UNCAPPING MY ENTREPRENEURSHIP”

This is a program in Peru that seeks to empower women through training and access to personal, family and business growth tools.



+20 thousand

women have benefited from the “5 by 20 Potencia Mexico” workshops since its initiation.

9,700

women trained or developed through entrepreneurship programs during 2016.

> 890

projects of entrepreneurial women.



“I am very happy and grateful because I have learned many things about financial, social and marketing issues, as well as teamwork, but above all that we as women have the ability to develop our skills and grow our businesses.”

EVA MIRELLA

Participant in 5 by 20 Potencia Mexico’s “My Business” workshop in Los Altos, Jalisco.

OUR COMMITMENT TO SOCIETY IS ALSO REFLECTED IN INITIATIVES IMPLEMENTED AT THE NATIONAL LEVEL IN EACH COUNTRY, SUCH AS:



380
children

in Mexico developed their entrepreneurial spirit with the support of our associates who participated in the IMPULSA Volunteer Program.

700
children benefited

in 2016 through the program Operation Smile, which supports boys and girls during their recovery in hospitals in Ecuador.



16
thousand
visitors



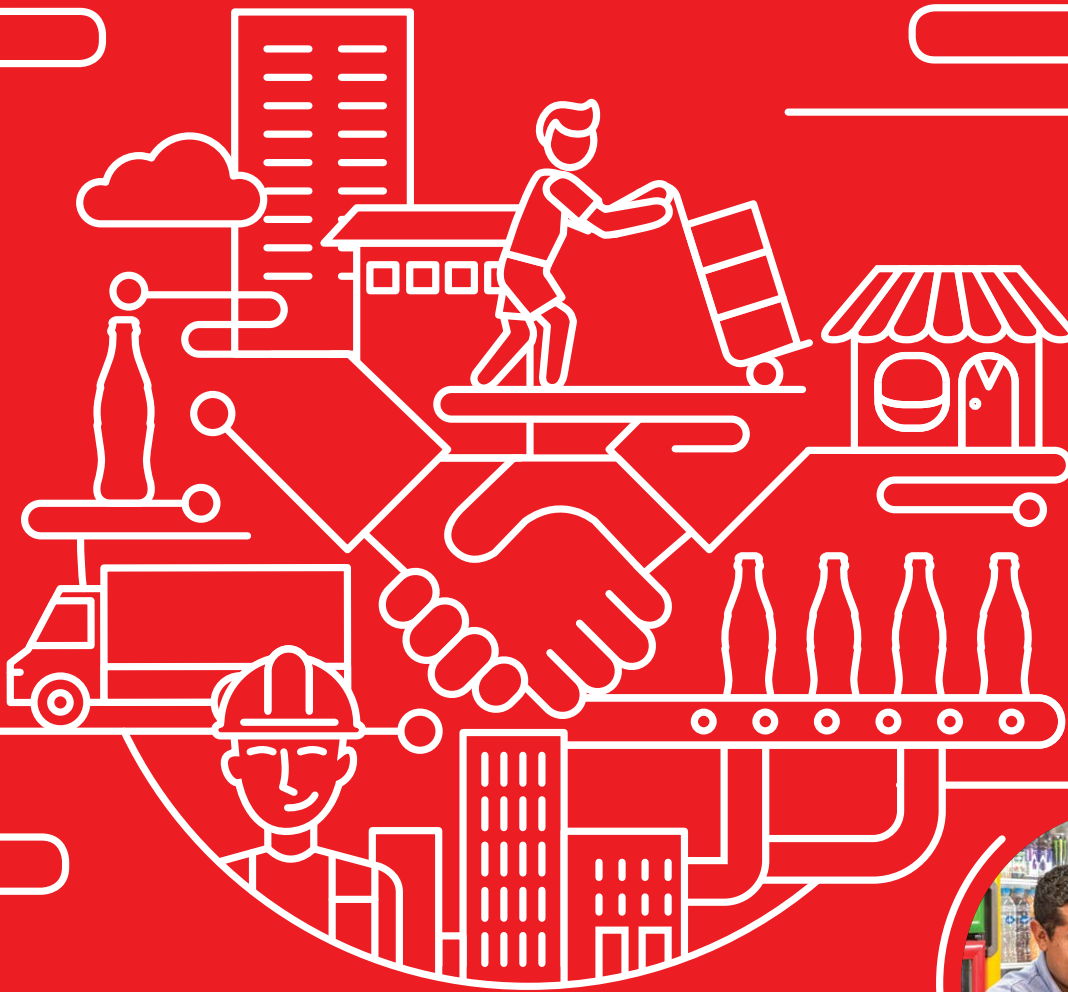
have been received by the PetStar Museum-Auditorium over the past two years. Its diverse exhibitions help to make visitors aware of the importance of recycling and the responsibility shared by society, private enterprise and the authorities in sustainability.

DONATION PROGRAM

This program supports civil society organizations and social leaders whose projects seek the promotion of an active lifestyle, environmental care or the long-term restructuring of the social fabric.

As part of the VOLAR program, we support communities which have been affected by natural disasters. In 2016, the company and the associates came together to support Ecuador and Argentina, countries that were impacted by major natural disasters. The support we provided included the donation of more than 90 thousand liters of water and 20 tons of food; we also helped to mobilize more than 100 physicians and 600 volunteers and organized economic contributions of over \$400,000 dollars.





DEVELOPING THE VALUE CHAIN

RESPONSIBLE SUPPLY

100% of new suppliers must understand and accept working under our Code of Ethics and Conduct Policies as well as the Guiding Principles of the Coca-Cola Company.

RETAILER DEVELOPMENT

In the last three years, we have trained more than 26 thousand retailers, always seeking to position ourselves as their main commercial ally.

ARCA CONTINENTAL'S TOTAL EXECUTION (ACT)

This initiative has standardized the company's execution platform, focusing on excellence and perfection in customer and consumer service.

IN 2016, WE PARTICIPATED AND SUPPORTED DIVERSE INITIATIVES THAT AIM TO DEVELOP OUR CUSTOMERS AND SUPPLIERS:



82%

of raw materials were acquired from local suppliers to support the local economy.

In countries such as Mexico and Argentina, this figure is closer to 90%.

INCLUSIVE PRODUCTION CHAINS

Together with Tonicorp and Inalecsa, we signed an agreement with the United Nations Development Program (UNDP) and the Ministry of Industry and Productivity (MIPRO) to improve the competitiveness and income levels of small and medium-sized milk, corn and potato suppliers, and to consolidate the production chains with which we are currently working, and transform them into “inclusive production chains”.



“BOTELLOTECA” PROGRAM

This PetStar program analyzes the components of the plastic bottles in the Mexican market. Then, recommendations to the manufacturers are issued regarding the usage of more environmentally friendly materials.

A key component for the success of our sustainability strategy is the active participation and alignment of the main actors in our value chain. Consequently, we endeavor to become our suppliers’ and retailers’ most important social partner, thereby contributing to their development and assuring sustainable, ethical operations.

If you want to know everything we do to drive our value chain and answer to our stakeholders, you can do it by visiting the Social Wellbeing section of the complete version of the report at: goo.gl/JFyemY



WE ALSO HAVE SEVERAL PROGRAMS THAT TARGET THE DEVELOPMENT OF OUR VALUE CHAIN.

The Coca-Cola Suppliers' Guiding Principles clearly states the hiring conditions and establishes social responsibility clauses, which are mandatory for our value chain.

ARCA CONTINENTAL-CERTIFIED SUPPLIERS

In 2016, we initiated an audit process for contractors and suppliers who perform high-risk functions to verify that they have the training and certifications required to do their job properly. Suppliers who meet these requirements are incorporated into a list of "Arca Continental-certified suppliers" available to all our operating areas.



USEM SOCIAL RESPONSIBILITY PROGRAM FOR SMALL AND MEDIUM ENTERPRISES

The program seeks to extend our philosophy of social responsibility across our value chain and support the development of our key suppliers. Organized by the Nuevo Leon Chapter of Union Social de Empresarios de Mexico, A.C. (USEM), the program has helped to increase our suppliers' productivity and economic value.

85%

of the more than 550 thousand applications received in our Telephone Contact Center in Mexico (DIGA) were attended in less than 24 hours.

11,540
trained
retailers



15%
average increase in
earnings

as a result of the programs for strengthening, modernizing, training, and restoring public spaces to foster the global development of our value chain in 2016.



FROM STOREKEEPER TO ENTREPRENEUR

We implemented Training Projects for Traditional Channel Retailers through initiatives such as Fixed and Mobile Classrooms. These efforts are part of our endeavor to become the main commercial partner of our customers through empowerment and the provision of business administration tools, changing their vision from storekeeper to that of an entrepreneur willing to invest in technology and equipment.



The Siglo XXI Program helps Traditional Channel Retailers to strengthen, innovate and transform their stores or corner shops, giving them competitive differentiation in their markets, by adopting best practices, modern channel advantages, and always seeking to be their best commercial ally.



COLD FRONT

The Cold Front Program supports retailers and small stores who display our products through the installation of new, efficient, green refrigeration equipment. In 2016, we installed more than 49 thousand coolers with friendlier to the environment C02 refrigerant gas.

“EMPODERATE”, STOREKEEPER TRAINING

This alliance seeks to promote entrepreneurship and innovation through training and education, providing access to financing and legal advice, research development and market expansion, among other advantages. 70% of the attendees in 2016 were women.

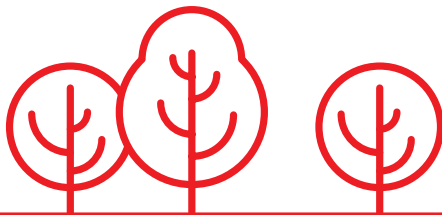
CENTER FOR COMPLEMENTARY BUSINESSES (CCN)

The objective of this project is to strengthen our retailers by activating neighborhood businesses and restoring nearby parks and public spaces. In this way, we generate shared value for the entire community in each area, with multiple economic and social benefits. During 2016, the inauguration of 15 CCNs took place in 12 different cities of Mexico.



BUSINESS DEVELOPMENT SCHOOL IN PERU

Through initiatives such as Siglo XXI and Selected Warehouses, this school offers marketing and finance workshops to our retailers in order to consolidate long-term relationships and develop our portfolio in their businesses.



“Attending the training programs offered by Arca Continental was a very important experience for me, since throughout my life I had never had a similar opportunity. After applying what I learned in the course my sales increased, and I had the opportunity to give the service that people deserve; it also helped me in the process of opening two new businesses. I am very grateful to Arca Continental because it is always taking care of the customer, giving us security, supporting us and promoting our growth.”

MARIA TERESA RAMOS

Retailer benefited by our training programs.



PRESERVING THE ENVIRONMENT

WATER FOOTPRINT

We reduced our water consumption by more than 26% compared to 2010, which puts us below the industry average.

CARBON FOOTPRINT

Since 2010, we have reduced the carbon footprint per drink produced by 15%. In 2016, 25% of our electricity consumption was generated by renewable sources.

WASTE MANAGEMENT

We recycle more than 90% of our waste. In 2016, the Insurgentes Plant obtained Zero Waste Certification.

WE DEFINED A SERIES OF GOALS FOR THE YEAR 2020, ALIGNED WITH THE OBJECTIVES OF THE COCA-COLA SYSTEM. BY THE END OF 2016, WE HAD MADE SIGNIFICANT PROGRESS:

Our Environmental Management System is one of the most advanced in its category and is applied across all areas of the business, product lifecycle, value chain, and our associates. The system is based on ISO 14001:2004 and on the Coca-Cola environmental specifications (KORE).

	Strategies	2020 Goals	Where we are now ¹
WATER FOOTPRINT REDUCTION	Enhanced efficiency in water use.	1.5 liters of water for each liter of beverage produced.	1.71 liters of water for each liter of beverage produced.
	Neutralization of the impact on water sources.	Replenish 100% of the water used in the countries in which we operate.	100% of the water used in Mexico, Argentina, Ecuador and Peru replenished.
CARBON FOOTPRINT REDUCTION	Reduction of Greenhouse Gas emissions.	17.5% reduction in our carbon footprint compared to 2010.	With 25.81 gr CO ₂ /liter of beverage produced, we have reduced our carbon footprint by 15%.
	Use of renewable energy sources.	Reduce by 11% the number of Megajoules (MJ) needed to produce one liter of beverage compared to 2010.	We have reduced the amount of energy needed by 13% to 0.231 MJ/liter of beverage produced.
		At least 30% of electricity consumption should come from renewable energies.	In Mexico, this figure exceeded 41%. At the level of Arca Continental, we have reached 25%.
WASTE FOOTPRINT REDUCTION	Increase recycling of waste generated.	Recycle 90% of the waste generated by the Production Centers.	We recycle more than 72 thousand tons of waste, which is equivalent to 92% of our generation.
	Use of sustainable materials.	Maximize the percentage of recycled food grade PET and Bio PET in our packaging.	Between recycled PET and BioPET, we covered more than 26.73% ² of the PET needs for our bottles.

¹ Considering the recalculation of lines and base years, including operations in Peru.

² Without considering operations in Peru.

Protecting the environment and minimizing the impact of our operations are among Arca Continental's key objectives, in keeping with our vision of being a leader in environmental and natural resource conservation across the territories in which we operate.

To find out more about the actions we carry out regarding environmental care, you can consult the full version of our Social Responsibility and Sustainability Report in the following link: goo.gl/JFyemY



We constantly monitor the water cycle and the interaction of production centers and other major actors with the watershed and nearby wells. We have created work plans to protect the water supply based on these analyses.



500 thousand cubic meters of water saved thanks to our Operational Excellence programs and efficient processes.

30% reduction in industrial wastewater discharge in relation to the 2012 baseline.

+26% reduction in our water consumption compared to 2010.

100% OF OUR WASTEWATER UNDERGOES A TREATMENT PROCESS.

We participated in 72% of the watershed councils in Mexico and are beginning to participate in South America.

+30 thousand people benefited from our 100 social investment works related to water access.



PetStar
PetStar, an Earth Charter signee, has a philosophy of excellence that has led to several international certifications. The company is positioned in Mexico as a Circular Economy benchmark. In 2016, PetStar implemented a cogeneration project and the use of wind energy, which helped to significantly reduce its carbon footprint.



OUR GENERAL STRATEGY FOR MITIGATING GREENHOUSE GAS EMISSIONS AND ADAPTING TO CLIMATE CHANGE HAS BEEN REPORTED SINCE 2013 TO THE CDP, AS WELL AS TO THE MEXICAN GHG (GREENHOUSE GASES) INVENTORY REPORTING PROGRAM.

25.81

grCO₂e per liter of beverage

emissions produced by beverage operations, which places us just 6% away from reaching our 2020 objective.

+10%

of savings in energy consumption for beverage production in relation to 2010.



+90%

of industrial waste recycled

As a result of our participation and investment in PetStar and our alliance with ECOCE, at least seven out of ten bottles delivered to the Mexican market are recovered for recycling.

41%

of the electricity

we consume in Mexico comes from renewable sources through cogeneration with biomass and wind energy.

Zero Waste

certification obtained by Insurgentes Plant from The Coca-Cola Company in 2016.

13

plants certified

by esKO Top 10 Energy Savings Challenge of the Coca-Cola System and the WWF in Mexico.

ECOCE, A.C.

ECOCE is one of our main allies to reduce our waste footprint and disseminate the importance of recycling in the communities surrounding our operating centers in Mexico. During school cycle 2015-2016, ECOCE implemented the Eco-Challenge Program in 1,744 schools in 15 cities of our territories, with the participation of more than 400,000 students. Through the program, 1,441 tons of PET, 122 tons of HDPE and more than 9 tons of aluminium were gathered.

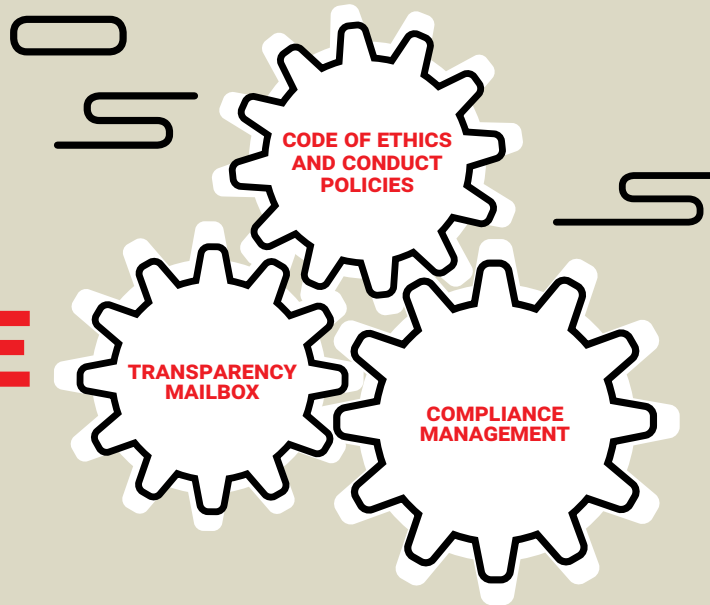


ETHICAL COMPLIANCE

All Arca Continental associates and commercial partners are committed to acting with the highest standards of honesty, integrity and transparency, in strict compliance with and respect for the law and Human Rights. Ethics management in the company is based on three interconnected key pillars: the Code of Ethics and Conduct Policies, the Transparency Mailbox and the Compliance Management Guidelines.

Code of Ethics and Conduct Policies

Our Code of Ethics and Conduct Policies comply with the laws and regulations in effect in all the countries where we operate, respecting the perspectives of our main stakeholders, including customers, suppliers, associates, and authorities.



Transparency Mailbox

The Transparency Mailbox is a tool that serves as a secure, confidential means for associates or any other interested party to inform the company's senior management about any violations of the Code of Ethics and Conduct Policies. The mailbox can be found on the Arca Continental website and can be used by anyone with Internet access, also by calling a toll-free number, or sending a letter addressed to General Management. Transparency Mailbox reports are generated in real time, which means that as soon as someone creates a report, those involved in ethics management compliance receive it.

Compliance Management Guidelines

The Integrity and Ethics Committee is responsible for managing the Code of Ethics and Conduct Policies of Arca Continental and all its subsidiaries. The Committee is guided by the Code of Ethics Compliance Management Guidelines, which specifies the assignment of responsibilities for solving each case, what to do when a report is received, and how often performance reports should be generated. It also indicates mechanisms for maintaining a culture that is consistent with Arca Continental's values.

In 2016, the new Code of Ethics and Conduct Policies was deployed. Its objectives include anti-corruption processes and controls, support for transparency, the promotion of fair trade, and the attainment of a healthy relationship between our associates and all other people who come in contact with the company. It can be found in diverse communication tools, such as our internal magazine, message boards, webpages and courses for its dissemination.

For more information on ethics management in our company and on Corporate Governance you can consult the Corporate Governance section of the full version of this report at: goo.gl/JFyemY



AWARDS AND RECOGNITIONS

ORGANIZATION	AWARD, RECOGNITION OR CERTIFICATION
Alliance for Entrepreneurship and Innovation	Arca Continental Ecuador was recognized in the Human Talent category for its commitment to the development of entrepreneurship and innovation through programs to train its strategic partners.
Good Employers Association – American Chamber of Commerce	Arca Continental Lindley received the ABE Grand Prize for Social Responsibility to the Workforce, for its outstanding track record in human resource management in areas principally including safety, leadership development and labor flexibility.
Mexican Stock Exchange (BMV)	We have been part of the IPC Sustainability Index since its creation in 2011, and were recognized by the Issuers' Committee as one of the three most outstanding companies in the area of social responsibility.
CEMEFI and ALIARSE	We were designated a Socially Responsible Company for the thirteenth consecutive year and PetStar for the second, while Bokados entered the listing of companies with this recognition.
Workplace Wellness Council, Mexico	We received the Responsibly Healthy Organization Award for the second consecutive year because of our health-promoting programs and the way in which our workplace environment nurtures associate wellbeing.
FTSE	The London Stock Exchange included Arca Continental in its FTSE4Good Emerging Index in 2016. In the evaluation process, the company obtained a score 20% above that required to belong to the index.
Great Place to Work Institute	Six of our companies in Mexico were included in the different national rankings of Great Place to Work, with PROCESA and Tonicorp placing in the three best companies to work in Mexico Northeast Region and Ecuador respectively. IPASA received the "Hall of Fame" prize for having been placed in the Great Place to Work Institute national ranking for six consecutive years.
Ministry of Labor and Job Promotion	Arca Continental Lindley received awards for: Good Labor Practices in the Promotion of Orderly Work with Customers and Suppliers for its program "Uncapping my Entrepreneurship".
MSCI	We have been part of the MSCI Sustainability Index since 2014.
The Coca-Cola Company	11 of our operating centers are certified as Benchmark Centers of Operational Excellence. In 2016, the Insurgentes Plant obtained Zero Waste certification and the Culiacan Plant was recognized as the "Best Project" in Coca-Cola Mexico's Replication Workshop. Our Latin Center and Mexico business units won the Excellence Cup and Legacy Cup respectively.
The Coca-Cola Company and the World Wildlife Fund (WWF)	13 of our production centers in Mexico boast esKO Top 10 Energy Saving Challenge certification for their efforts and investments in energy efficiency.
US Green Building Council	Our corporate building was given LEED Silver certification, our Trujillo Plant in Peru boasts LEED Gold certification and the PetStar Museum has LEED Platinum certification.

ARCA CONTINENTAL

For any questions or doubts related to this report, please contact:

SOCIAL RESPONSIBILITY ARCA CONTINENTAL

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