



**COMMITMENT
BEYOND BORDERS**



ARCACONTINENTAL

SOCIAL RESPONSIBILITY AND SUSTAINABILITY REPORT 2017

ABOUT THIS REPORT

[102-1, 102-12, 102-50, 102-51, 102-52, 102-54, 102-56]

This report includes our key achievements and contributions to Arca Continental's Sustainability Strategy for the period between January 1st and December 31st, 2017, as we have done annually since 2004. Its main objective is to create a platform and channel through which we can establish a dialogue with our stakeholders. It has been prepared in accordance with the GRI Standards Core option. Operations are reported by country.



CONTENTS

- 3 Main achievements
- 4 Message from the Chairman of the Board and the CEO
- 6 Company profile
- 8 Sustainability strategy
- 9 Stakeholders and materiality
- 10 Dialogue with stakeholders
- INDIVIDUAL WELLBEING**
- 14 Active and healthy lifestyles
- 16 Safe products and ingredients
- 17 Responsible marketing
- SOCIAL WELLBEING**
- 20 Workplace
- 28 Workplace safety
- 30 Comprehensive customer service
- 31 Community development
- 34 Empowering women
- 35 Value chain development
- 36 Responsible sourcing
- ENVIRONMENTAL WELLBEING**
- 41 Environmental management
- 41 Water conservation
- 45 Social programs with an environmental impact
- 46 Emissions reduction
- 50 Waste management
- 50 Packaging
- 52 Corporate governance
- 58 Partnerships
- 60 GRI content index
- 64 Verification letters
- 68 Awards and recognitions

The content is based on the materiality analyses that Arca Continental has carried out over the past three years, as well as the company's commitment to various organizations and methodologies such as:

- The ten principles of the United Nations Global Compact, which we have implemented continuously since 2006.
- The methodology for belonging to the Sustainability Index of the Mexican Stock Exchange, which we have been part of since it was created in 2011.
- Internationally renowned evaluators, such as FTSE4Good and MSCI, organizations which have followed our performance since 2014.

Arca Continental makes every effort to assure the transparency of its performance and accuracy of the data presented. Thus, as in previous years, KPMG verified several of the indicators included in this report. The scope of the indicators subject to verification and the verification report can be found in the sections: GRI Content Index and External Verification Letter respectively.

YOUR OPINION IS VERY IMPORTANT

[102-53]

If you wish to share your opinion on what on the contents of this report or our performance in general, please send an e-mail to our Public Affairs and Communications division at: sustentabilidad@arcacontal.com

MAIN ACHIEVEMENTS IN 2017

	2016	2017	
ECONOMIC VALUE			
Net sales (Millions USD)	5,030	7,400	
EBITDA (Millions USD)	1,080	1,379	
Direct economic value generated (Millions USD)	5,139	7,456	
Distributed economic value (Millions USD) ¹	4,766	6,994	
			2017 Objectives
INDIVIDUAL WELLBEING			
Percentage of low- or zero-calorie beverages	40	40	40
Number of people directly benefited by physical activity and/or nutrition awareness events	3.8	3.8	3.8
Nutritional information on our NR presentations	100%	100%	100%
Percentage of food and beverage production centers with food safety certifications	100%	100%	100%
SOCIAL WELLBEING			
Investment in social programs and causes (Millions of MXN)	4	4	4
Number of participants in Annual Volunteer Day ²	8.8	10	10
Man-hours of associates and their families invested in volunteer work ²	34,000	37,000	37,000
Number of training hours provided for associates	1.1	1.5	1.5
Lost time incident rate (LTIR)	0.98	0.8	0.8
ENVIRONMENTAL WELLBEING			
Water usage rate (lt water/lt beverage)	1.71	1.68	1.68
Percentage of treated wastewater	100%	100%	100%
Emissions index in manufacturing processes (g CO ₂ e / lt beverage)	25.8	23.9	21.8
Percentage of electricity from renewable sources	41%	39%	30%
Energy use index (MJ/l beverage)	24%	20%	25%
Percentage of recycled waste	92%	92%	90%

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

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

MESSAGE FROM THE CHAIRMAN OF THE BOARD AND CEO

[102-14]

In this, our 2017 Social Responsibility and Sustainability Report, we reiterate our commitment to maintain constant communication with our stakeholders. Our goal is to continue strengthening our management model in order for economic, social, and environmental development to become an integral part of our entire business, in addition to continually improving our operations.

The profitable and sustainable growth we have achieved as a company reflects our continuous commitment to implementing actions that create shared value and promote the integral wellbeing of our associates, society, and the environment. This is all done by following best practices in ethics and Corporate Governance, while contributing to the UN Sustainable Development Goals (SDGs).

The exercises we have done to define our materiality have enabled us to proactively align our business objectives with our stakeholders' expectations. As a result, we have established transversal strategies that incorporate innovation, operating efficiency, positive social impacts, and profitability indicators to ensure the continuity and growth of our business.

Our sustainability actions are supported at the highest levels of our organization to ensure their long-term viability, the Human Capital and Sustainability Committee of the Board of Directors provides oversight and guidance. The Operating Sustainability Committee, which is led by a management team of functional experts, coordinates a system of metrics and control processes for each strategic pillar. This helps us ensure consistent execution of the strategy and standardized objectives and indicators throughout the organization. It also enables us to incorporate best practices in the territories and countries we serve and involve new operations, such as Coca-Cola Southwest Beverages, in the implementation of the sustainability strategy.

Furthermore, as we have been doing since 2006, we continued to follow the Ten Principles of the United Nations Global Compact as part of our general model for responsible behavior in all areas.

In the individual wellbeing pillar, we continue to promote initiatives that foster active and healthy lifestyles. In 2017, we positively impacted more than 3.8 million people who participated in approximately 1,200 sports and awareness events focused on health, nutrition and healthy lifestyles.

We also support projects that promote education for children, such as our Schools in Motion program, which includes improvements to sports infrastructure and promotes physical activation programs. During 2017, this initiative benefited more than 8,000 public school students.

We are particularly proud of the fact that during 2017 both Arca Continental, in Mexico, and Tonicorp, in Ecuador, once again obtained top positions in the Great Place to Work Institute ranking.

In the social wellbeing pillar, we believe that the integral development of our associates plays a key role in our ability to achieve our goals. This is why we offer comprehensive support such as technical training to benefit job performance and training to deal with issues such as personal and family growth. In 2017, 52,000 associates received more than 1.7 million hours of training related to their functions.

For the third consecutive year, we were granted the distinction as a "Healthy Responsible Organization" (ORS) for a company in the Growth Stage, for our initiatives favoring physical activity, a culture of caring about health, and for contributing to the wellbeing of our associates and their families, through our institutional platform El Movimiento AC+ (The AC+ Movement). This year we held 1,500 sports and health events, with the participation of more than 17,000 associates and their families.

Through our VOLAR volunteer program, we promote the development and wellbeing of the communities where we operate by conducting institutional events such as the Annual Volunteer Day, Annual Sustainability Day and Christmas with Meaning. This year, more than 11,600 volunteer participants carried out reforestation efforts and worked to clean different bodies of water, rehabilitate public spaces, and promote a culture of environmental stewardship.



**Francisco
Garza Egloff**
CHIEF EXECUTIVE OFFICER

**Manuel L.
Barragan Morales**
CHAIRMAN OF THE BOARD
OF DIRECTORS

The development of women is one of the top priorities of our social wellbeing pillar. This year, we offered training courses to more than 2,000 women on topics such as personal growth and business development with the 5by20, Potencia Mexico and ANSPAC programs in Mexico, Uncapping my Entrepreneurship in Peru and Power your Business in Argentina. Furthermore, since we are convinced that our Value Chain is a key element behind the success of our sustainability strategy, we carried out programs that enable the integral development and growth of our main suppliers, aiming to become their strategic partners.

In the environmental pillar, we made great progress in our main sustainability indicators, such as bringing our Water Consumption Index down from 1.71 in 2016 to 1.68 liters of water per liter of beverage produced during 2017.

Another significant achievement was the increased usage of energy from renewable sources, such as wind or biomass, which in Mexico now accounts for 39% of the total energy we consume. In terms of our emissions from beverage production, in 2017 we reduced them to 23.9 grCO₂e/lit. of beverage produced. The progress we have made, as well as our achievements, confirms Arca Continental's firm commitment to decreasing our impact on the environment while

becoming an agent of change for our associates and their families, the communities in which we operate, and society in general.

Thanks to these efforts, we have been recognized by several institutions, such as the Mexican Philanthropy Center, which in 2017 granted us for the 14th consecutive year the distinction as a Socially Responsible Company, and the Mexican Stock Exchange, which has continually included Arca Continental as one of the top companies in its Sustainability Index.

Additionally, in 2016 the London Stock Exchange chose us to become part of the FTSE4Good Emerging Index, which groups the companies with best practices in social, environmental, and corporate governance efforts, and since 2014 we have been included in the MSCI Global Sustainability Index.

In 2018, we will continue integrating the Sustainability Strategy into the profitability and development of our operations, incorporating metrics to further align our programs to material issues and Sustainable Development Goals, to maximize their impact and reach goals and objectives that are increasingly more ambitious.

In our search for a constant, transparent, truthful, open, and inclusive dialogue, we invite our readers to share with us their feedback on the information we have included in this report.

Thank you very much.

Manuel L. Barragan Morales
CHAIRMAN OF THE BOARD OF DIRECTORS

Francisco Garza Egloff
CHIEF EXECUTIVE OFFICER

COMPANY PROFILE

[102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-10]

Arca Continental has consolidated its position among the world's top Coca-Cola bottlers with operations in five countries: Mexico, Argentina, Ecuador, Peru and, as of April 2017, the southwestern United States. Across our territories, we serve a total of 119 million consumers.

Arca Continental produces, distributes and sells non-alcoholic beverages under The Coca-Cola Company brand, as well as snacks under the Bokados brand 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 92 years, Arca Continental is the second-largest Coca-Cola bottler in Latin America and one of the most important in the world.

The company is headquartered in the city of Monterrey, in the state of Nuevo Leon, northern Mexico. Arca Continental is listed on the Mexican Stock Exchange under the ticker symbol "AC".



ARCA CONTINENTAL

Volume: 1,741 million unit cases
 Net sales: \$93,666 million pesos

[201-1]

DIRECT ECONOMIC VALUE GENERATED	MEXICAN PESOS (MILLIONS)	US DOLLARS (MILLIONS)
Net Sales	93,666	5,030
Financial Income	331	18
Sale of Assets	1,699	91
Total	95,696	5,139

[201-3]

ECONOMIC VALUE GENERATED	MEXICAN PESOS (MILLIONS)	US DOLLARS (MILLIONS)
Cost of Sales	49,654	2,667
Operating Expenses Including Salaries and Social Benefits	29,238	1,570
Other Expenses	-233	-13
Taxes	4,288	230
Dividends	3,268	175
Interest	2,468	133
Community Investment	67	4
Total	88,750	4,766

BUSINESS UNITS

[102-2]



*Equity stake

OUR VALUES

[102-16]

VISION

To be leaders in beverages and snack 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 stakeholders, satisfying our consumers' expectations at all times with the highest quality products and services.

Focus on Customer Service

We are committed to meeting the needs of our customers and consumers, driven by our constant desire to satisfy and surpass their expectations with world-class service.

Integrity based on Respect and Justice

Our commitment to integrity is unwavering. As a result, what we do is consistent with what we think and say. We take care of the assets and resources of the company, its associates and the community. We value and endorse diversity in all our working relationships to better serve our customers and consumers.

Comprehensive Human Capital Development

We strive to foster an atmosphere of motivation, productivity and recognition, which drives us

towards success. We support our associates' professional aspirations and personal goals, actively participate in their own growth and development plans. At our company, opportunities for growth and development are a direct outcome of our strong business performance.

Sustainability and Social Responsibility

We are totally convinced that we play a role in changing our environment. Consequently, in our daily activities we assume the commitment of meeting the needs of the present without compromising future generations, guided by a form of Corporate Governance that leads us on a permanent quest to achieve a better quality of life for everyone.

SUSTAINABILITY STRATEGY



DIALOGUE WITH STAKEHOLDERS

By employing different mechanisms —such as community surveys, an analysis of our alignment with the UN Sustainable Development Goals, and focus groups, among others— we maintain a constant dialogue with our stakeholders, which has always been the starting point for developing our sustainability strategy.



SOCIAL RESPONSIBILITY AND SUSTAINABILITY MODEL

The main goal of our model is to offer wellbeing opportunities to everyone around us. We have incorporated the most widely recognized international practices into our strategy, as well as those of the Coca-Cola System.

ORGANIZATIONAL CULTURE

Our associates are the key to implementing our growth strategies and sustainability culture. They enable us to achieve the leadership position we currently hold.

INDIVIDUAL WELLBEING

We strive to get our associates and communities to be active and healthy, to make sure our ample and varied product portfolio includes high-quality ingredients, and to provide extensive, relevant, and clear information to encourage consumers to make the best decisions possible.

SOCIAL WELLBEING

Our wish is for all our associates and the communities with which we interact to grow in a sustainable manner. Our associates receive continuous training and work under safe conditions at all times. We empower women and small enterprises that participate in our value chain, and we make investments that make society stronger.

ENVIRONMENTAL WELLBEING

We constantly work to minimize or neutralize our water, waste, and emissions footprints. We lead the industry in recycling initiatives, we preserve and improve the environment for future generations, and we promote the use of eco-efficient technologies.

ETHICS AND CORPORATE GOVERNANCE

Every person who has a relationship with our company is obliged to behave in strict adherence to the law and our Code of Ethics and Conduct Policies. Corporate Governance at Arca Continental constantly ensures that there are no deviations from either the Code or any applicable regulations.

INTEGRAL DEVELOPMENT AND WELLBEING



We provide the conditions needed for our associates and the people around us to grow in a healthy, prosperous community and environment. Several institutions and international organizations have granted us awards and recognitions for the work we do:

- We are included in the FTSE4Good Emerging Index of the London Stock Exchange.
- The Sustainability Index of the Mexican Stock Exchange, which we have been a part of since it was first created in 2011, ranks us among the top companies in our sector.
- Arca Continental, Arca Continental Lindley, PetStar, and Bokados all received the Socially Responsible Company distinction this year. Arca Continental has been granted this distinction for 14 consecutive years.
- MSCI places us among the most sustainable companies in our sector worldwide.
- Scotiabank Equity Research categorized us as Environmental Champions in Latin America.
- We are the only bottling group in the world with two production facilities certified as Silver Level Benchmark Operational Excellence Center.

STAKEHOLDERS AND MATERIALITY

[102-46, 102-47]

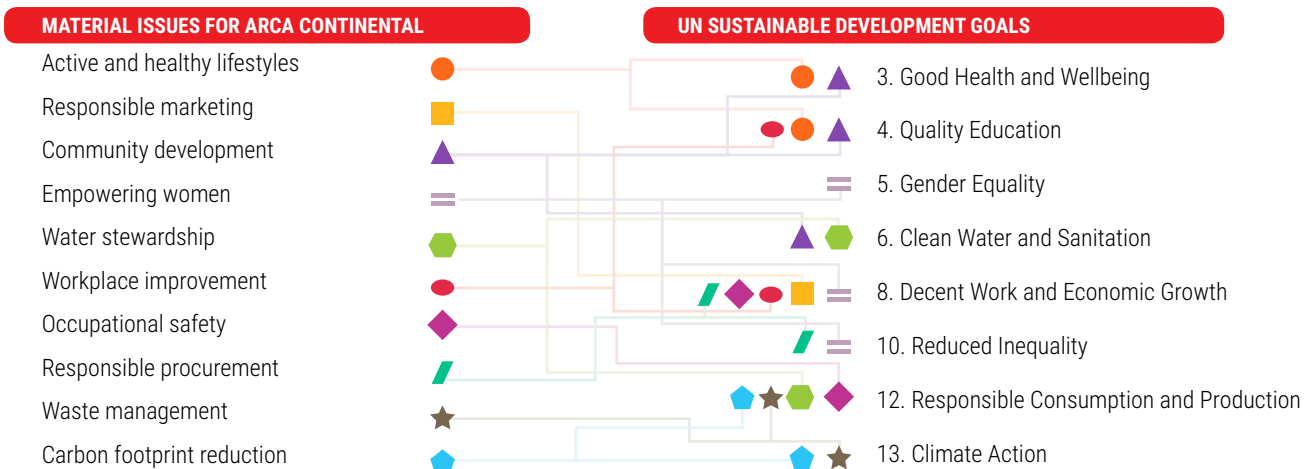
One of the top priorities for Arca Continental is to create and maintain long-term relationships with individuals, groups or organizations that can contribute to our company's development. We have established constant and direct communication to encourage an open and transparent dialogue with these stakeholders, to better understand their expectations and concerns, and to address them proactively. The first step in developing our strategy was to assess how we relate to the development and interests of the communities. This exercise helped us determine the material issues for our company. Afterwards, we analyzed how maturing these issues contributes to the UN Sustainable Development Goals (SDGs), and we held several feedback meetings



with opinion leaders, our peers, academics, authorities and NGOs, among others. This enabled us to clearly understand what we must do, how we have to do it, and how we need to communicate it.



Arca Continental's Materiality and its relationship with the UN Sustainable Development Goals



DIALOGUE WITH STAKEHOLDERS

[102-21, 102-40, 102-43, 102-44]

	CONSUMERS	CUSTOMERS	SUPPLIERS	ACADEMY AND OPINION LEADERS	MEDIA
METHODS OF COMMUNICATION	<ul style="list-style-type: none"> SATISFACTION, SERVICE AND QUALITY SURVEYS 	<ul style="list-style-type: none"> MATERIALITY SURVEYS SATISFACTION, SERVICE AND QUALITY SURVEYS 	<ul style="list-style-type: none"> MATERIALITY SURVEYS AUDIT AND EVALUATION FEEDBACK ANNUAL REPORTS DEDICATED SECTION ON WEBSITE 	<ul style="list-style-type: none"> MEETINGS REPORTS WEBSITE PARTICIPATION IN FORUMS AND CONGRESSES 	<ul style="list-style-type: none"> ANNUAL REPORTS PRESS CONFERENCES DEDICATED SECTION ON WEBSITE INTERVIEWS

FREQUENCY	<ul style="list-style-type: none"> DAILY/ANNUALLY 	<ul style="list-style-type: none"> DAILY/ANNUALLY 	<ul style="list-style-type: none"> DAILY/MONTHLY 	<ul style="list-style-type: none"> MONTHLY/ANNUALLY 	<ul style="list-style-type: none"> MONTHLY/QUARTERLY
EXPECTATIONS	<ul style="list-style-type: none"> PRODUCT QUALITY AND SAFETY CLEAR, ACCURATE, USEFUL INFORMATION ABOUT PRODUCT CHARACTERISTICS ON LABELS 	<ul style="list-style-type: none"> PRODUCT QUALITY AND SAFETY CUSTOMER DEVELOPMENT COMMUNITY DEVELOPMENT PROGRAMS TRAINING EXCHANGE OF BEST PRACTICES ETHICAL NEGOTIATION PRACTICES 	<ul style="list-style-type: none"> SUPPLIER DEVELOPMENT ETHICAL NEGOTIATION PRACTICES OPERATING SAFETY ENVIRONMENTAL CARE AND PROTECTION SHARING OF SOCIAL RESPONSIBILITY PRACTICES 	<ul style="list-style-type: none"> RESPONSIBLE ADVERTISING AND MARKETING PRODUCT RESEARCH AND DEVELOPMENT INFORMATION ON COMPANY ACTIVITIES AND PRODUCTS 	<ul style="list-style-type: none"> RESPONSIBLE ADVERTISING AND MARKETING TIMELY, ACCURATE INFORMATION

INITIATIVES	<ul style="list-style-type: none"> DAILY NUTRITIONAL GUIDES (DNAS) ON LABELS PHYSICAL ACTIVATION PROGRAMS MASSIVE NUTRITIONAL ORIENTATION CAMPAIGNS CALL CENTER CONTACT (DIGA) 	<ul style="list-style-type: none"> SERVICE MODEL (RTM) PORTFOLIO EXPANSION COMPLIANCE WITH ADVERTISING LAWS AND REGULATIONS RETAILER TRAINING AND SUPPORT 	<ul style="list-style-type: none"> APPLICATION OF THE COCA-COLA SUPPLIER GUIDING PRINCIPLES 	<ul style="list-style-type: none"> PROMOTION OF ACTIVE, HEALTHY LIFESTYLES DAILY NUTRITION GUIDES (DNAS) ON LABELS ADHERENCE TO THE PABI CODE COMPLIANCE WITH LAWS AND REGULATIONS 	<ul style="list-style-type: none"> INTERVIEWS PRESS CONFERENCES AND WEBSITE ADHERENCE TO THE PABI CODE ANNUAL REPORTS
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- INDIVIDUAL WELLBEING
- SOCIAL WELLBEING
- ENVIRONMENTAL WELLBEING
- OTHER SECTIONS

The ongoing dialogue with our stakeholders is a priority for Arca Continental; only in this way can we understand their expectations and concerns and carry out actions that generate shared value.

We have set up open, constant communication channels with our stakeholders, in order to develop long-term relationships based on transparency, dialogue and mutual benefit.

ASSOCIATES AND THEIR FAMILIES	NGOS	COMMUNITY	AUTHORITIES AND GOVERNMENT	INVESTORS AND SHAREHOLDERS	THE COCA-COLA COMPANY
<ul style="list-style-type: none"> MATERIALITY SURVEYS ORGANIZATIONAL CLIMATE SURVEYS INTERNAL INFORMATION PORTAL MESSAGE BOARDS BI-MONTHLY MAGAZINE SAFETY AND HYGIENE COMMISSION REPORT FOR ASSOCIATES EQAP'S 	<ul style="list-style-type: none"> MATERIALITY SURVEYS MEETINGS EMAIL: RS@ARCACONTAL.COM ANNUAL SOCIAL RESPONSIBILITY REPORT WEBPAGE 	<ul style="list-style-type: none"> MATERIALITY SURVEYS MEETINGS OPINION SURVEYS WEBPAGE 	<ul style="list-style-type: none"> MEETINGS ANNUAL REPORT WEBPAGE 	<ul style="list-style-type: none"> MATERIALITY SURVEYS QUARTERLY REPORTS AND CONFERENCES ANNUAL SHAREHOLDERS AND SOCIAL RESPONSIBILITY REPORTS ANNUAL SHAREHOLDERS' MEETING WEBPAGE BOARD MEETINGS 	<ul style="list-style-type: none"> MATERIALITY SURVEYS PERIODIC MEETINGS E-MAILS ROUNDTABLES SOCIAL RESPONSIBILITY REPORT
<ul style="list-style-type: none"> DAILY/QUARTERLY/ANNUALLY 	<ul style="list-style-type: none"> MONTHLY/QUARTERLY 	<ul style="list-style-type: none"> CONTINUOUS 	<ul style="list-style-type: none"> MONTHLY/QUARTERLY 	<ul style="list-style-type: none"> DAILY/MONTHLY/QUARTERLY/ANNUALLY 	<ul style="list-style-type: none"> DAILY/MONTHLY/QUARTERLY/ANNUALLY
<ul style="list-style-type: none"> PROFESSIONAL AND VALUES TRAINING AND DEVELOPMENT COMPETITIVE SALARIES AND BENEFITS RESPECT FOR RIGHTS AND LIBERTIES APPLICATION OF THE CODE OF ETHICS OPERATIONAL SAFETY OCCUPATIONAL HEALTH AND SAFETY 	<ul style="list-style-type: none"> ACTIVE PARTICIPATION IN, AND SUPPORT FOR, DIFFERENT CAUSES FEEDBACK PROFESSIONAL AND PERSONAL TRAINING AND DEVELOPMENT 	<ul style="list-style-type: none"> INVESTMENT IN SOCIAL, EDUCATIONAL, HEALTH AND SPORTS PROJECTS RESPONSIBLE INTERACTION ENVIRONMENTAL PROTECTION AND APPROPRIATE NATURAL RESOURCE MANAGEMENT PRODUCT QUALITY AND SAFETY COMMUNITY DEVELOPMENT PROGRAMS 	<ul style="list-style-type: none"> COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND STANDARDS PARTICIPATION IN THE CREATION OF LAWS, REGULATIONS AND STANDARDS TIMELY PAYMENT OF APPLICABLE TAXES AND CONTRIBUTIONS RESPONSIBLE PERFORMANCE INVESTMENT IN, AND CREATION OF JOBS 	<ul style="list-style-type: none"> PROFITABILITY, GROWTH AND VALUE GENERATION AND DIVIDEND PAYMENT CONTINUOUS COMMUNICATION WITH ACCURATE CONTENT PROTECTION OF HUMAN RIGHTS ACROSS THE VALUE CHAIN SUSTAINABILITY ETHICAL CORPORATE GOVERNANCE PRACTICES PRODUCT QUALITY AND SAFETY TRANSPARENCY AND ACCOUNTABILITY 	<ul style="list-style-type: none"> COMPLIANCE WITH PRODUCT, CUSTOMER-SERVICE AND VALUE CHAIN QUALITY STANDARDS COMPLIANCE WITH THE GOALS OF THE SUSTAINABILITY PLATFORM ENVIRONMENTAL CARE AND PROTECTION PRODUCT QUALITY AND SAFETY COMMUNITY DEVELOPMENT PROJECTS
<ul style="list-style-type: none"> APPLICATION OF THE COCA-COLA OCCUPATIONAL HEALTH AND SAFETY PROGRAM TRAINING AND DEVELOPMENT PROGRAMS, E-LEARNING AND ARCA CONTINENTAL MASTER'S DEGREE ANNUAL ORGANIZATIONAL CLIMATE SURVEYS ANNUAL PERFORMANCE EVALUATIONS FOR SENIOR AND MIDDLE MANAGEMENT SYSTEM FOR CONTINGENCY MANAGEMENT AND CRISIS RESOLUTION AC+ MOVEMENT ACTIVITY PROGRAM 	<ul style="list-style-type: none"> DONATIONS COMMITTEE STRATEGIC PARTNERSHIPS ASOCIACIÓN PRO SUPERACIÓN PERSONAL, A. C. CEMEFI SUMARSEN NETWORK MOVIMIENTO CONGRUENCIA ECOCE 	<ul style="list-style-type: none"> SCHOOLS IN MOTION COCA-COLA CUP POWERADE MARATHON VOLUNTEER PROGRAM LET'S PLAY PROGRAM HEALTH TO LEARN PROGRAM 	<ul style="list-style-type: none"> COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS CONTINUOUS INVESTMENT IN JOB CREATION PARTICIPATION IN ASSOCIATIONS AND CHAMBERS ONGOING DIALOGUE WITH AUTHORITIES HUMAN CAPITAL AND SUSTAINABILITY COMMITTEE 	<ul style="list-style-type: none"> CORPORATE GOVERNANCE STRUCTURE CODE OF ETHICS RISK IDENTIFICATION AND CORPORATE IMAGE AND REPUTATION COMMITTEE PRO-SUSTAINABILITY ACTIONS CONSTANT COMMUNICATION WITH INVESTORS HUMAN CAPITAL AND SUSTAINABILITY COMMITTEE 	<ul style="list-style-type: none"> COMPLIANCE WITH SUSTAINABILITY GOALS ACTIVE PARTICIPATION IN THE INDUSTRY'S SUSTAINABILITY COMMITTEE PARTICIPATION IN ALL CORPORATE PROGRAMS COCA-COLA CUP REFORESTATION AND WATER CLEAN UP CAMPAIGNS PROMOTION OF ACTIVE AND HEALTHY LIFESTYLES EFFICIENT USE OF RESOURCES





INDIVIDUAL WELLBEING

As one of the three pillars of Arca Continental's Social Responsibility and Sustainability Model, we strive to promote the individual wellbeing of our associates, consumers and the communities where we have a presence.

In order to help solve public health problems such as being overweight and obesity, we are constantly working to develop programs that promote an active and healthy lifestyle, proper nutrition and hydration, and a culture of health care.

During 2017 we carried out more than 15 initiatives across all the territories in which we operate to promote individual wellbeing, including Schools in Motion, Time to Move, Live your Park, Powerade Marathon, Get to 100, AC+ Movement, Facilitate Measurements, Active and Healthy Companies Challenge, Calistenia, Live Healthy, as well as offering medical advice and participating in medical seminars.

ACTIVE AND HEALTHY LIFESTYLES

[413-1]

Resulting from our active and healthy lifestyles promotion programs, for the third consecutive year we received the Healthy Responsible Organization (ORS) distinction.

We are currently in the Progress and Strengthening stages of the initiatives that we have developed in order to promote active and healthy lifestyles. As a result of our efforts, for the third year in a row we were granted the distinction as a Responsible Health Organization (ORS) by the Business Council of Health and Welfare (CESyB).

We are convinced that a culture of an adequate diet and a healthy lifestyle is created foremost at school and at home. That is why every year we carry out programs focused on food orientation and physical activity aimed at students, youth, teachers and school leaders.

ECUADOR: TIME TO MOVE PROGRAM

This program was developed in conjunction with the University of Southern California and The Coca-Cola Company. Its objective is to invite public school students between the ages of 5 and 12 to exercise at least 60 minutes a day, which besides offering benefits for their health, also improves academic performance and coexistence in the classroom.

To achieve this, offer training in physical education to 1st to 7th grade teachers. We teach them how to take advantage of the physical space in their institutions and we donate a kit with the necessary material to implement the Time to Move program to each of them. In 2017, we trained 5,355 teachers from 254 public schools, benefiting more than 142,996 students.

SCHOOLS IN MOTION

This program is aimed at public schools in marginalized areas, and seeks to promote sports and a healthy lifestyle. To achieve this, six courts were built or rehabilitated this year in Mexico (3 schools and 3 Community Centers in Jalisco) and and 2 multipurpose courts were built in Ecuador, benefiting nearly 7,000 students. Since the beginning of the program, we have benefited 140 public schools and spaces benefiting 120,500 students from the states of Nuevo Leon, Chihuahua, Coahuila, Sinaloa, Jalisco and Aguascalientes in Mexico.

LIVE YOUR PARK

This is the second consecutive year in which we carried out the Live your Park program, together with the Coca-Cola Foundation and the Escuelas Sustentables Foundation. Its objective is to add value to community public spaces, promoting physical activation, community integration, and health and environmental care. In 2017, more than 61 gyms were installed in public parks, 30 in the state of Nuevo León, 20 in Sinaloa and 11 in Jalisco. With these actions we benefitted more than 100 neighborhoods as a result of one-to-one¹ agreements (one to one)¹ made with each of the participating municipalities.



¹ For each park that we installed the municipality committed to install another.



This edition of the Powerade Marathon was awarded the trophy for the best sporting event of the year in Cintermex in the framework of the 25th anniversary of “Eventus”.

POWERADE MARATHON

This year the twelfth edition of the Powerade Marathon was held in the city of Monterrey, which is the fastest growing marathon in Mexico and the second in number of participants. As every year, this marathon is “cardio-protected” with the presence of emergency specialists and defibrillation teams every five kilometers.

This year more than 9 thousand runners participated in the Marathon. The event also included a Mini-Marathon, a 4.2-kilometer race whose purpose is to promote interest in the sport, with one-thousand participants.

Through the fund raising event, funds are collected in favor of charitable institutions, encouraging the solidarity of the sports community and their families. The participation fees paid by this year’s one thousand participants in the fund raising event supported 10 associations with a total of \$1,110,000 pesos.

GET TO 100

Get to 100 is carried out with the support of the National Council for the Development of Physical Education and Sports in Elementary Education (CONDEBA) and the Movimiento es Salud Foundation A.C. This program helps develop specific physical activity and nutrition programs for students and people enrolled in sports centers in the communities where we operate with the aim of reducing obesity rates and increasing physical activity in the population. In 2017, the program took the measurements of almost 570 thousand students in different schools in Mexico.

STATE	STUDENTS BENEFITED
Aguascalientes	44,814
Chihuahua	48,017
Coahuila	49,428
Durango	53,547
Jalisco	82,391
Nuevo Leon	66,178
San Luis Potosi	52,286
Sinaloa	61,710
Sonora	51,172
Zacatecas	60,307





SAFE PRODUCTS AND INGREDIENTS

[102-11, 416-1]

100% of our food and beverage production centers in every country where we operate have been certified in international hygiene and food safety.

At Arca Continental we are committed to a culture of quality and we constantly seek to develop our processes so that they continue to comply with the highest international standards, maintaining strict safety, hygiene and quality controls. Currently, 100% of our beverage plants in Mexico and Ecuador have the FSSC 22000 Certification, while the Bokados plant in Santa Catarina and the three plants in Argentina have been ISO 22000 certified.

As a producer of Coca-Cola brand drinks and snacks, our Integral Quality and Improvement System (CIMAC) ensures that our beverages and snacks are in optimal conditions of quality and hygiene, as we carry out quality control tests in each phase of the production process. The Coca-Cola Company and the corresponding authorities supervise and authorize our formulations and procedures to elaborate the beverages that we produce under the Coca-Cola brand. In our lines of snacks and sweets, we make an exhaustive analysis of the formulations to comply with the regulations of the countries in which we distribute them, such as the FDA of the United States.

All production lines are managed under our Food Safety and Innocuity program, which includes the Hazard Analysis and Critical Control Points or HACCP system. In this way, we ensure that rigorous analyses of raw materials, processes, personnel, packaging material, handling and distribution are carried out.



Our quality culture extends to our Value Chain, because we have a strict supplier support and monitoring program that enables them to adhere to the current safety norms. This program includes periodic inspections of our most important suppliers to verify production, storage and distribution conditions. In addition, we have control over product formulas in order to ensure that the labels on our products offer the correct information to consumers.

	ISO 9001 (QUALITY)	ISO 14001 (ENVIRONMENTAL)	FSSC OR ISO 22000 (FOOD SAFETY)	OHSAS 18001 (HEALTH AND SAFETY)
Total Certifications in Latin America	35	33	33	33

RESPONSIBLE MARKETING

[417-1]

LOW- OR ZERO- CALORIE OPTIONS

One of our priorities is to satisfy the different needs of our consumers. It is for them that we offer a broad portfolio of beverages, presentations and flavors, of which 40% have low- or zero-calories. Throughout 2017, 22% of our drinks sales corresponded to low or zero calorie options, a tendency that has been on the rise continuously. Similarly, we offer a wide variety of products including carbonated and non-carbonated drinks, dairy products, mineral water and juices, as well as packaging and personal presentations with less than 100 calories.

RESPONSIBLE MARKETING POLICY

Our labeling policy fully complies with the advertising and communication regulations of the countries where we operate, and our product labels include responsible and transparent information. To achieve this, our Manual of Frontal Labeling indicates all the guidelines that our packaging must meet, thus ensuring that 100% of our beverage operations comply with the Coca-Cola Responsible Marketing Guide.

As part of the Coca-Cola System in Mexico, we have established a commitment with the society in Mexico through a program called Options, Portions and Solutions, which includes the initiative to promote packages with less than 100 calories among our consumers.

During 2017, Ecuador registered more than 48% of its beverage sales in low- or zero-calorie options. CCSWB followed with more than 31%.

RESPONSIBLE AND TRANSPARENT INFORMATION

All Arca Continental products include nutritional information on their packaging, and 100% of the non-returnable Coca-Cola packaging includes the Daily Nutritional Intake Guides. Given that we understand that parents have the right to responsibly decide what their children consume, we have been adhering to the Food and Beverage Advertising Aimed at Children Self-Regulation Code (PABI) since 2008, years before the authorities required us to do so. None of our business units produce advertising or other types of communication aimed at children under 12 years of age. Likewise, we have developed a special portfolio of beverages and snacks for School Consumption Establishments in Mexico (ECoEs), adhering to the requirements established by the Health and Education Administrations.





SOCIAL WELLBEING

One of our main commitments and a fundamental part of our sustainability strategy is to improve the quality of life of people and promote sustainable development in the communities in which we operate.

That is why we support and carry out various programs aimed at promoting the wellbeing of our associates, the integral development of the communities, empowering women, and the sustainability of our value chain. We do so by constantly encouraging our associates to volunteer and support organizations focused on different assistance and social development actions.





WORKPLACE

A Better Place to Work

[401-1, 202-1]

At Arca Continental, we favor the construction of a positive work environment that fosters the personal and professional development of our associates. For this reason, and to better understand the level of satisfaction of our associates, we use the Great Place to Work (GPTW) model, which allows us to identify our strengths and areas of opportunity and thus be able to implement actions that favor respect, impartiality, credibility, pride and partnership in everyone who is part of this organization. To date, the Great Place to Work Institute has certified 51 Arca Continental operation centers, ranking us among the best companies to work for in Mexico and Ecuador.

Companies classified as "Best Companies to Work For" by the Great Place to Work Institute are part of a select group whose ranking is the result of much effort and a shared vision to create a healthy, harmonious and worthy work environment.

Arca Continental voluntarily participated in the pilot program of on-site audits of the Great Place to Work Institute, at the Insurgentes Plant in Monterrey, in the state of Nuevo Leon, in Mexico, through which the implementation of policies, the culture of the organization and the daily informal practices were verified.

The feedback we received from this audit included the recognition of the climate of trust and belonging in our organization, which generates a concept of family in which all associates share the same language, as well as the recognition of a culture of credibility, impartiality, respect, pride and companionship.





WORK BENEFITS

[401-1, 401-2, 202-1, 202-2]

At Arca Continental, we have an Integral Compensation System, which seeks to standardize equality and competitiveness in the benefits of our associates in all business units. As a result, we have achieved a healthy labor relationship in which we provide competitive services that are superior to those established by law in every market where we operate.

These and other actions have favorably influenced the gradual reduction of our staff turnover rate, located at 17.27% at the end of 2017. This indicator is highly competitive with respect to the rest of the industry, allowing us to retain and develop the best talent, which favors the development of the company.

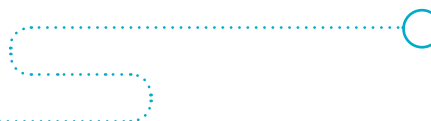
In Peru, a Climate and Commitment Survey is carried out biannually, which allows us to measure the level of satisfaction of associates in relation to six dimensions of their work life: people, the work process, leadership, decision-making power, institutional aspects, communication, and rewards.

In collaboration with the University of Nuevo León, we implemented a pilot of the Human Talent Support Program (PATH). Through this initiative, psychology interns provide short therapy programs for associates and family members who require psychological support.

Number of associates by age range:

18-20	21-30	31-40	41 AND OLDER
1,107	20,022	20,171	19,226

An important part of the development and growth of our associates is to give preference to hiring and promoting local managers and directors, thus favoring their advancement within the organization.



[102-8]

	NON-UNIONIZED		UNIONIZED	
	WOMEN	MEN	WOMEN	MEN
Mexico	1,860	13,010	477	19,566
Argentina	44	417	58	1,773
Ecuador	819	8,424	0	6
Peru	408	1,259	12	2,400
USA	1,121	8,296	198	379

FREEDOM OF ASSOCIATION

[102-7, 102-8, 102-41]

As part of our commitments, at Arca Continental we respect the right of free association. At the end of 2017 59% of our full-time and part-time associates were unionized.

PROFESSIONAL COMPETENCIES MANAGEMENT

[404-3]

In order to promote the integral development of human capital, we use tools that allow us to measure the performance of our associates through the evaluation of their skills. The results allow us to design training programs and career plans in a personalized way according to the needs of each associate.

Furthermore, we carry out evaluations of how they fulfill both their personal and professional objectives, which allows us to make a general diagnosis and develop plans that bring us closer to achieving them.

At Arca Continental, we use the SAP Success Factors tool for human capital management, which helps us improve the commitment of our associates and the productivity and performance of the teams, ensuring adequate alignment between Human Resources and the Strategic Objectives of the organization. To learn more about SAP Success Factors please visit www.successfactors.com

In order to evolve in the evaluation of the associates and to build a solid base for their personal and professional development, in 2017 we implemented a new kind of evaluation at the executive level. Its goal is to qualify the fundamental behaviors and competencies of the associates, including social and environmental sensitivity, teamwork, execution, orientation to results, internal and external client orientation, human capital development and focus on quality.



TRAINING AND DEVELOPMENT

[404-1,404-2]

Since we are convinced that a constant update of knowledge and the development of skills of our associates are a key factor for the success of our operations and our development as a company, we have designed training programs that allow us to achieve these objectives.

In 2017, training courses were offered to 52,586 associates globally, of whom more than 45% are unionized. In total, they were awarded 1,756,656.62 hours of training in the year.

We are working to increase our offering of courses and online workshops, as well as standardize this at all our operations. In 2017, we taught 38 e-learning courses on topics such as Code of Ethics, Comprehensive Sales Planning and Operations, English Program, Quality Index in Execution, Industrial Safety, including Handling Manual Loads, Work at Heights, Identification of Hazards and Accident Investigation, Mobile Sales Application. This year, we significantly increased the number of associates who completed an online course, for a total of 32,013 benefited associates and 57,413.94 man-hours of training.

We continued implementing the Arca Continental Master’s program, whose purpose is to promote the professional development of our executives and increase their daily effectiveness. The Master’s content was designed by the Universidad Regiomontana de Nuevo Leon and includes topics such as focus on quality, customer orientation, human capital development, ethics and social responsibility, among others. In 2017, 95 executives participated in the program, all of them with 100% scholarships, which represented an investment of 1.96 million pesos.



+52 thousand associates received more than 1.7 million hours of training related to their work during 2017.

	NON-UNIONIZED		UNIONIZED	
	FEMALE	MALE	FEMALE	MALE
Number of trained associates	3,180	25,427	603	23,391
Training hours	60,164	521,475	9,501	1,165,525



More than 1,500 women in Arca Continental hold Manger or Director positions.

DISABILITY INCLUSION

We are founding members of the Movimiento Congruencia, which, during the last 13 years, has promoted, sensitized and facilitated the social and professional inclusion of people with disabilities, proving that at Arca Continental we take active measures to promote a culture of inclusion. We currently take part in the Strengthening Committee.

In 2017, for the fourth consecutive year we participated in the Diploma + Talent initiative aimed at designing and developing inclusion projects. The following are the topics addressed by the diploma course design of inclusion projects, organizational culture, regulatory framework for labor inclusion, accessibility for inclusion and evacuation protocols, inclusive recruitment process, induction, communication and training, social responsibility and inclusion. Currently, around 1,000 people with disabilities collaborate with us globally. In addition, we carry out awareness programs for associates in order to support the inclusion of people with disabilities within the organization.

AMBASSADORS PROGRAM

Directed by the Coca-Cola System on a global level, this program was relaunched in 2017 for all bottlers of the system in Mexico. Through training on our vision and the 2020 Vision of The Coca-Cola Company, this program seeks to inspire, inform, develop and recognize each associate. The main focus this year is on generating loyalty among associates and paying special attention to issues related to company initiatives in favor of the community through face-to-face training sessions, in which 23,369 associates participated.

In Argentina, the Well Done Program seeks to recognize associates who incorporate institutional values into their daily work. The associates themselves choose their colleagues who will be recognized.

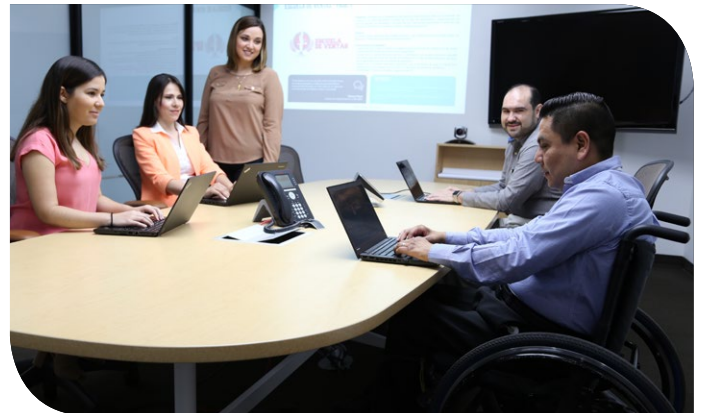
DIVERSITY AND EQUAL OPPORTUNITIES

[405-2]

At Arca Continental, we pay special attention to equality and equal opportunities, which is why our compensation policies for associates are clear, objective and of general application. We design payment tabs based on a reference market by levels of job evaluation.

That is why the average percentage difference between the salary of men and women at Arca Continental is 0.88%. On average, women earn almost 1% more than men, in the same positions.

We promote women to occupy positions of middle and upper management in order to achieve greater equality in the number of men and women who hold key positions in the organization.



OTHER EVENTS AND PROGRAMS FOR OUR ASSOCIATES AND THEIR FAMILIES

INTERNATIONAL WOMEN'S DAY.

Every year there is a celebration for the women on the date of the International Women's Day. This year, 946 associates participated in the celebration.

FAMILY DAY

During the annual Family Day celebration we honor Children's Day, Mother's Day and Family Sunday with associates and their families. 19,684 associates and family participated in this year's celebration.

COCA-COLA STARS, PRIZE FOR YEARS OF SERVICE AND WE MAKE IT POSSIBLE

These programs seek to recognize the trajectory of associates who have been part of the organization in an uninterrupted manner for many years. This year, 1,473 associates were recognized in Mexico.

MAGIC CHRISTMAS AND LIVE CHRISTMAS

Every year we carry out this event in which we celebrate Christmas with our associates and their families. This year more than 43 thousand associates and families participated.

“CORCHOLATA DE HONOR”, “BOTI HONOR” AND HONOR ROLL

This program seeks to recognize the children of associates who excel in their respective schools. This year, 3,408 students from Mexico were awarded.

AC+ MOVEMENT

This marks the third consecutive year that we have received the Socially Responsible Organization (OSR) distinction granted by the Business Council of Health and Welfare (Workplace Wellness Council Mexico).

The AC + Movement institutional program aims to develop and monitor activation sequences for associates through a process aimed at three activities: measure, activate and balance.

1. The measurement process seeks to raise awareness among our associates about their current health status, providing them with relevant information so that they can make decisions that lead them to carry out a healthier lifestyle.
2. Activation aims to provide tools for associates to integrate physical activity into their lifestyle and become a habit. Some of the programs that we carried out this year to promote physical activation were Your Health Weighs More, Live Healthy, Challenge Active and Healthy Companies, Challenge Activate 10,000 Steps, Energy Balance and Challenge for your Wellbeing.
3. The balance activities strive to advise associates on how to find a balance between the calories they consume and those that they spend on physical activities.

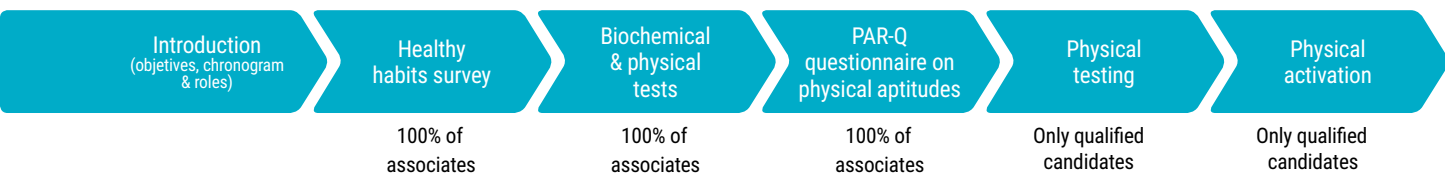


Each operation in the organization develops and adapts this program locally according to the specific needs of its associates.

We also have 16 mess halls for our associates that include healthy menus, to support the consumption of a balanced diet.

As part of this Movement, every year we celebrate the Day of Physical Activity in Mexico. In 2017, 2,422 associates participated in the operations of Jalisco, Colima and Aguascalientes. We also organized 124 sports tournaments and 134 activities throughout the year, in which 10,765 associates benefited. In addition, we installed stationary bicycles and climbers in some of our work centers to promote physical activity.

As they do every year, the Arca Continental Runners Club held various activities including 5 and 10 K races, Cross-Country and excursions to live with nature and enjoy the environment.



ACTIVE, HEALTHY ENTERPRISE CHALLENGE

In collaboration with the Queremos Mexicanos Activos Foundation and CONMÉXICO we developed this program in order to assess the health-related habits of our associates. To do this, our associates respond to questionnaires and personalized activation programs are developed that allow them to gradually improve their habits until they reach the category of Excellent Habits.

CONTINUOUS IMPROVEMENT

[404-2]

Our Continuous Improvement Program establishes teams in every plant, which analyze and propose specific improvements in one of these six issues: productivity, control of costs and expenses, quality, safety, environmental indicators and personnel development indicators.

The objective of the Program is to train and support the teams throughout the year so that they can propose improvement projects. During 2017, 6,085 associates from Mexico, Ecuador, Peru and the United States were trained in Continuous Improvement; in addition more than 6 thousand associates were certified in Operational Excellence and in Lean Six Sigma and more than 500 Improvement projects were designed and implemented, which generated savings for \$83.66 million pesos.

In addition, the Operational Excellence Initiative is an integral tool that we use to analyze, detect and solve areas of opportunity in each stage of our processes, as well as throughout our value chain, including clients and suppliers. In this way, we implement the priority actions in which we must work as a team to solve problems and improve.

During this year, the Coca-Cola Company certified one of our operation centers as Reference Centers in Operational Excellence, for a total of 12 certified centers to date.

This year we also continued with the strategic deployment for the development of the Lean Six Sigma methodology in our organization.

LEVEL	REFERENCE CENTERS
Bronze	10
Silver	2



RESPECTING AND PROTECTING HUMAN RIGHTS

[410-1, 412-2]

At Arca Continental, we adhere to the Workplace Law Policy established by The Coca-Cola Company, which is based on the Universal Declaration of Human Rights, the Declaration of the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact.

All our associates and suppliers must know our Code of Ethics and its section on the protection and respect for Human Rights. When associates or suppliers have any questions or problems related to ethics and Human Rights issues, they can deposit them in the Transparency Mailbox and the Corporate Audit area will channel the requests to the corresponding areas and will follow up on them.

We constantly train our security personnel with the objective of guaranteeing the protection of Human Rights, while we ensure that the external security providers we work with are legally constituted and, in turn, offer constant training to their own associates.

\$ 83.66 million pesos in economic benefits thanks to projects executed in 2017 as part of the continuous improvement program.

HUMAN VALUES

With 29 years of operation, our Human Values Program seeks to support the personal development of our associates and their families through self-knowledge.

The contents of this program have as a starting point the human being, deepening in the family environment and responding to current challenges. The program is inclusive, respecting and accepting of all ideologies.

The themes included are: the dignity of the person and the rest of creation; educating intelligence, willpower and affectivity; marriage and family; the family in the education of self-esteem; assertive communication in the family; ethics in human development; culture of life and addictions. These topics were developed jointly with the John Paul II Institute for Studies on Marriage and Family, a Mexican section integrated into the Anahuac University Network.

We have teams by area in Mexico, Ecuador and Argentina, trained and certified to serve as instructors of the program in their respective sites. During 2017, 122 courses were held in Mexico, Ecuador and Argentina, totaling 1,918 hours, attended by 2,279 associates and 72 family members. Since its beginning, the program has had the participation of 33,322 people.

Currently, 11 business units are certified for having achieved 90% of personnel trained with the Program, with the addition of Rioverde, Fresnillo, Belenes and the Northwest Region of Bokados this year.



WORKPLACE SAFETY

[403-1]

Our goal is to “return home safe and sound, take care of our colleagues and the assets of the company, and ensure the safety of the community we serve, while the quality and safety of our products and processes is our main obligation. “

Among our most important goals to achieve long-term sustainable development is adopting a Preventive Safety Culture. That is why each associate contributes to achieve maximum safety in the work sites and in all the activities we carry out, both operative and commercial. All of us who are part of Arca Continental are required to commit to maintaining a safe and healthy environment, respecting without exception the actions required for the prevention of injuries and illnesses, taking care of our integrity and that of those with whom we work.

On our path to adopting occupational safety and health, we recognized that the way to achieve this goal is through the development of processes with a preventive approach based on changing conscious behaviors. The above is achieved by installing programs where the associate learns to observe and anticipates identifying unsafe or out-of-standard acts/conditions before they present themselves in events that may manifest in incidents. Most importantly, they need to be aware of the risks they might be exposed it and decide to put into practice the safe activity for the associate, for his colleagues, family and the community. Therefore, within the initiatives, preventive programs have been integrated to facilitate the process of achieving a change in culture with changes in behavior.



INDUSTRIAL AND COMMERCIAL SAFETY PROGRAM

As part of the Industrial and Commercial Safety strategy, in 2017 we operated 24 initiatives in Mexico, Ecuador, Peru and Argentina, with the main goal of defining the guidelines and standards with which Arca Continental decides to operate, and which has been the basis of its success because it has the support of top management and has permeated to the operation because it ensures compliance with three main pillars defined in the Occupational Health and Safety Model:

- 1.- People: Development and reinforcement of knowledge and skills of the staff, through in person and online courses, completing in 2017 a total of 16,800 courses.
- 2.- Management: Integration into management systems, verification through internal audits, the deployment of programs and initiatives through Safety Committees, development and use of applications to facilitate management, definition of preventive indicators.
- 3.- Infrastructure: Investment to support and maintain initiatives over time.

THE ARCA CONTINENTAL INDUSTRIAL AND COMMERCIAL SAFETY PROGRAM

Goal/Objective	Guarantee the wellbeing of our associates and the community, as well as the preservation of Arca Continental's assets		
Based on:	Comprehensive Quality and Improvement System		
	Social Responsibility and Sustainability Model		
Pillars	PEOPLE Safe Behavior Training Structure Job Descriptions	MANAGEMENT Reporting System Safety Committee Operational Excellence Best Practices	INFRASTRUCTURE Diagnostics Capital Expenditure and Maintenance Plan
Supported by:	OHSAS 18001:2007		
	Senior Management's Commitment		

Also as a relevant process, the company migrated from a corrective approach of compliance to requirements to a preventive approach.

Requirements TCCC Corrective indicators

- LTIR (Lost Time Incident Rate)
- TIR (Total Incident Rate)
- Crash rate: APMK-MAPMK

Strategic AC Preventive indicators

- RS (Security rating)
- ICS (Safe Conduct Index)

The **Safety Rating** is an indicator that measures the evolution and level of maturity of preventive safety programs by encouraging dialogue, activity and routine in safety of the leader by associates, department, business unit and country, whose objective is:

- Implement programs with a preventive approach
- Standardized metrics
- Identify opportunities
- Effectiveness in the action plans
- Promote teamwork
- Measure commitment and leadership at all levels (Director a Supervisor)
- Safety culture focused on prevention based on safe behaviors
- Zero accidents

The **Safe Conduct Index (ICS)**: is an indicator generated from the information reflected in the preventive observation cards by department, level of risk and number of people observed.

Example:

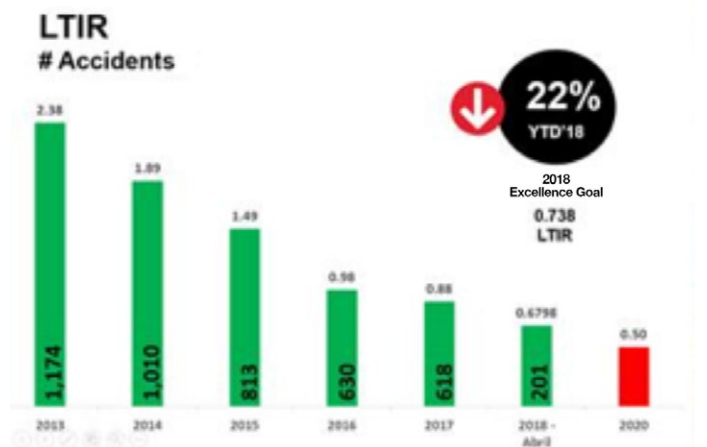
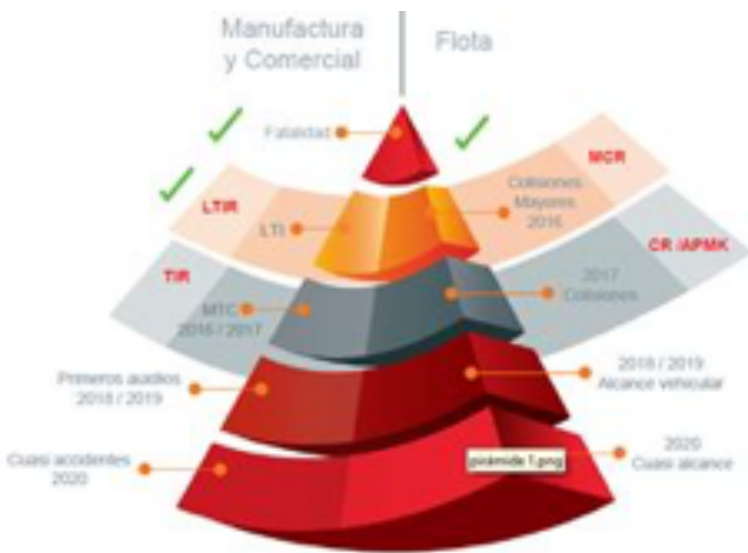
- ICS = - 26.6 %** Reflects a Culture with unsafe practices
- ICS = 90 %** Reflects a Culture with safe practices

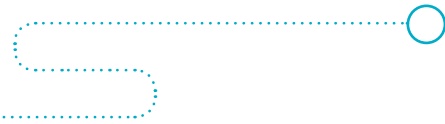
ACHIEVEMENTS REACHED IN SECURITY

[403-2]

One of our main achievements in 2017 was to reach an Lost Time Incident Rate (LTIR) of 0.78, which was reduced by 16% compared to 2016. As well as a Total Index Rate (IRR)) of 3.56 with a reduction of 17% vs 2016. We continue working to reach our 2020 goal, which establishes a LTIR rate of 0.5.

At year-end 2017, a total of 31 Arca Continental Mexico suppliers were certified in Security.





COMPREHENSIVE CUSTOMER SERVICE

[102-44]

In order to meet the requests of our stakeholders and to provide them with a prompt response, we have Call Centers in Mexico, Argentina, Ecuador and Peru.

DIGA Mexico's customer service agents have received training from the Coca-Cola Development Center in order to provide an excellent service to our customers and consumers.

During 2017, we received about 200 thousand telephone requests in Mexico, of which 81% were answered correctly and 65% were answered within the first 24 hours.

In Peru, 64,853 applications were received through the service and monitoring channels on the company's portal. This growth (compared to the 18,129 applications received in 2016) is aligned to the recently activated service on the contact center. Of the total number of applications received in 2017, 98.5% were addressed.

In Ecuador, a total of 59,851 applications were received in 2017, including 52,786 from Arca Continental Beverages; 6,036 from ToniCorp and 1,029 from Inalecsa. On average, 97.3% of the applications received were solved.

In addition to our Contact Centers, we also have the HOLA Coca-Cola Line 01-800-704-4400, resulting from the Consumer Care Center (CAC) founded in 1993, with the intention of addressing your opinions, suggestions, complaints and any questions. In 2017, of the 1,309 received by Arca Continental, 99% were addressed.

Telephone contacts:

From Mexico: 01 (800) 800-3442

From Argentina: 01 (810) 888-2722

From Ecuador: 1 (800) 26-2226 (Drinks) and ToniCorp: 1 800-86-64-72 (1800-TONISA).

From Peru: 0800-1-4000

Average 2017 satisfaction of consumers served: 87.5%
Goal for the year: 85%



COMMUNITY DEVELOPMENT

VOLAR VOLUNTEER PROGRAM

[413-1]

Arca Continental's Volunteer Program (VOLAR) is an institutional Social Responsibility program in which the company and associates partner to execute community and environmental protection actions.

As an institutional initiative, it is implemented across all our operations in Mexico, Ecuador, Argentina and Peru. At each site, a Volunteer Committee is responsible for implementing the VOLAR program and distributing the resources available for the same. In 2017, 1,553 associates participated in a total of 21 committees.

Key activities include Annual Volunteer Day, Annual Sustainability Day and Christmas with Meaning, as well as providing support for communities affected by natural disasters as they unfold, with either in-kind or monetary donations.

ANNUAL VOLUNTEER DAY

This event takes place in all the organization's business units. Its goal is to benefit a community or public institution through activities that include reforestation, waterfront cleaning (riverbanks, canals, lakes and beaches) and restoring public spaces, such as schools, parks and social aid homes.

During 2017, 6,707 volunteers and their families participated in 33 cities in Mexico, Argentina, Ecuador, the United States and Peru, in an effort that translated into the restoration of 36 public spaces and the reforestation of 3,626 trees, as well as cleaning 28.2 linear kilometers of waterfront and collecting 29.35 tons of waste.



During 2017, Arca Continental donated more than 16 million pesos for social causes, through legitimately established foundations.

ANNUAL SUSTAINABILITY DAY

In this event, we invite associates and their families to attend an environmental awareness day, during which we communicate the progress our operations have made in environmental matters, and invite external institutions specialized in the field to set up booths to help attendees to broaden their environmental protection culture and replicate it at home. As part of the event, we also carry out reforestation activities, battery collection campaigns, PET collection and install waste sorting containers, among many other activities.

More than 6,300 associates and their families attended the 2017 editions of this activity, during which 2,413 volunteers planted more than 4,200 trees.

CHRISTMAS WITH MEANING

This is one of our associates' favorite activities, since as part of the Christmas celebrations, they donate new toys that are given to institutions and public schools to bring joy to children in the vulnerable communities near our operations. During 2017, more than 15,000 toys were collected that were distributed in eight hospitals, nine public schools and 55 associations and vulnerable communities in cities in Mexico, Argentina, Ecuador and the United States.



OTHER COMMUNITY OUTREACH PROGRAMS

OPERATION SMILE

Through this program, in collaboration with the Coca-Cola Ecuador Foundation, we provided support for boys and girls during their recovery from reconstructive surgery in hospitals and clinics in Quito, Barbahoyo, Santo Domingo and Ibarra, Ecuador. At the beginning of 2016, we opened the FOSE-Comprehensive FLAP Care Center, where volunteer doctors care for children every day as outpatients in the areas of plastic surgery, pediatrics, speech therapy, psychology and dentistry, free of charge. The program has benefited over 47 thousand children since it started.

IMPULSA VOLUNTEER PROGRAM

For the fourth consecutive year, the “Entrepreneurs since Childhood” program was implemented, in conjunction with the ABP Forming Entrepreneurs Foundation (IMPULSA Nuevo León). It’s objective is to teach children about content topics and values, and develop their entrepreneurial spirit over a five-week period. Targeting five to 12-year-olds, this program seeks to help students to understand their place in the world and how each action and decision they make affects them and their environment. 30 Arca Continental associates from corporate headquarters volunteered to teach the course to 378 young entrepreneurs at the Justo Sierra Elementary School during the 2017 school year. Also in this period, 20 Bokados’ associates participated in “Small Citizens” project, a program to promote and reinforce the legality culture and importance of the universal values among children from 4th and 5th grade (6 groups total) at “La Gran Tenochtitlan” Elementary School.

The main purpose of the “Small Citizens” program is to promote and spread/transmit the culture of legality in boys and girls in primary education. Classes were taught for an hour a week throughout 6 weeks, resulting in a total of 173 young beneficiaries.

Since the IMPULSA program was launched, we have trained a total of 1,669 children.

LET’S DO SOMETHING HELPFUL FOR OTHERS

Since 2013, Arca Continental Argentina has participated in the Let’s Do Something Helpful for Others program, which collects school supplies and teaching materials for scarce resources schools in the areas in which we operate. In 2017, the program benefited 450 students with 450 equipped backpacks delivered by 58 volunteers from Arca Continental.



DONATION PROGRAM

Our Donation Policy and Handbook applies to all Arca Continental operations. With our donations, we support non-profit organizations, innovative individuals and leaders whose projects are in line with the company’s objectives and values. We focus on long-term projects out of a conviction that a great deal of effort and time is required to consolidate permanent social change and the reconstruction of the social fabric. We carefully choose the initiatives we will be supporting to maximize the number of individuals and communities to be benefited.





PETSTAR MUSEUM-AUDITORIUM

The PetStar recycling plant, in which Arca Continental participates, has implemented an education and communication project that seeks to promote the culture of recycling through a space for interactive, informative exhibitions, a rainwater collection system, solar panels and a green roof. The exhibitions create awareness among visitors of the importance of recycling and the shared responsibility of society, the business world and authorities regarding these topics.

The PetStar Museum-Auditorium has earned Platinum LEED (Leadership in Energy and Environmental Design) certification as a sustainable building, and is the first museum in Latin America to achieve this level of certification. Over its five years of existence, the museum has welcomed, free of charge, over 39 thousand people, including students, authorities and members of different sectors in society; 14,518 visited the museum in 2017 alone.

PetStar is a signatory of the Earth Charter and has earned the Socially Responsible Enterprise distinction from the Mexican Center for Philanthropy.

COCA-COLA MISSION VISITOR PROGRAM

Anyone who is interested in learning more about our operations and beverage production process is always welcome to join a dynamic tour of our facilities that addresses topics such as safety, quality and social responsibility, offering visitors an insight into our culture and values. In 2017, we also opened the doors of our Argentina plants to students and received more than 23,879 visitors, ranging from elementary school to university students and the general public, in Mexico, Argentina and Peru.

VISITOR PROGRAM IN MEXICO

During the year, we welcomed more than 10,256 visitors in Mexico, ranging from primary school children to university students and the general public. Since the program was launched in 2008, we have received a total of 151 thousand visitors.

VISITOR PROGRAM IN PERU

Peru has developed a new visitor program concept, aligned to Sustainability objectives. It has been implemented at the different production plants to give visitors an in-depth knowledge of our production processes, history and bottling technology.



EMPOWERING WOMEN

Arca Continental is committed to empowering women. We share and support the 2020 Vision of The Coca-Cola Company, which seeks to support five million women on a global level through development programs.

ANSPAC

Asociación Nacional ProSuperación Personal, A.C. (ANSPAC) Arca Continental is an association that has been operating for 30 years. Its objective is to help the wives, mothers and daughters of our associates to grow through ethics and human development courses and workshops, thus supporting their families and promoting the development of skills that contribute to improving their family economies.

In 2017, 1,349 women participated in the program, which was divided in 35 nationwide units in Mexico and Ecuador. 226 volunteers, mostly AC executives' wives, imparted these mentorships.

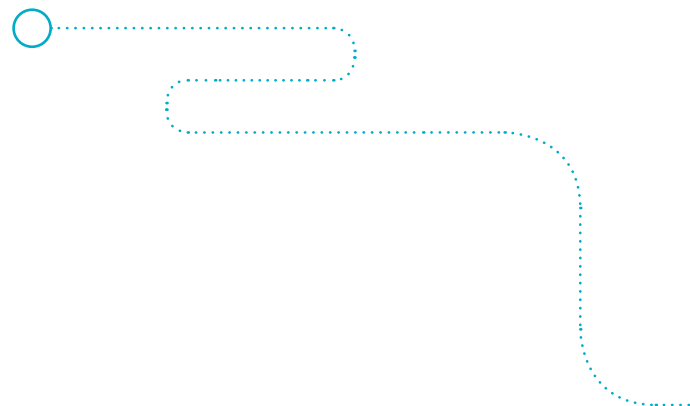


5BY20 EMPOWER MEXICO

2017 was the fourth consecutive year in which we implemented 5by20 Empower Mexico, a program that is designed to empower women and develop their entrepreneurial skills. The program includes the My Business workshop, which trains women who own small stores and corner shops in such topics as sales, marketing, human development, accounting and finance. In 2017, through 1,400 hours of training, conferences and workshops for female entrepreneurs, we benefited 748 women in 14 different communities.

UNCAPPING MY ENTREPRENEURSHIP

The Uncapping my Entrepreneurship program, implemented in Peru, was created to enhance the income of women participants from the Pucusana district, by promoting entrepreneurship and supporting entrepreneurial initiatives through knowledge and tools for personal, family and business growth. In 2017, 42 women took part in empowerment and entrepreneurship workshops. Since the beginning of the project we have impacted more than 160 and formalized 17 micro businesses in the region.



VALUE CHAIN DEVELOPMENT

[203-2]

At Arca Continental we are convinced that the success of our sustainability strategy depends on all the players involved in our value chain. Accordingly, we view our most important suppliers as relevant business partners and we allocate resources to their development.

FROM STOREKEEPER TO ENTREPRENEUR

The main objective of this project is to ensure that we are our customers' main commercial partner, by empowering them and providing them with new administrative tools for their businesses, and changing their vision from that of a storekeeper to that of an entrepreneur ready to invest in technology and equipment.

This training with curricular value was approved by different universities and is imparted according to the customer's level of development (new, in development or developed). It includes topics such as business management and the use of new sales tools and techniques, to help customers to respond better to the market demands and increase their sales.

We offer continuous training across the seven Mexican regions where we operate, because our customers rate this program as the most practical and efficient they have attended.

SIGLO XXI PROJECT

The Siglo XXI project helps our Traditional Channel retailers to grow, innovate and transform their stores in order to give them a competitive advantage in their markets. In 2017, more than one thousand new Siglo XXI customers were activated. At year-end, there were 9,350 Siglo XXI customers across Arca Continental's Mexican territories.



CENTERS FOR COMPLEMENTARY BUSINESSES

The objective of the Centers for Complementary Businesses (CCBs) is to strengthen our retailers by developing neighboring, complementary businesses in order to give consumers a comprehensive purchasing experience and, by restoring local parks and public spaces, creating shared value for the entire community. We have activated 22 CCBs so far in three cities in Mexico.

EMPOWER YOURSELF PROGRAM

This program was launched in Ecuador at the end of 2016 in order to support and improve our strategic partners' businesses, small stores across the nation, through training sessions to help them grow their micro-enterprises. During 2017, we trained 1,000 retailers (700 women and 300 men) from different regions in Quito and Guayaquil in areas such as finance, sales and customer service, business organization and presentation, and community action work. Also, we carried out the "Reemprende" program, 2,584 clients (1,940 women and 644 men).

BUSINESS DEVELOPMENT SCHOOL IN PERU

Since 2008, the Business Development School has given marketing and finance workshops to our retail customers in Peru. The objective of the program is to establish long-term relationships and develop our product portfolio in their businesses.

Through a post-training survey, we were able to confirm that almost 90% of attendees applied the knowledge and skills acquired during our workshops in their businesses, as well as in their personal lives.

COLD FRONT

[305-2]

The Cold Front Program aims to offer cold drinks to the final consume. With it, we support our retailers and small stores who display our products through the installation of new, more efficient refrigeration equipment.

In 2017, 103,500 new coolers with more environmentally friendly CO₂ refrigerant gas were installed.

Number of new coolers installed in 2017:

Mexico	45,500
Argentina	4,500
Ecuador	17,800
Peru	18,800



RESPONSIBLE SOURCING

GUIDING PRINCIPLES AND RULES MANUAL FOR SUPPLIERS

[407-1, 408-1, 409-1, 414-1, 414-2]

The Coca-Cola Guiding Principles for Suppliers, which establishes clear clauses for social responsibility applicable across our value chain, include hiring conditions. The objective is that every purchase implicitly denotes a respect for Human Rights, the rejection of child and forced labor, and an absence of any kind of discrimination, as well as other factors promoting human liberties.

Our Rules Manual establishes the basic guidelines on topics such as supplier requirements, registration of new suppliers, Code of Ethics and Conduct Policies, the Coca-Cola Guiding Principles, purchase orders, placing and receiving orders, payments to suppliers, conflicts of interest, conflict resolution, responding to inquiries, and Transparency Mailbox. Currently, 100% of the Arca Continental México suppliers are required to comply with the Manual.

AUDITS OF OUR GUIDING PRINCIPLES

Carried out in 2017 with strategic suppliers: packaging, ingredients, coolers, and co-packers

	SCOPE OF SUPPLIERS	AUDITED SUPPLIERS	SUPPLIERS IN COMPLIANCE
Mexico*	115	113	108
Ecuador	11	11	9
Peru	15	15	15
Argentina*	38	37	33

* total suppliers in the country.

SUPPORTING AND EVALUATING SUPPLIERS

Since 2015, we have conducted a satisfaction survey among our suppliers to measure the quality of our services, procedures and the institutional image. In addition, our plants assess their suppliers every three months as part of the Quality System of Coca-Cola Mexico and Arca Continental. Concepts evaluated include: operations and service, quality, administration, environmental protection, commercial operations and safety. It is important to note that, even without the evaluation, critical, urgent corrective actions are taken whenever needed, be it related to sourcing, internal users or suppliers.

In 2017 we continued updating of our Purchase Managing Process, aiming to provide a more personalized service to our suppliers and conduct more specialized negotiations, both at corporate and local level.

ECUADORIAN ALLIANCE FOR ENTREPRENEURSHIP AND INNOVATION

Arca Continental and Coca-Cola Ecuador have partnered in the Ecuadorian Alliance for Entrepreneurship and Innovation (AEI), a network of public, private and academic players who seek to promote entrepreneurship and innovation through such activities as training and support, providing access to financing and legal advice, market research and promotion. During the year, value chain retailers and small businesses received financial, material (coolers and shelving) and training support through this initiative. For more information on AEI, please click on the following link: <http://aei.ec/>

LOCAL SUPPLIERS

[204-1]

One of our main objectives is to constantly increase the percentage of local materials in our production processes. Today, Arca Continental has more than 50,000 suppliers in total.

PERCENTAGE OF INPUTS PURCHASED FROM LOCAL SUPPLIERS ESTABLISHED IN THE SAME COUNTRY

Mexico	95%
Argentina	98.5%
Ecuador ¹	69.7%
Peru	71.3%

¹ Local suppliers are those that are incorporated in the same country where the purchase is made.



SUPPLY CHAIN

[102-9]

The supply chain of our beverage operations involves the following elements:

1. SUPPLIERS OF INPUT MATERIALS.

Making our products requires unprocessed materials which must comply with specific standards defined for each particular input. These materials are transported in vehicles hired by suppliers.

2. STORAGE.

Input materials are stored at our plants for later use in the production process. Forklift operators and warehousemen carry out storage movements.

3. PRODUCTION.

Plants use available unprocessed materials, labor and machinery to manufacture our products, sometimes using an outsourced option.

4. LOGISTICS.

Logistics personnel at our warehouses receive the finished products which are later sent to Distribution Centers.

5. SALES AND DISTRIBUTION.

The sales area collects customers' orders and requests products from Logistics for distribution, with delivery teams on our vehicles placing the ordered products with the customers.

6. CUSTOMERS.

Customers receive our products according to their orders.

7. CONTAINER RECYCLING.

Through waste management projects, such as PetStar in Mexico and INTERCIA in Ecuador, we collect a percentage of the PET, glass and aluminum containers we send to the market. We then recycle the materials in new containers, thus closing the value cycle.

CRITICAL SUPPLIERS IN OUR VALUE CHAIN

In 2017, Arca Continental carried out the most in-depth assessment done to date in order to identify those suppliers deemed as critical in our value chain. Criteria employed to identify these suppliers include the following:

- Ingredients and packaging
- Volume
- Replaceable or exclusive
- Exposure to environmental and/or social risks

Through this process we identified the following critical direct suppliers.

PRODUCT/ COUNTRY	MEXICO	PERU	ECUADOR	ARGENTINA	USA
Sugar	1	2	3	4	0
HFCS	3	0	0	0	2
CO ₂ / N ₂	1	1	2	3	2
PET Resin	8	6	6	4	2
PET Bottles	5	4	6	4	1
Glass Bottles	3	1	1	1	1
Aluminum Cans	2	0	0	0	1
Packaging Materials	19	11	7	7	2

Indirect critical suppliers

PRODUCT/ COUNTRY	MEXICO	PERU	ECUADOR	ARGENTINA	USA
Thermo- shrinkable	4	4	2	3	1
Stretch Film	4	4	1	3	4
Labels	3	3	3	3	1
Pallets	4	5	2	3	3
Corrugated	6	2	1	3	2
Distribution Cases	1	2	1	2	0
Coolers	2	6	2	4	6
Vending	5	5	0	0	2





ENVIRONMENTAL WELLBEING

At Arca Continental, preserving the environment and minimizing the footprint of our operations in the communities where we operate is one of our main objectives and an integral part of our business philosophy. To this end, we continuously seek improvement opportunities and invest in projects to reduce emissions, neutralize our water consumption, preserve local ecosystems and bodies of water, minimize waste and maximize the amount of recycled materials we produce and use.

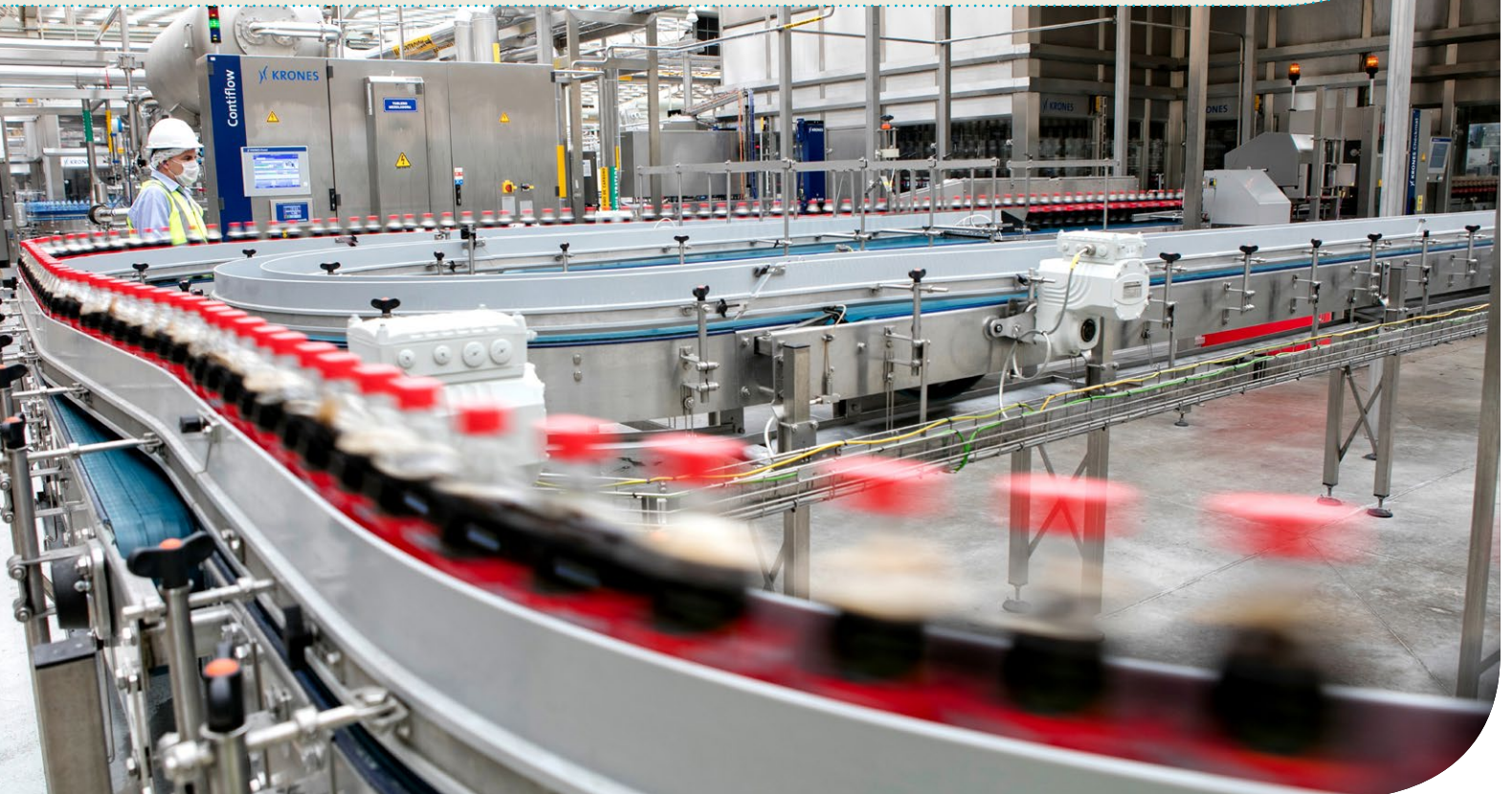
Our efforts in this area are based on the four pillars of environmental protection included in our Environmental Sustainability Model: Water, Energy, Waste and Packaging.

	STRATEGIES	2020 GOALS	WHERE WE ARE NOW
Water Footprint Reduction	Enhanced efficiency in water use.	1.6 liters of water for each liter of beverage produced.	1.68 liters of water for each liter of beverage produced. ⁽¹⁾
	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.	22.86 gr CO ₂ /liter of beverage produced in 2017 compared to the 25.203 in 2010.
		Reduce by 11% the number of Megajoules (MJ) needed to produce one liter of beverage compared to 2010.	0.227 MJ/liter of beverage produced in 2017 compared to the 0.255 in 2010 ^{(1)*} .
	Use of renewable energy sources.	At least 30% of electricity consumption should come from renewable energies.	In Mexico, this figure exceeded 39% ⁽²⁾ .
Waste Footprint Reduction	Increase recycling of waste generated.	Recycle 90% of the waste generated by the Production Centers.	We recycle more than 90% of our industrial waste in Mexico, Ecuador, Peru and Argentina ⁽¹⁾ .
	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 25% of the PET needs for our bottles. ⁽³⁾

1 Including the beverages operations of Mexico, Ecuador, Peru and Argentina.

2 Beverages operations in Mexico.

3 Including the beverages operations of Mexico, Ecuador and Argentina.



ENVIRONMENTAL MANAGEMENT

ENVIRONMENTAL POLICY

In our efforts to reach our environmental care and preservation objectives, we comply with all environmental laws currently in effect, as well as with the additional requirements of our organization, in order to ensure a rational and efficient use of resources.

ENVIRONMENTAL STRATEGY

Arca Continental's vision includes seeking to lead in environmental protection and the preservation of natural resources in the territories where we operate. Therefore, our Environmental Management System is one of the most advanced in its category and is applied across all business units, product lifecycles and the value chain, as well as with our associates. It is based on ISO 14001:2004 and the Coca-Cola Environmental Specifications (KORE). We also incorporate the practices of the EIRIS and RobecoSAM international systems.

We make every effort to assure Arca Continental's integration into the circular economy by reducing waste, increasing the recyclability of our packaging and recycling through PetStar and ECOCE. Such initiatives have given us a position of leadership in areas of circular economy in Mexico. However, we continue to work to achieve optimum conditions in our way of doing inclusive, environmentally friendly business.

WATER CONSERVATION

[303-2]

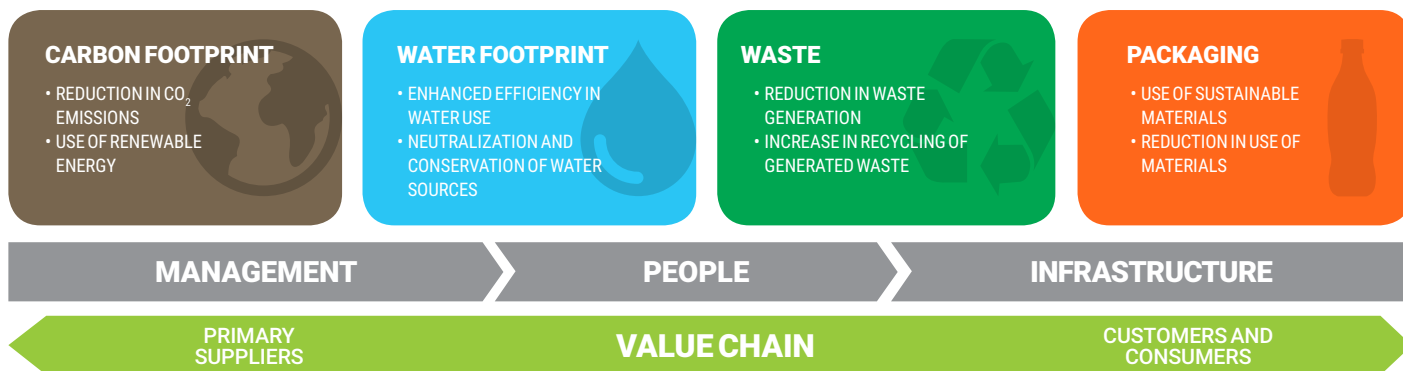
Water is not just one of our main inputs; it is indispensable for life. Thus, as part of the Coca-Cola System, we are committed to the objectives of The Coca-Cola Company's 2020 Vision with regard to water. This vision is grouped into the following strategies:

1. Enhance the efficiency of our water use
2. Replenish and treat water used in making our products
3. Do research on, and participate in, protecting water basins

With the backing of independent, third party environmental experts, Arca Continental and The Coca-Cola Company constantly monitor the water cycle and the interaction of production centers and other important actors with local micro-water sources and wells through our Source Vulnerability Analysis (SVA) program. Our SVAs, which should be conducted every five years across all our operations, consider main environmental and social risks to determine the quantity of water that can be sustainably extracted from each micro water source. With this information, the three actors referred to at the beginning of the paragraph created our Source Water Protection Plan (SWPP) that all Arca Continental operating centers must follow rigorously, reporting on their performance and progress on a monthly basis and taking part in periodic audits.

We also measure our water consumption from different sources (municipal, wells and underground supplies), industrial discharge, and reuse and consumption reduction, in order to protect and maintain the health and cleanliness of different bodies of water.

Through our reforestation and water harvesting programs, we now replace 100% of the water we use in our operations in Mexico, Ecuador, Argentina and Peru.





The following are among our main reforestation and water harvesting programs which we execute to preserve water basins and bodies:

NATIONAL REFORESTATION AND WATER HARVESTING PROGRAM IN MEXICO

As part of the Mexican Coca-Cola System, we belong to the National Reforestation and Water Harvesting Program, which joins the efforts and commitment of private, government and non-profit organizations to restore the environment in Mexico. We seek to return to nature every drop of water that we use in the manufacture of our products through recovery, reforestation and woodland maintenance, thus promoting soil conservation and aquifer recharging.

Expert organizations, such as Pronatura, the National Forestry Commission (CONAFOR) and the National Commission for Protected Natural Areas (CONANP), partner with us in these initiatives as key allies for achieving our goals.

The actions of the program are divided into three main areas: reforestation, maintenance and conservation of water and soil; water collection and availability; and productive projects.

During 2017, we deployed and achieved the following results in our territories in Mexico:

STATE	RESTORED HECTARES	PLANTED TREES	POSITIVE ENVIRONMENTAL IMPACT PRODUCTION PROJECTS
Aguascalientes	190	165,000	41
Chihuahua	2,518	3,315,464	4
Coahuila	2,417	2,217,294	24
Durango	4,839	5,244,107	52
Jalisco	2,291	2,088,064	105
Nuevo Leon	2,438	2,390,250	73
San Luis Potosi	3,646	2,942,774	53
Sinaloa	521	424,665	71
Sonora	417	250,500	102
Zacatecas	800	731,250	

The Universidad Nacional Autonoma de Mexico and the environmental engineering consulting agency LimnoTech carried out a study that concludes that the Coca-Cola Mexican Industry complies with its goal of returning to nature 100% of the water it uses to make its products.

WATER REPLENISHMENT PROGRAM IN ECUADOR

This program is jointly carried out by Coca-Cola Ecuador and Alianza Latinoamericana de Fondos de Agua, represented by The Nature Conservancy (TNC). It seeks to support preservation projects with the objective of returning all the water Ecuador Beverages uses in its production processes to nature.

Since the program’s inception, we have supported five funds: the Water Protection Fund (FONAG), the Guayaquil Water Fund (Daule River Basin), the Water Fund for the Preservation of the Paute River Basin (Fonapa), the Tungurahua High Plateau Fund and Struggle against Poverty, and the Regional Water Fund (Foragua).

The program includes the Water for the Future Project, whose goal is to protect the micro-basins, reestablish the supply of water, and seek for social and environmental benefits. We offer support to families through our sustainable productive projects (organic vegetable gardens, grass improvements, life fences, training in best production practices) and carry out maintenance activities including control and oversight of conservation areas (staff, field equipment), visits to verify that the conditions of the agreement are being met, conservation of forests and wastelands, reforestation with native species, and passive recovery—which refers to fencing degraded areas to allow them to regenerate on their own.



100%
of our water discharge undergoes a treatment process, including tertiary treatment processes and being reused for irrigation.

MONTERREY METROPOLITAN WATER FUND (FAMM)

Arca Continental is a founding partner of the Monterrey Metropolitan Water Fund (FAMM), which joins the efforts of various companies and organizations to conserve water in the region. Through the partnership of FAMM, The Nature Conservancy, other companies and organizations we implemented the Replenishment Program, comprising two initiatives: field activities and a water plan.

Thanks to the field activities, this year we carried out reforestation, maintenance and conservation efforts in almost 200 hectares of Monterrey's high-altitude basin. The water plan, developed by this institution, consists of ten viable alternatives to enhance the region's water supply.

UNDERGROUND WATER MONITORING IN ARGENTINA

Since 2014, the Tucuman Plant in Argentina has operated a meteorological station that monitors its underground water source, measuring such factors as temperature, pressure and humidity. The data collected are shared with the School of Natural Sciences of Universidad Nacional de Tucuman and other institutions.

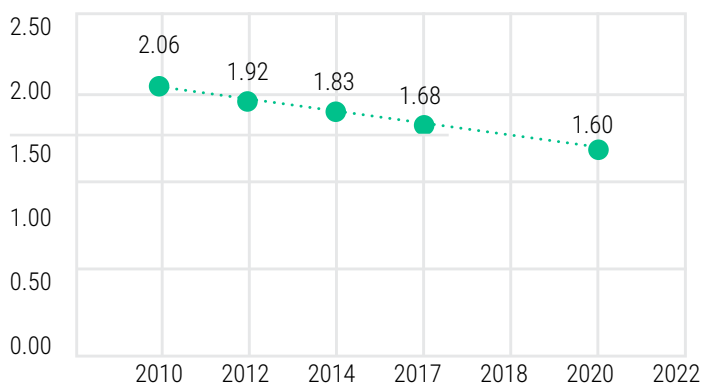
EFFICIENT WATER USE

Efficiency in the use of water is measured in terms of the ratio of the liters of water we need to produce a liter of beverage, including water consumption across all processes, such as bottle washing.

In order to improve our efficiency in the use of water, we have implemented several initiatives and projects at our operation centers: implementing new technologies, offering training to our associates, recovering water across the industrial processes, eliminating leaks, creating water-saving committees, and communicating a culture of continuous improvement, among others. In 2017 we consumed 1.68 liters of water per liter of beverage produced, which translates into a reduction of more than 16.7% with respect to the 2010 baseline. Based on these efficiency projects, in 2017 we saved more than 2.7 billion cubic meters of water versus our estimation had we continued to operate making no changes.

	LT. OF WATER/LT. OF BEVERAGE
Mexico	1.55
Argentina	1.85
Ecuador	1.88
Peru	2.00

Liters of water per liter of beverage





WATER DISCHARGE AND REUSE

[303-3, 306-1]

We have implemented diverse initiatives to optimize our water use, including projects for water reuse by our production facilities and for building wastewater treatment plants. As a result, we have been able to reduce our industrial wastewater discharge by 65% compared to 2012.

In Mexico, 100% of the industrial wastewater from our operating centers is treated directly on site or discharged into a municipal treatment plant; in Argentina, Ecuador and Peru, all beverage production centers have on-site treatment plants. Three of our production centers have industrial water treatment plants with tertiary purification processes.

In Guadalajara, Mexico, we have made an agreement with the ITESO University for them to use our treated water for their sanitation and maintenance needs.

In order to comply with wastewater discharge regulations, Arca Continental has a total of 31 wastewater treatment plants, of which 18 are in Mexico, seven in Peru, three in Argentina and three in Ecuador.

WATER CONSUMPTION BY SOURCE

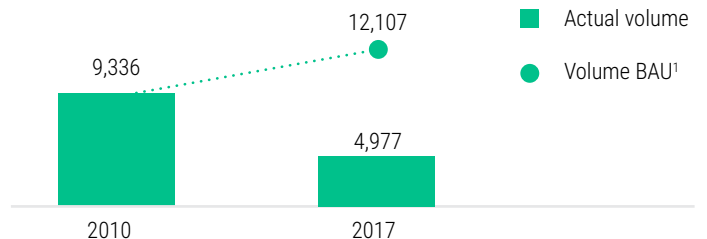
In accordance with our principles of caring for water and water supplies, Arca Continental does not extract any water from surface bodies. Our operations only use municipal networks or wells under concession, according to the region, and always respect the limits set by the authorities and our Plan for Protecting Water Sources. In 2017, we employed 17.8 million cubic meters of water, achieving our 18 million target.

[303-1]

	MEXICO	ECUADOR	ARGENTINA	PERU
Municipal network	1,633,544	325,265	634,345	178,940
Company owned wells	8,408,855	1,020,203	829,850	3,212,482
Surface water	0	0	0	0
Total consumption (MM m3)	10,042,399	1,345,468	1,464,195	3,391,422

INDUSTRIAL WATER DISCHARGE (thousands m³)

[306-1]



¹ Business as Usual



SOCIAL PROGRAMS WITH AN ENVIRONMENTAL IMPACT

Since 2013, in partnership with the Coca-Cola System in Mexico, through the National Reforestation and Water Harvesting Program and the Coca-Cola Foundation of Mexico, and with the support of Pronatura and government organizations, we have helped rural communities in the areas where we operate. The purpose of our actions is to do more than just consider environmental aspects in our social programs and contribute to improving the economy and quality of life of those in our local communities.

ENVIRONMENTAL PRODUCTIVE PROJECTS

With these projects—which include backyard vegetable gardens and orchards, agroforestry models, and stevia producers—communities generate inputs for their own consumption or for our use in reforestation activities, thus becoming a sustainable source of employment for the people living in the communities. There are currently 326 such projects in operation in 11 states in our territories in Mexico.

WATER COLLECTION AND AVAILABILITY

Through water collecting and supply projects, we support woodland recovery, while enhancing the availability of this vital resource for local communities. Several projects and initiatives have been implemented as part of this strategic initiative, such as:

	NUMBER OF PROJECTS	MEXICAN STATES
Water-collecting recipients	9	Aguascalientes, Coahuila, Durango, Jalisco, Nuevo Leon & San Luis Potosi.
Community water tanks	59	Aguascalientes, Jalisco, Sinaloa & Sonora.
Rooftop rainwater harvesting	126	Aguascalientes, Baja California Sur, Chihuahua, Coahuila, Durango, Jalisco, Nuevo Leon, Sinaloa & Sonora.
Wastewater treatment plants	2	Jalisco & Sinaloa
Water purifying plants	2	Jalisco



Thanks to this program, since 2008 we have planted almost 27 million trees in our territories in Mexico.



EMISSIONS REDUCTION

[303-2, 305-5]

As described in the General Strategy for Adapting to Climate Change, Arca Continental has set a series of goals for 2020:

1. Lower the company's carbon footprint by 17.5% vs. 2010
2. Reduce the number of Megajoules (MJ) of electricity required to produce a liter of beverage by 11% compared to 2010
3. Obtain at least 30% of the company's electricity from renewable sources

Since 2014, the organization's general strategy for lowering its greenhouse gas emissions and adapting to climate change has been reported to the Carbon Disclosure Project (CDP), and to the GEI Program of the Mexican Environmental Protection Agency (SEMARNAT) and CESPEDS. In 2016, for the first time, we sent a report to CDP Water and CDP Value Chain with very positive feedback from our investors.

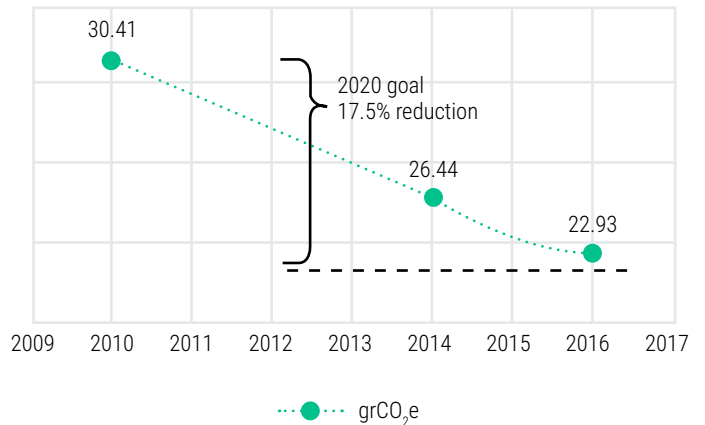
Through this program, we keep a detailed record of our energy consumption and of the fuel used in our operations, enabling us to monitor the results of our different emissions reduction initiatives and find areas of opportunity for continuous improvement. These initiatives include multiple programs to optimize our operations, renewable energy sourcing and the substitution of inputs with more environmentally friendly options.

As a result of all these efforts, during 2017 our beverage operations reached an emissions indicator of 22.93 grCO₂e per liter of beverage. We have achieved and surpassed by 10% our 2020 goal.

Greenhouse gas emissions from manufacturing [305-4, 305-5]

GRCO ₂ PER LITER OF BEVERAGE PRODUCED	
Mexico	20.18
Argentina	29.06
Ecuador	38.65
Peru	35.13

Emissions per region (MegaTON CO₂e) Greenhouse Gas Emissions - Manufacturing Index



Since 2016, Mexico Beverages achieved the 2020 goal of reducing by 17.5% the emissions per beverage liter. This year we continued executing efficiency projects, surpassing the goal by 30%.



We achieved and surpassed our 2017 emissions reduction goals

Scope 1 Goal: 170,000 Achieved: 165,750

Scope 2 Goal: 190,000 Achieved: 184,930

Emissions per region (MegaTON CO₂e)

[305-1, 305-2]

	SCOPE 1		SCOPE 2	
	2016	2017	2016	2017
Mexico	117.77	130.25	97.54	78.42
Ecuador	19.29	12.13	23.45	22.40
Argentina	23.26	13.38	60.02	14.76
Peru	14.14	9.99	12.81	49.12

ENERGY CONSUMPTION EFFICIENCY

[302-4]

We have implemented the esKO Top 10 Energy Savings Challenge across our operations. This worldwide program brings together Coca-Cola System bottling companies to lower their carbon footprint by reducing energy consumption and implementing best practices that have been identified through experience and time. As of year-end 2017, 13 of our production centers in Mexico had been certified in this program. We have also begun the process to certify our plants in Ecuador, Peru and Argentina.

Thanks to the implementation and follow-up of energy efficiency projects, such as the optimization of refrigeration systems and installing highly energy efficient appliances, we have reduced the energy consumed per liter of beverage produced by 20.4% compared to 2010.

As part of our energy efficiency programs, we have a Measurement System that monitors energy use at eight plants in Mexico, giving us detailed consumption data by area, line and machinery.

Emissions per source (TON CO₂e)

[305-1, 305-2]

	BEVERAGES	COMPLEMENTARY BUSINESSES
Electric energy	164,679	57,290
Stationary sources	56,639	73,113
Mobile sources	21,999	32,145

Use of energy MWhr

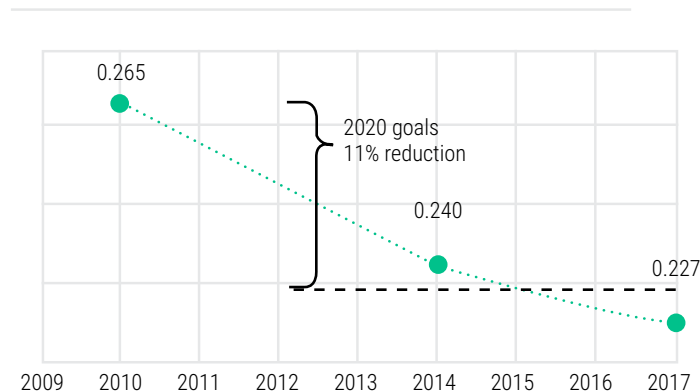
[302-1]

	2015	2016	2017
Non-renewable fuel	379,485	397,001	358,587
Non-renewable electric energy	431,931	460,044	372,744
Renewable electric energy	57,200	86,967	83,208

Energy consumption 2017 target:
800,000 MWhr

Energy usage index (MJ/Lt beverage)

[302-3]



SUSTAINABLE CONSTRUCTION MANUAL

After several years of developing and identifying best practices, in 2016 Arca Continental published a Sustainable Construction Manual, which is based on the following international practices and certifications:

- LEED Certification of the Green Building Council for new constructions
- SHARE Standards of the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE)
- Recommendations and guidelines of the U.S. Environmental Protection Agency (EPA)
- International Green Construction Code, Version 2.0 (IGCC)

The Manual, which is in constant revision and updated to ensure that it always includes leading-edge, world-class best practices, underscores the importance of training all those involved in building maintenance and operation in order to assure the optimum, responsible use of the buildings and installed technologies.



RENEWABLE ENERGY USE

Since 2011, we have been increasing our use of renewable energy, in order to reach our 2020 goal of obtaining at least 30% of our electricity from renewable sources.

In 2017, 39% of our electricity consumption in Mexico comes from renewable sources, 48.79% of biomass cogenerations and 51.21% from wind generation.

To reach our company-wide goal, we will double our efforts through the implementation of two strategies:

- We will invest heavily in PIASA to increase electricity production through cogeneration with biomass. Through this project, our Mexican operations will obtain more than half of their electricity from renewable sources.
- We will explore options to generate electricity from this kind of source in South America.

STRATEGY FOR ADAPTING TO CLIMATE CHANGE

[201-2]

As well as having various goals that contribute to climate change mitigation, our Human Capital and Sustainability Committee has designed a strategy to adapt our operations to the changes we are already experiencing. For example, we have identified regions where the effects of climate change represent a significant risk from water shortage, and have begun to prepare scenarios for adapting our operations in those regions, taking into consideration not only production activities but also the local communities.

Our evaluations have identified a plant that is particularly vulnerable to the physical effects of climate change and we are currently designing a plan that will enable us to react in the face of extreme natural events and help affected local communities.

WASTE MANAGEMENT

[301-1, 306-2, 306-4]

At Arca Continental we have a robust waste management plan in place, which is constantly being reviewed and adapted based on the needs we have identified and the results we have obtained.

Resulting from these efforts, in 2017 we recycled more than 81,197 tons of industrial waste generated at our beverages plants, equivalent to 89.2% of the total generated waste. We generated 526 tons of hazardous waste, which we disposed of according to applicable regulations at every operation.

We also manage waste in the rest of our operations, with varying results. Worth mentioning is our beverage production in Argentina which recycled more than 93.4% of the waste generated in its operations. We continue working on standardizing these results across all our operations.

RECYCLING OF GENERATED WASTE

[203-1, 306-2]

	MEXICO	ECUADOR	ARGENTINA	PERU
Generated waste (tons)	63,213	4,248	15,555	7,311
Recycled waste (tons)	56,399	3,465	14,503	6,831
Percent of recycled waste	89.2%	81.6	93.2%	93.4%

2017 waste generation goal:

7,150 Tons

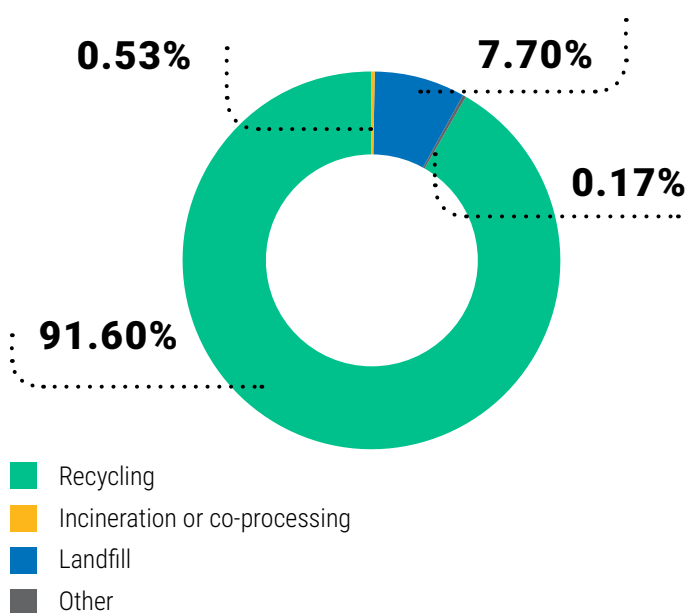


Final destination of AC industrial waste

[305-4, 305-5]

CATEGORY	RECYCLED WASTE GENERATION (TONS)
Water treatment sludge	4,815
Reactor sludge	5,123
Wood	6,999
Metal	2,273
Paper and cardboard	7,076
PET	5,961
Plastics (other)	5,897
Glass	35,908
HDPE	754

Final destination of waste



As a result of Arca Continental's participation and investment in PetStar and alliance with ECOCE, at least 7 out of every 10 bottles that we deliver to the market in Mexico are recovered to be recycled.



PACKAGING

[301-3, 302-5]

We have been working for five years now in lightening our bottles, which has paid-off with excellent results. Not only did these efforts translate into reducing the amount of plastic used and the energy employed in their production, they also produced considerable logistics and disposal benefits.

Thanks to this initiative, in 2017 we saved 2,425 tons of resin, equivalent to more than 9.8 thousand tons of CO₂e not emitted into the environment.

The alliance that we have made with our suppliers of recycled food grade PET, such as PetStar in Mexico, and Bio PET have allowed us to incorporate a considerable percentage of such materials in our plastic containers. In 2017, we consumed more than 28,789 tons of these two products, or 25% of our PET consumption. The actual percentage varies according to country, largely as a reflection of the availability of the materials.

[301-2]

	MEXICO	ARGENTINA	ECUADOR	PERU
Percentage of food grade PET and BioPET	27.70% PCR 23,267 t PCR	13.20% PCR 883 t PCR 334 t BioPET	25% 4275 t PCR	24% since october 2017 1587 t PCR

ECOCE, A.C.

Economía y Compromiso Empresarial (ECOCE), a non-profit organization, is one of our allies in reducing our waste footprint and disseminating the importance of recycling in the communities around our operating centers in Mexico. During the 2016-2017 school year, ECOCE implemented the Eco Challenge Program in 1,964 schools in 16 different cities in our territories. With a participation of more than 470 thousand students, it collected 1,570 tons of PET, 124 tons of HDPE and more than nine tons of aluminum. IPASA recycles HDPE to produce soft-drink cases for Coca-Cola, thus contributing to our circular economy strategy.

RECYCLING CULTURE

In order to support our efforts to create a culture of proper waste disposal and recycling, ECOCE has installed containers in our offices and main operating centers so that our associates and visitors can dispose of their bottles correctly and expand the recycling culture inside and outside the organization. Waste containers were also donated to Universidad Católica de Salta (UCASAL) in Argentina, in order to facilitate and promote solid waste separation.



Pioneering in the Coca-Cola System worldwide, the Ciel bottle is now made entirely out of food grade recycled PET, as are the Sprite and Sangría Topo Chico bottles.



PETSTAR

Based on the philosophy of excellence that PetStar has been known for since it began operating, the company has obtained the following certifications: ISO9001, ISO14001, ISO22000, ISO50001, OSHAS18001, Clean Industry, Socially Responsible Industry, Súper Empresas, and Operation Clean Sweep . It also adheres to the United Nations Global Compact and Earth Charter.

PetStar has become a Circular Economy benchmark for the rest of the industry by integrating into its process every step starting with collecting bottles and all the way to incorporating them into new packaging with recycled content.

PetStar also has social development projects in place, such as the Community Childhood Development Center—located in Chimalhuacán, Estado de México—created to execute education, nutrition, health, and competencies-development programs, in which 300 children of local *pepenadores* (waste pickers) participate. With social responsibility efforts and partnerships with other institutions, the company strives to dignify the work done by waste pickers and collectors across the country by offering them a stable and fair income, in addition to training courses and inclusion initiatives.

This year, for the second occasion, PetStar carried out a project for co-generating and using wind power, which has resulted in the reduction of the value chain's carbon footprint by somewhere between 78% and 90%. These results are equivalent to having no cars circulate in Mexico City for almost two days.

In addition, PetStar has a program called Botelloteca (library of bottles), whose goal is to keep the flow of materials to the Recycling Industry at friendly levels, in compliance with the goals established by the World Economic Forum. The program strives to analyze the components of packaging from different brands to determine whether their elements (caps, labels, additives, and materials, among others) are recycle-friendly. Results from the lab tests will be compared against protocols that were designed based on the guidelines established by the Association of Plastic Recyclers (APR), in particular the APR Design Guide for Plastic Recyclability. If lab results do not turn out as expected, a neutral third party will notify brand owners that their packaging does not comply with the required specifications, and will share with them information on alternatives they can implement to have their packaging align with the requirements.



It is important to mention that Arca Continental, as well as other bottlers who are PetStar shareholders, also comply—as PetStar does—with the following goals established by the World Economic Forum:

- **Implement changes in the design of plastic packaging to improve quality and the recycling economy** (for example, options in materials, additives, and formats) as a first step toward reaching a Global Plastics Protocol. PetStar complies by implementing the Botelloteca program.
- **Adopt best practices for the collection process and in storing systems**, and comply with the requirements of the Global Plastics Protocol. PetStar complies by employing an inclusive collection model.
- **Scale up high-quality recycling processes**. PetStar complies by making investments in technologies that allow it to turn PET into food grade resin.
- **Explore potential new markets for this material** and, in turn, improve performance in terms of classification and quality. PetStar complies by repurposing byproducts.
- **Boost demand for recycled plastics** with voluntary commitments or policies, and explore other policy measures that support recycling. Our shareholders have voluntarily committed to this effort through PetStar.
- **Deploy an adequate collection and classification infrastructure** in places where it is lacking. PetStar complies through its inclusive collection model aimed at developing small purchasing centers across the country.

As an added benefit, because we hold a stake in PetStar, at Arca Continental we have access to a high-quality recycled food grade PET resin, which we include in our packaging.

CORPORATE GOVERNANCE

[102-18, 102-19, 102-22, 102-23, 102-24, 102-25, 102-26]

At Arca Continental, we are convinced that good corporate governance has a positive effect on the different attributes that make our company great. Strengthening corporate governance standards guarantees the equality, transparency, responsibility and independence of all our areas of influence, minimizes conflicts and provides a sure path to conflict resolution. It also aligns the acts of all stakeholders to value creation, leads to an optimum balance between different government entities, reduces risks and strengthens the organization in the face of today's dynamic and complex environment.

Thus, Arca Continental's Corporate Governance is aligned to the Mexican Stock Exchange's Code of Best Corporate Practices and is based on our long-term vision and philosophy founded on four strategic pillars:

- **Responsibility:** Guaranteeing accountability from Management to the Board, and from the Board to Shareholders.
- **Equality:** Respecting shareholders' rights and treating them fairly.
- **Transparency:** Ensuring the availability of timely, concrete, accurate information, and providing the means for internal control and the independent receipt of complaints.
- **Independence:** Avoiding conflicts of interest and ensuring the participation of independent experts on the Board of Directors.

Arca Continental is governed by The Coca-Cola Company's Code of Business Conduct, which states that we shall act with honesty, abide by the law, comply with the Code and be responsible. This applies to all our business units, including commercial areas, thereby ensuring transparency and that our transactions comply with the Law.

Currently, our Board of Directors has 21 members, five of whom are independent. Manuel L. Barragan Morales has been Chairman of the Board since 2001.

The variable compensation of all high-level executives depends of financial indicators – such as profitability and stock price- as well as social and environmental performance. The compensation is calculated annually.

To support the fulfillment of our business objectives, our Board of Directors is structured into three oversight committees: Auditing and Corporate Practices, Human Capital and Sustainability, and Planning and Finance. Nine members of the Board of Directors belong to the Planning and Finance Committee, five to the Human Capital and Sustainability Committee, and three to the Auditing and Corporate Practices Committee. During 2017, eight Board Sessions were held. The average assistance of its members for this period was above 98%.

Auditing and Corporate Practices Committee

Auditing functions:

- Give an opinion on the accounting, control and internal auditing guidelines and policies
- Evaluate the performance, opinions, reports and information of the external auditors, and propose their appointment
- Discuss the financial statements with Management and give an opinion to the Board
- Monitor internal controls and mechanisms
- Investigate possible non-compliance with operating guidelines and policies, control systems, and auditing

Corporate governance functions:

- Give an opinion on non-recurrent operations, such as acquisitions, mergers and other critical transactions
- Give an opinion on operations with related parties
- Give an opinion on the performance of the CEO and company officers, as well as on their compensation packages

Human Capital and Sustainability Committee

- Assess key executives' succession plans and talent development
- Establish guidelines and recommendations on general policies for salaries and human resources
- Issue criteria for the evaluation and benefit package of the CEO, and extend the process to senior executives
- Oversee the Social Responsibility and Sustainability strategy, programs and indicators

In 2016, the Issuer Committee of the Mexican Stock Exchange (BMV) recognized Arca Continental as one of the three most outstanding companies in Mexico in the area of Social Responsibility.



Planning and Finance Committee

- Evaluate and, where necessary, make recommendations to the Board on the investment and financial policies proposed by Management
- Recommend long-term plans and budgets for operations and investments
- Make recommendations on strategic projects and the related funding

Since 2005, in order to avoid conflicts of interest, we have followed a policy that in general forbids transactions with people related to the group controlling the company. Only those that are considered to be strictly necessary for strategic purposes and those that imply a significant impact on company operations and/or results are permitted.

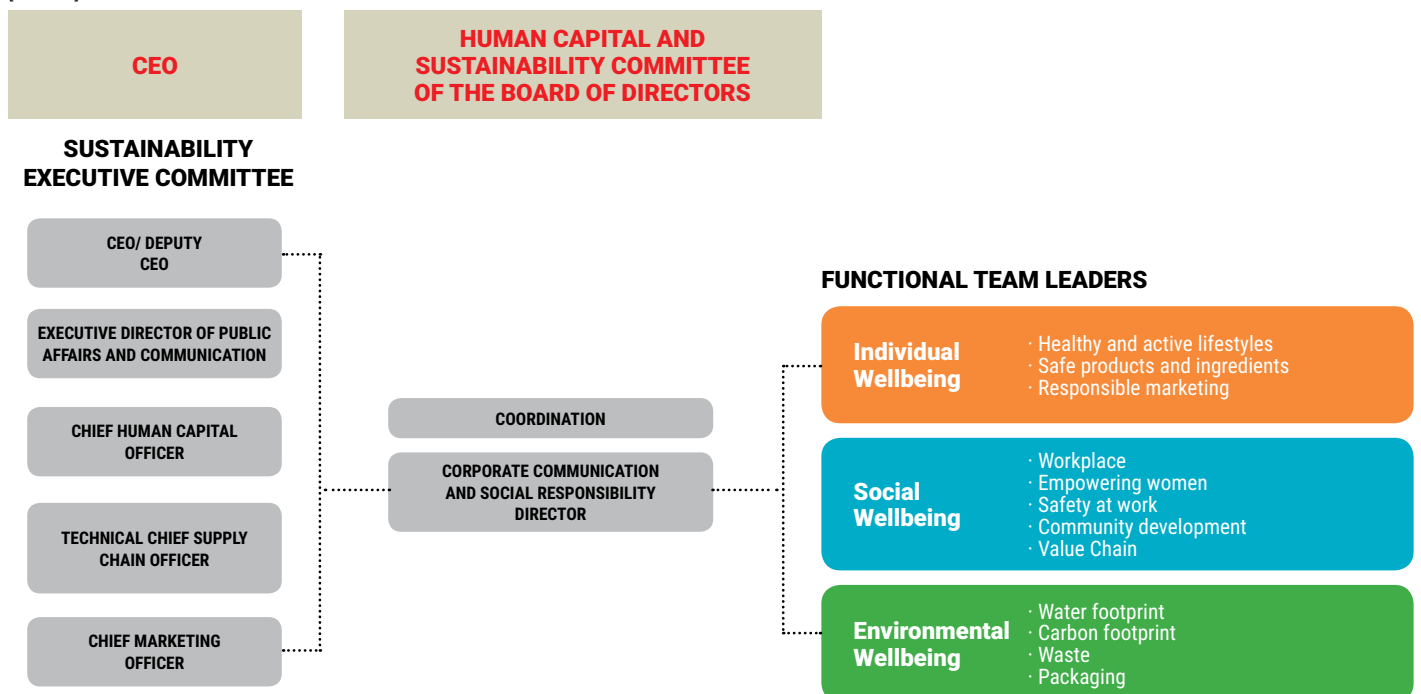
SUSTAINABILITY MANAGEMENT

The Human Capital and Sustainability Committee is committed to improving people’s wellbeing, contributing to the sustainable development of our neighboring communities, and protecting the environment. The Sustainability Executive Committee was founded in 2013 to deploy the strategies established by the Committee and the CEO at the operational level, with the goals of assuring standardized policies, objectives, metrics and best practices across the organization in the area of Social Responsibility and Sustainability, and of creating and implementing a plan to meet our 2020 Vision.

[102-45]

If you wish to learn more about Arca Continental’s Corporate Governance, please consult the annual report the company presented to the Mexican Stock Exchange on the following link: <http://www.arcacontal.com/investors.aspx>

[102-20]





RISK MANAGEMENT

[102-15, 102-29, 201-2]

Arca Continental’s Risk Coordination Committee ensures that all possible critical risks are properly taken care of by our specific Committees, which identify and manage risks related to operations, our corporate image and reputation, personal safety, insurance, information security, finance and taxes.

In 2016, we issued and implemented a new Risk Management Policy, and instigated diverse programs that help us to evaluate and control risks.

Some of the main risks and opportunities we have identified for Arca Continental are:

Climate change.

- Weather and rain may affect product consumption and natural phenomena our distribution routes. Therefore, Arca Continental has implemented programs to mitigate and adapt to climate change. We have reported these actions to the CDP since 2013.

Water supply shortage.

- Water, like other inputs, is essential for our normal operations. That is why we have been participating in projects that protect the water basins in the areas where we operate. Since 2014, thanks to the projects we have been involved in, we have been able to neutralize the water footprint of our Mexican operations.

Changes in consumer preferences.

- Our organization’s progress depends on our ability to please consumers’ tastes and offer innovative products that reflect their changing needs.

Waste and raw material costs.

- Fully aware of our responsibilities in waste management, we have continued increasing our consumption of recycled materials, especially through PetStar, which is now the world’s largest food grade PET plant and in which Arca Continental maintains a leadership position.

ETHICAL COMPLIANCE

[102-16, 406-1, 205-1, 205-2]

Our Code of Ethics complies with the laws and regulations in force in all the countries where we operate. We respect the interests of our leading stakeholders, including customers, suppliers, associates and authorities at all times.

Its objective is to offer guidance and provide standards for desirable behavior in anticorruption processes and controls, support transparency, promote fair trade and achieve positive relationships with our associates and everyone with whom the company comes into contact.

We communicate our Code of Ethics through different tools, such as our internal magazine, bulletin boards, webpages, promotional campaigns and associate courses.

Although our previous Code already met the requirements stipulated by the Mexican Securities Law and the recommendations of the Mexican Stock Exchange (BMV) for inclusion in the Sustainability Index, during 2016, we implemented a new, improved and modified Code of Ethics to reflect international best practices. Arca Continental is an industry point of reference and, to reflect this, we have improved sections of the Code, together with how it is managed and the related documentation.

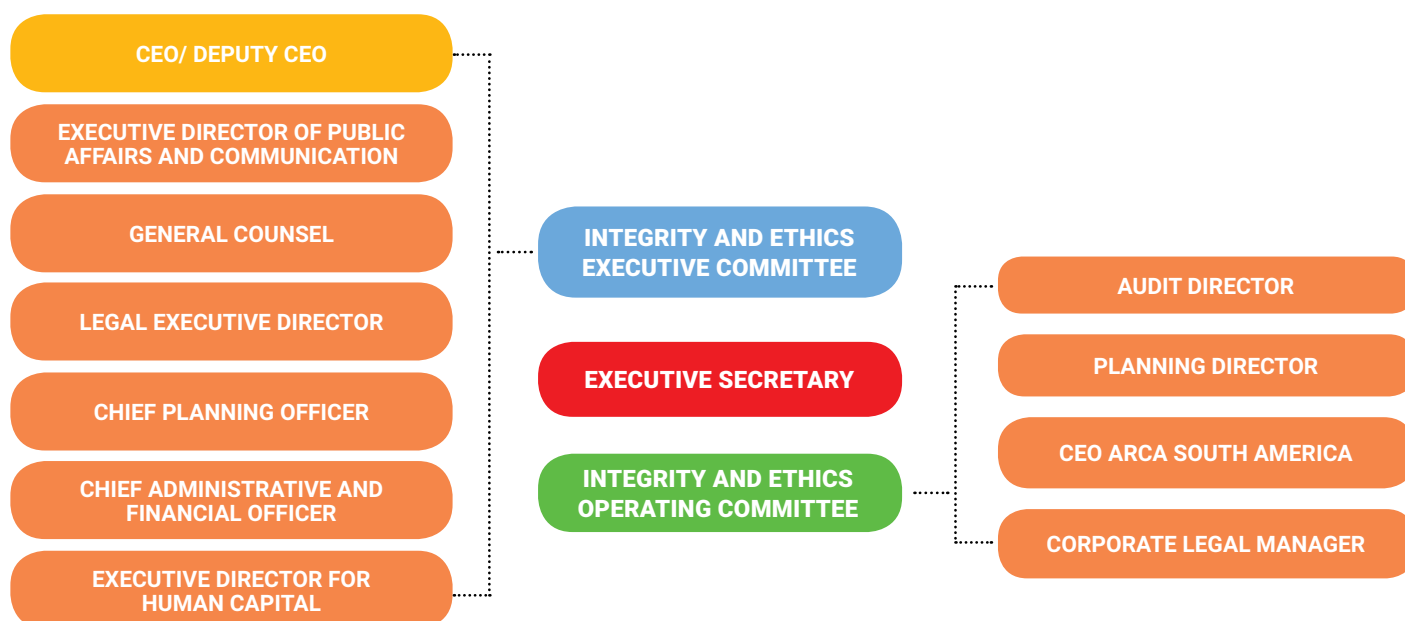
This evolution process started with a comprehensive analysis of the previous Code of Ethics and its comparison with international best practices, leading to specific proposals to improve the Code and its management.

Some of the improvements and modifications to our Code of Ethics include:

- Out of Arca Continental's four core values -- Customer Orientation and a Vocation for Service, Integrity Based on Respect and Justice, Comprehensive Development of Human Capital, and Sustainability and Social Responsibility -- Integrity Based on Respect and Justice has become the cornerstone of our Code of Ethics and Conduct Policies.
- Integrity Based on Respect and Justice leads to the values of honesty, trust and loyalty, which govern our behavior inside and outside the company.

- Our aim is for the Code of Ethics to be a practical guide for each and every one of our actions and our decision-making processes.
- The new Code of Ethics includes a specific section on Human Rights protection, acknowledging the United Nations Human Rights Principles and those of the Global Compact, incorporating healthcare and safety assurance, personal development and the fight against violence.
- The scope of our sustainability actions is not limited to the environment; it now includes social topics.
- Particular emphasis is placed on transparency and information management.
- We stress how important it is for our suppliers to comply with the Code.
- The new Code of Ethics is a detailed guide on when to act and includes a series of questions that can help associates make decisions.

Structure of the Integrity and Ethics Committee



COMPLIANCE MANAGEMENT

[102-17]

Management of the Code of Ethics and Conduct Policies of Arca Continental and all its subsidiaries is the responsibility of the Integrity and Ethics Committee, which is divided into two branches: the Executive Committee and the Operating Committee, whose duties, although different, complement each other.

The Executive Committee is directed by the company’s CEO and includes executives of the highest levels within the organization. It meets on a quarterly basis and is in charge of: overseeing that the content of the Code is aligned with international best practices; fostering a culture of observance of the Code inside and outside the organization; and promoting strategies for disseminating and clarifying the Code to every audience that comes in contact with Arca Continental.

The Operating Committee is responsible for resolving any identified breaches of the Code and training associates in ethical issues. It is made up of directors and managers with sufficient authority to expedite conflict resolution and who were also experienced in integrity issues before this management system was implemented.

An Ethics Officer liaises between the two committees, assuring the appropriate flow of information and channeling reports from the Transparency Mailbox to the relevant parties. The Code of Ethics and Behavior Policy Management Handbook defines the criteria for assigning those responsible for resolving each case.

The Handbook details how each committee member should interact, how performance reports should be generated and how often, and indicates the mechanisms for maintaining a culture of compliance with the Arca Continental values.

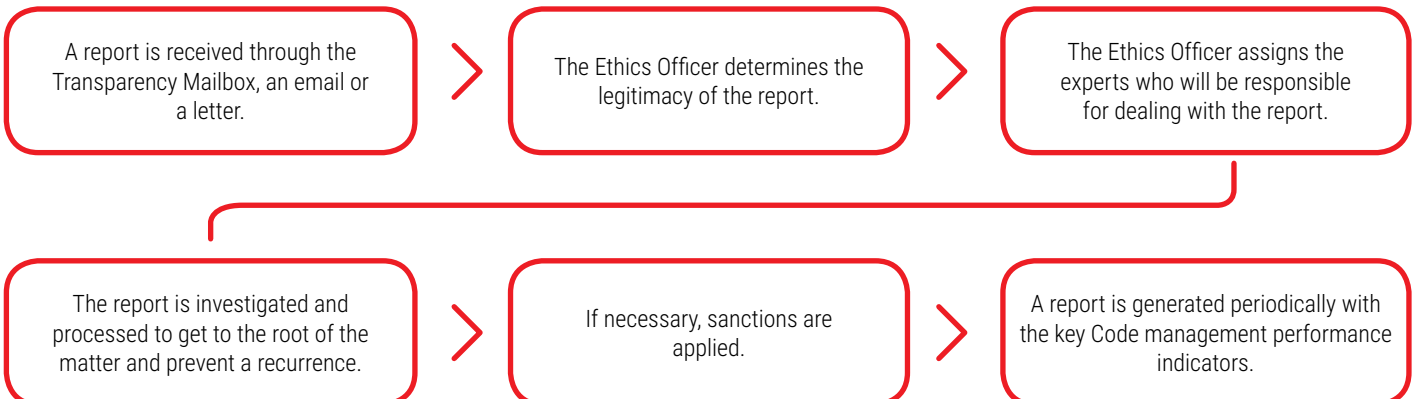
The Handbook also provides information on what to do when a report is received through the Transparency Mailbox, by email or in a letter. A simplified version of this process can be seen in the diagram below.

Code of Ethics Management Process

In 2017, Arca Continental, through an independent body, completed the identification and assessment of its Fraud Risk Management Program to identify:

- Potential internal and external fraud areas
- Possible scenarios in which these fraud risks could materialize

The Fraud Risk Assessment initiative consisted of: Defining the criteria for fraud risk assessment; conceptually establishing the fraud risk universe of the industry in which Arca Continental operates; assessing fraud risks through interviews and surveys with key personnel from the companies under analysis; and paying special attention to the evaluation of the level of vulnerability to the most relevant fraud risks with regard to their impact, probability and the strength of the controls to mitigate such risks.



HUMAN RIGHTS OVERSIGHT

Our Code of Ethics stipulates that all company associates are obliged to consistently and comprehensively respect the Human Rights of those with whom they come into contact. It makes it quite clear that we must never discriminate on the basis of age, gender, marital status, nationality, political affiliation, or religious beliefs and traditions.

ANTI-CORRUPTION EFFORTS

As part of our fight against corruption, our new Code of Ethics clearly stipulates that “associates, directors and shareholders are strictly forbidden from carrying out acts of corruption, bribery, collusion and, in general, any illicit activity during the performance of their duties, and will abstain from participating directly or indirectly in any bids or tenders in which there are signs of corruption. These guidelines extend to our business partners (suppliers and intermediaries) and their activities.”

In 2014, we set up our Supplier Portal, where suppliers wishing to register in our system in order to offer their services must read and agree to comply with and respect our Code of Ethics. As a result, 100% of our suppliers are aware of, and committed to supporting, our efforts to act against corruption and bribery.



FISCAL COMPLIANCE

Arca Continental operates with strict adherence to the laws of the countries where it operates, as established in our Code of Ethics and Conduct Policies. Committed to the development of the community, our tax obligations are met adhering to the highest ethical rigor. Annually, an independent third party issues a tax report certifying the proper compliance with these obligations, which can be viewed at:

<http://www.bmv.com.mx/es/emisoras/perfil/AC-6081>

SOCIETY ALLIANCES

[102-13]

Arca Continental supports and participates in various initiatives aimed at developing our sector. Some of the associations and institutions in which we participate are the following:

COUNTRY	ORGANIZATION	PARTICIPATION
Argentina	Argentinian Social Responsibility Institute	Gold member
	Argentinian Association of Coca-Cola Producers (AFAC)	Active member
	Argentinian Chamber of the Non-alcoholic Beverages Industry (CADIBSA)	Active member
	PAC (The Coca-Cola Company and Bottlers Participation) Commission	Active member
Ecuador	Sustainable North	Active member
	Ecuador-Mexico Bi-national Chamber of Commerce	Active member
	Mejia Chamber of Commerce	Active member
	Guayaquil Chamber of Industry	Active member
	Pichincha Chamber of Industry and Production	Active member
Mexico	Ecuadorian Consortium for Social Responsibility (CERES)	Active member
	National Chamber of the Manufacturing Industry (CANACINTRA)	President of the Food Sector National Director for Snacks Vice-president of Branch 106 of Snacks and of the Water Commission Member of the Legislative Liaison Committee President of Liaison with CONCAMIN
	Confederation of Industrial Chambers (CONCAMIN)	Board member, Vice-president of the Liaison Committee Northeastern Region Coordinator
	ECOCE, A.C. ¹	Founding member, Vice-president of the Board of Directors Member of the Communication Committee
	Mexican Association of Coca-Cola Bottlers (ASCOCA) ¹	Member of the Executive Committee Member of the Public Affairs and Communication Committee
	Asociación Nacional de Productores de Refrescos y Aguas Carbonatadas, A.C. (ANPRAC)	Board member, Member of the Executive Committee Member of the Communication Committee
	National Freighters Association (ANTP) ¹	Board member
	Nuevo Leon Chamber of the Manufacturing Industry (CAINTRA)	Board member, Vice-president for Legislative Liaison
	Consumption Advisory Council (CCC) of PROFECO (Consumer Protection Agency)	Board member
	Mexican Employers Confederation (COPARMEX) ¹	Active member
	Water Advisory Council (CCA) ¹	Active member
	National Agricultural Council (CNA) ¹	Member of the Executive Commission Member of the Management Committee
	Monterrey Metropolitan Water Fund ¹	Board member, Member of the Management Committee Member of the Communication Committee
	Movement for a Healthy Life (MOVISA) ¹	Founding member
	We Want Active Mexicans ¹	Board member, Member of the Marketing Committee
	Congruency Movement	Board member
	Unión Social de Empresarios de Mexico, A.C.	Ally in the promotion of Corporate Social Responsibility Board member
	Mexican Center for Philanthropy (CEMEFI)	Adherent to the Social Responsibility Decalogue Participant in CSR self-diagnosis
	Asociación Técnica de Compensaciones, A.C. (ATECO)	Active member. Member of the Talent Development Commission.
	Mexican Business Council for Health and Wellbeing	Active member
Mexican Council of the Consumer Products Industry (ConMexico)	Active member	
SumaRSE Network	Active member	

COUNTRY	ORGANIZATION	PARTICIPATION
Peru	Non-alcoholic Beverages Association of Peru (ABRESA)	Board member
	American Chamber of Commerce of Peru (AmCham Peru)	Member
	Peruvian Institute for Company and Business Action (IPAE)	Member
	Companies for Education	Member
	Live Well Association of Peru	Board member
	Peru 2021	Member
	Peruvian Human Resources Association (APERHU)	Board member
	Rimac Sponsorship	Board member
	Peruvian Finance Association (APEF)	Board member
	APECI	Advisory council
	National Industries Association (SNI)	Participation through committees
	Lima Chamber of Commerce (CCL)	Member
	Peruvian-Mexican Chamber of Commerce (CCMP)	Member
	Good Employers Association (ABE)	Member
	Peruvian-British Chamber of Commerce	Member
	Banking and Commerce Club	Member
	Business Club	Member
	Executive Forums	Member
	SAE Support	Member
	APECOM	Member
	MALI	Member
	National Traders Confederation (CONACO)	Member
	Loreto Chamber of Commerce, Industry and Tourism	Member
	Arequipa Chamber of Commerce and Industry	Member
Cusco Chamber of Commerce, Industry, Services, Tourism and Production	Member	
Libertad Chamber of Commerce and Production	Member	
National Advertisers Association (ANDA)	Member	
Regional - Latin America	Consumer Goods Forum	Member of the Latin Board and LATAM Steering Committee

1 Association in which Mexico Beverages participates

GRI INDEX

[102-55]



General basic content

INDICATOR	PAGE	ADDITIONAL NOTES, REFERENCES AND EXTERNAL VERIFICATION	SUSTAINABLE DEVELOPMENT GOALS
102-1	2, 6		
102-2	6,7		
102-3	6		
102-4	6		
102-5	6		
102-6	6		
102-7	6, 26	External verification of the data from Bebidas México. Specific data from this operation is not broken down in the report: i. 28,729 associates in Bebidas México.	
102-8	26	External verification of the data from Bebidas México. Specific data from this operation is not broken down in the report: a. (tabla) Number of associates from Bebidas México Female unionized: 140 Male unionized: 17,874 Female non-unionized: 913 Male non-unionized: 9,802	
102-9	37		
102-10	6		
102-11	16		
102-12	2		
102-13	58	External verification of the data from Bebidas México. Verification scope is broken down in the indicator's explanation.	
102-14	4		
102-15	54		
102-16	7, 54	External verification of the confirmation of the existence of the Code of Ethics as well as Conduct Policies from Bebidas México.	16
102-17	56	External verification of the confirmation of the existence of the Transparency Mailbox in the sector of Bebidas México.	16
102-18	52	External verification of the confirmation of the existence of the Government Entities in Bebidas México.	
102-19	52		
102-20	53	External verification of the confirmation of the existence of the Sustainability Committee in Bebidas México.	
102-21	10		16
102-22	52		5, 16
102-23	52		16
102-24	52		5, 16
102-25	52		16
102-26	52		
102-29	54		16

INDICATOR	PAGE	ADDITIONAL NOTES, REFERENCES AND EXTERNAL VERIFICATION	SUSTAINABLE DEVELOPMENT GOALS
102-40	12		
102-41	26	External verification of the data from Bebidas México. Specific data from this operation is not broken down in the report: a. 63% of the associates of Bebidas México are covered by collective contracts.	
102-43	12	External verification of the confirmation of the existence of Dialogue with Stakeholders in Bebidas México.	
102-44	12, 36		
102-45	61		
102-46	9		
102-47	9	External verification of the existing process for the materiality analysis.	
102-48	3	Recalculations of baselines to include operations in Peru.	
102-49		Change in the reporting boundaries to include operations in Peru.	
102-50	2		
102-51	2		
102-52	2		
102-53	2		
102-54	2		
102-55	60		
102-56	2		
201-1	6	Figures taken from the consolidated financial statements audited by independent auditors.	2, 5, 7, 8, 9
201-2	48, 54	External verification of the data from Bebidas México. Verification scope is broken down in the indicator's explanation.	13
201-3	6		
202-1	20, 21		
202-2	21	External verification of the data from Bebidas México. Verification scope is broken down in the indicator's explanation.	8
203-1	49		2, 5, 7, 9, 11
203-2	35		1, 2, 3, 8, 10, 17
204-1	36	External verification of the data from Bebidas México. Verification scope is broken down in the indicator's explanation.	12
205-1	54		16
205-2	54		16
205-3		There was no incidence of this kind of issue.	16
301-1	49		12
301-2	50	External verification of the data from Bebidas México. Specific data from this operation is not broken down in the report: i. Mexico uses 31.77% of food grade recycled PET in its packaging. Omission due to confidentiality restrictions: the remaining supplies are not reported given their importance as strategic information.	
301-3	50		8, 12

INDICATOR	PAGE	ADDITIONAL NOTES, REFERENCES AND EXTERNAL VERIFICATION	SUSTAINABLE DEVELOPMENT GOALS
302-1	47		7, 8, 12, 13
302-3	47		7, 8, 12, 13
302-4	47		7, 8, 12, 13
302-5	50		7, 8, 12, 13
303-1	44	External verification of the data from Bebidas México. Verification scope is broken down in the indicator's explanation.	
303-2	41, 46		6
303-3	44		6, 12
304-1		Arca Continental does not conduct this kind of operations.	6, 14, 15
305-1	47		3, 12, 13, 14, 15
305-2	35, 47		3, 12, 13, 14, 15
305-4	46, 49		13, 14, 15
305-5	46, 49		13, 14, 15
306-1	44	Bebidas México. External verification of the data from Bebidas México. Specific data from this operation is not broken down in the report: Total volume of water discharge in Bebidas México: 2,586,273.24 m ³	
306-2	49		3, 6, 12
306-4	49		3, 12
401-1	20, 21	External verification of the data from Bebidas México. Specific data from this operation is not broken down in the report: b. (tabla) Personnel rotation in Bebidas México Female unionized: 18.57% Male unionized: 17.77% Female non-unionized: 11.17% Male non-unionized: 6.72%	
401-2	21		8
403-1	28	External verification of indicator: 100% of the associates in Bebidas México are represented in the Mixed Commissions of Safety and Hygiene.	8
403-2	29		3, 8
404-1	23	External verification of the data from Bebidas México. Specific data from this operation is not broken down in the report: (tabla) Average training hours in Bebidas México Total average per associates: 28.8 Male unionized: 23.4 Female unionized: 45.1 Male non-unionized: 37 Female non-unionized: 43.3	
404-2	23, 26		8
404-3	26		5, 8
405-2	28	External verification of the data from Bebidas México. Verification scope is broken down in the indicator's explanation.	5, 8, 10
406-1	54		5, 8, 16
407-1	36	External verification of the confirmation of the existence of Guiding Principles in Bebidas México.	8
408-1	36		8, 16
409-1	36	External verification of the confirmation of the existence of Coca Cola Guiding Principles in the Bebidas México business.	8

INDICATOR	PAGE	ADDITIONAL NOTES, REFERENCES AND EXTERNAL VERIFICATION	SUSTAINABLE DEVELOPMENT GOALS
410-1	26		16
411-1		There was no incidence of this kind of issue.	2
412-2	26	External verification of the data from Bebidas México. Specific data from this operation is not broken down in the report: a total of 16,864 training hours were invested by the number of participants equivalent to 3% of the business' associates population throughout 2016 in Bebidas México in topics regarding Human Rights.	
413-1	14, 31	External verification of the data from Bebidas México. Specific data from this operation is not broken down in the report: a. 100% of the Production Centers of Bebidas México has at least one of the following initiatives: Annual Volunteer Day, Annual Sustainability Day and/or "Navidad con Sentido".	
414-1	36		5, 8, 16
414-2	36		5, 8, 16
416-1	16		
416-2		There was no incidence of this kind of issue.	16
417-1	17	External verification of indicator: 100% of the products from Bebidas México comply with the provisions of the Nutrimental Labeling Manual.	12, 16
417-3		There was no incidence of this kind of issue.	
419-1		There was no incidence of this kind of issue.	16

VERIFICATION LETTERS



KPMG Cárdenas Dosal, S.C.
Manuel Ávila Camacho 176 P1,
Reforma Social, Miguel Hidalgo,
C.P. 11650, Ciudad de México.
Teléfono: +01 (55) 5246 8300
kpmg.com.mx

Limited Assurance Report on Selected Indicators of Sustainability Performance (Non-Financial Information)

Guillermo Garza Martínez
Executive Director of Public Affairs and Communication.
Arca Continental, S.A.B, de C.V

We were engaged by the Administration of Arca Continental, S.A.B, de C.V. (hereinafter "Arca Continental") to provide limited assurance on selected Indicators prepared and presented by the Sustainability and Social License Department of Arca Continental contained in the 2017 Sustainability Report of Arca Continental for the period from January 1st to December 31st of 2017 (the Report), which are detailed in the following paragraph (the Indicators), in the form of an independent conclusion of limited security, with respect to whether, based on our work and the evidence obtained, nothing caught our attention that lead us to believe that the Indicators are not prepared in all material aspects, in accordance with the internal procedures of Arca Continental for sustainability reporting.

The indicators that are the object of the limited security work were the following:

Standards	Indicators in scope
Energy Consumption within the organization	Total fossil fuel used in the organization.
	Total electric energy used in the organization (kWh).
Water extraction by source	Total volume of water extracted.
Direct GHG emissions (scope 1)	Gross value of the direct GHG emissions (scope 1) in metric tons of CO2 equivalent.
	Gases included on the calculation: NOx, SOx.
	Emission factors and the rates of the global warming potential (GWP).
Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Gross value –according to the location– of the indirect GHG emissions by generating energy (scope 2) in metric tons of CO2 equivalent.
	Emissions factors and rates of global warming potential (GWP).
Water discharge according to its quality and destination	Total volume of the water discharge, programmed and non-programmed.
Waste by type and disposal method	Total weight of hazardous waste.
	Total weight of non-hazardous waste.
	Total weight of recycled non-hazardous waste.
Occupational accident or disease	Lost days as a result of occupational accident or disease per employee.
Hours of training per year per employee	Average training hours per employees.



Responsibilities of the Administration

The Administration of Arca Continental, through its Sustainability and Social License Department, is responsible for preparing the sustainability indicators subject to our review, free of material deviations, in accordance with the Criteria.

The Arca Continental Administration, through its Sustainability and Social License Department, is also responsible for preventing and detecting fraud, as well as identifying and ensuring that Arca Continental complies with the laws and regulations applicable to its activities.

The Administration of Arca Continental, through its Sustainability and Social License Department, is also responsible for ensuring that: the personnel involved in the preparation of the Indicators are adequately trained, the information systems are duly updated and that any changes in the presentation of data and / or in the form of reporting, include all the significant reporting units.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed and on the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Works (ISAE) 3000, "Assurance Works Other Than Audits or Reviews of Historical Financial Information", issued by the International Standards Board of Audit and Assurance (International Auditing and Assurance Standards) Board). That standard requires that we plan and perform our procedures to obtain a limited assurance with respect to whether, based on our work and the evidence obtained, nothing has come to our attention that causes us to believe that the Indicators included in the scope of this document for the period from January 1st to December 31st, 2017, are not prepared in all material aspects, in accordance with the criteria established in the internal procedures of Arca Continental for sustainability reporting.

KPMG Cárdenas Dosal, S.C. (the Firm) applies the International Standard on Quality Control 1 and, therefore, maintains a comprehensive quality control system, including documented policies and procedures on compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the requirements of independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Council of International Standards of Ethics for Accountants, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The selected procedures depend on our understanding and experience on the Indicators, object of the work, and other circumstances of the work, and our consideration of the areas in which material errors are likely to arise.

By obtaining an understanding of the Indicators, object of the work, we have considered the process used to prepare the Indicators, in order to design assurance procedures that are adequate in the circumstances, but not with the purpose of expressing a conclusion regarding the effectiveness of Arca Continental's internal control over the preparation of the aforementioned Indicators.



Our work also includes the evaluation of the appropriateness of the main issue, the suitability of the criteria used by Arca Continental in the preparation of the Indicators, evaluating the appropriateness of the methods, policies and procedures, and models used.

The procedures performed in a limited assurance engagement vary in nature, scope and timing and are less in extent of a reasonable assurance engagement. Therefore, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained in the case of a reasonable assurance engagement.

Criteria

The assurance process was carried out considering eight standards, which are broken down into 59 total indicators, however, due to lack of information and site visit, they could not be fully assured, thus only 14 indicators were verified, encompassing areas and aspects such as environment, safety, health and personnel, identifying the material indicators for Arca Continental.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Based on the procedures performed and the evidence obtained, as described above, we were informed of three situations (material findings) that causes us to believe that the Indicators mentioned in this report, prepared by the Sustainability and Social License Department, and contained in the 2017 Sustainability Report of Arca Continental for the period from January 1st to December 31st, 2017, they are not prepared in all material aspects, in accordance with the criteria established in the internal procedures of Arca Continental for sustainability reporting.



Restricting the use of our report

Our report should not be considered as suitable for use or considered by any of the parties wishing to acquire rights before us other than the Sustainability and Social License Department and the Board of Directors of Arca Continental for any purpose or under any other context. Any part other than the Sustainability and Social License Department and the Board of Directors of Arca Continental that obtains access.

Our report is issued for Arca Continental, S.A.B. de C.V. on the understanding that this report should not be copied, referenced or disclosed in whole or in part without our prior written consent.

KPMG, Cárdenas Dosal, S.C.

A handwritten signature in black ink, appearing to read 'Alberto M.', written over a horizontal line.

Alberto Dosal Montero
Advisory Partner

Monterrey, Nuevo León
September 17, 2018

RECOGNITIONS

ORGANIZATION	AWARD, RECOGNITION OR CERTIFICATION
Mexican Stock Exchange (BMV)	We are part of the Sustainability Index since 2011, when it was first established.
CEMEFI AND ALIARSE	We received the Socially Responsible Company (ESR) distinction for the 14th consecutive year, Arca Continental Lindley for the 4th year, PetStar received it for the 3rd consecutive year and Bokados for the 2nd consecutive year.
CONCAMIN	We received the Ethics and Values in Industry Award, with the prize for Social Responsibility.
Workplace Wellness Council Mexico	For the 3rd consecutive year, we were awarded the Healthy Responsible Organization (ORS) distinction for a company in the Growth Stage, for our initiatives in favor of promoting active and healthy lifestyles, and for contributing to the wellbeing of our associates with these programs.
FTSE	The London Stock Exchange ratified Arca Continental as a member of the FTSE4Good Emerging Index, for its strong commitment to best environmental, social, and corporate governance practices worldwide.
Great Place to Work Institute	Three of our companies in Mexico and one in Ecuador were recognized as best places to work in their countries.
Ministry of Work and Employment Opportunities (Ministerio de Trabajo y Promocion del Empleo)	Arca Continental Lindley obtained the "SOS" award which recognizes our company for fostering solidarity in emergency situations.
Green Latin American Awards of the National Institute for Adult Education (Instituto Nacional para la Educacion de los Adultos, INEA) and the Ministry of Public Education (Secretaria de Educacion Publica, SEP).	PetStar received recognition as a "Company committed to education." It also placed 9th in the solid waste management category for its "We make PET packaging sustainable" project.
MSCI	We have been included in their Sustainability Index since 2014.
United Nations Global Compact	Arca Continental Ecuador received the ODS Recognition for Best Practices in Sustainable Development for its "Water for the Future" and "Bottle-to-Bottle (B2B) recycling system".
The Coca-Cola Company	We have 12 Operation Centers that have been certified as Benchmark Operational Excellence Centers, 10 of which have earned the bronze certification and two have earned a silver certification. Argentina was awarded the ICE Cup 2016/2017 for its best results in the Commercial Execution Index at South Latin level.
The Coca-Cola Company and Walmart	Two awards were presented to Mexico: Category Leadership and the highest award, the "Julie Hamilton President's Award," in recognition of its excellence in Marketing, Electronic Commerce, Supply Chain and Execution at point of sale.
The Coca-Cola Company and WorldWildlife Fund (WWF)	13 of our production centers in Mexico have the esKO Top 10 Energy Saving Challenge certification for their efforts and investments made for energy efficiency.
US Green Building Council	The corporate building has LEED Silver certification, the Trujillo plant in Peru has LEED certification Gold, and the PetStar museum is LEED Platinum certified.



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ARCA CONTINENTAL

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

**SOCIAL RESPONSIBILITY
ARCA CONTINENTAL**

Guillermo Garza
Rosario Aguilar
Ave. San Jeronimo 813
64640 Monterrey, Nuevo Leon, Mexico
Tel.: (81) 8151-1400
sustentabilidad@arcacontal.com



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