

Workplace Safety Management

Taking care of the associates' wellbeing is one of Arca Continental's top priorities. Our workplace safety strategy started decades ago, however in recent years we systematically structure the management of this strategy. It started with an upgraded safety policy (see Safety Policy and its Pillars), its launch and a communication and training strategy between 2014 and 2015. We fixed a goal to have a LTIR¹ of 0.5 by the year 2020 and all the company's activities related to safety converge in this strategy. Since then, and just to mention a few relevant points, we have:

- Implemented OHSAS safety standards in all our production centers and we are currently working to implement those in all our distribution centers.
- Structure a communication, training and report strategies that reach every single one of our associates and close contractors.
- We set up a Strategic Safety Committee. This committee, comprising 20 members of the management team, holds monthly meetings to ensure that safety policies and principles are being implemented.
- Systematically managed the hazard and risk prevention and mitigation processes.
- Create and manage contingency plans for our fleet and distribution operations.
- Create and manage a Progressive Consequences Procedure.

As of 2015, the workplace safety management allowed us to reduce our 2012 LTIR of 3.4, down to 1.5. One of the main reasons of this dramatic improvement is our incident report and investigation process, as seen in Figure 1, which involves both unionized and non-unionized collaborators all the same.

All Arca Continental's collaborators are required to receive the Safety Training, depending on their activities and exposure, and must sign the Safety Agreement Letter. As explained in both the labor contract and the Progressive Consequences Procedure, failure to act safety can result in the relationship immediate termination.

¹ Lost Time Incident Rate



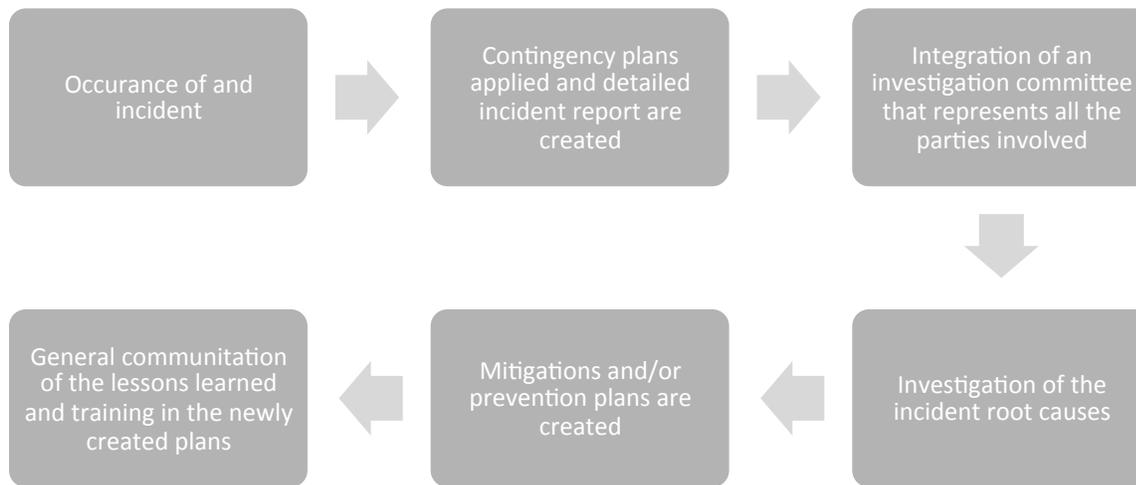


Figure 1. Arca Continental's incident report and investigation process.

Safety Policy and its Pillars

In Arca Continental procuring our Human Capital lives and health is the single most important activity to achieve our goals as a team.

We are committed to maintaining a safe and healthy environment, respecting, observing and applying actions to prevent injuries and sicknesses at all times, without exception, and safeguarding our own integrity and that of the people we come in contact with.

Reflection of our commitment to excellence is our responsibility in Arca Continental to comply with all legal and subscribed requirements, establish clear and quantifiable objectives, as well as reduce risks, procure the necessary resources and seek the continuous improvement of our Management System.

As part of our culture, each associate must contribute to achieve the maximum safety possible in their workplace, as well as all our productive and commercial activities.

As explained in a letter from Arca Continental's CEO addressed to all collaborators, the safety in the company is based on four pillars:

1. The collaborators. Because safety starts with them, their attitude and daily actions.
2. The collaborators' family. Because they are the best reason for the collaborator to act safely.
3. The collaborators' coworkers. Because only all together with the same commitment, a safer and efficient workplace can be achieved.
4. The surrounding community. Because as well as thousands of communities en Mexico, Argentina, Ecuador, Peru and the US, we all have the responsibility to take care of the environment and communities' wellbeing of which we belong.

