

INTEGRAL TRANSFORMATION



ABOUT THIS REPORT

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

We present this report with our key achievements and contributions to Arca Continental's Sustainability Strategy during the period of January 1st to December 31st, 2016, just as we have done annually since 2004. Its main objective is to create a platform and channel for dialogue with our stakeholders and has been prepared in accordance with the GRI Standards Core option. Operations are reported by country.



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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 Mexican Stock Market's Sustainability Index, of which we have been a part 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, PwC verified several of the indicators reported by Mexico Beverages. The scope of the indicators subject to verification and the verification report issued by PwC 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 is presented in this report or our performance, please send an e-mail to the area of Public Affairs and Communication: rs@arcacontal.com

MAIN ACHIEVEMENTS IN 2016

	2014	2015	2016
ECONOMIC VALUE			
Net Sales (Mx. Ps. Millions)	61,957	76,454	93,666
EBITDA (Mx. Ps. Millions)	13,644	16,707	20,092
Direct economic value generated (Mx. Ps. Millions)	55,809	71,608	95,696
Distributed economic value (Mx. Ps. Millions) ¹	55,809	71,608	88,983
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	2,500,000	3,300,000	3,800,000
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 (Mx. Ps. Millions)	66.5	67.6	67.11
Number of participants in Annual Volunteer Day ²	7,500	7,200	8,826
Man-hours of associates and their families invested in volunteer work ²	33,000	36,000	34,000
Number of training hours provided for associates	820,122	879,603	1,108,574
Lost time incident rate (LTIR) ³	1.9	1.49	0.98
Number of centers certified as a Great Place to Work	9	12	51
ENVIRONMENTAL WELLBEING⁴			
Water usage rate (l water/l beverage)	2.05	1.99	1.71
Percentage of treated wastewater	100	100	100
Emissions index in manufacturing processes (g CO ₂ e / l beverage)	26.44	26.20	25.81
Percentage of electricity from renewable sources	15.8	17.3	25
Energy use index (MJ/l beverage)	0.240	0.238	0.231
Percentage of recycled PET or BioPET ⁵	37	34	34
Percentage of recycled waste	86.1	87.8	92

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.

3. Includes Mexico, Ecuador and Argentina Beverage operations as well as Tonicorp.

4. Includes the recalculation of the base lines to incorporate Peru's operations. [102-48]

5. Includes only Mexican Beverages data.

MESSAGE FROM THE CHAIRMAN OF THE BOARD AND THE CEO

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

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

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

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

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

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

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

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

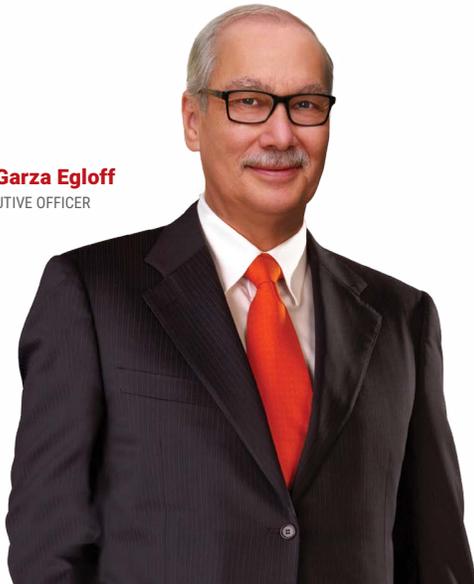
For social wellbeing, we invested heavily in associate training initiatives, offering a comprehensive curriculum including technical topics related to workplace needs, as well as content useful for personal and family growth.

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

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

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

Francisco Garza Egloff
CHIEF EXECUTIVE OFFICER



Manuel L. Barragan Morales
CHAIRMAN OF THE BOARD OF DIRECTORS



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

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

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

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

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

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

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

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

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

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

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

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

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

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

Thank you very much,



Manuel L. Barragan Morales
CHAIRMAN OF THE BOARD OF DIRECTORS



Francisco Garza Egloff
CHIEF EXECUTIVE OFFICER

COMPANY PROFILE

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

Arca Continental has consolidated its position as one of the world's most important 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 118 million consumers.

Arca Continental produces, distributes and sells non-alcoholic beverages under The Coca-Cola Company brand, as well as snacks under the brands of Bokados in Mexico, Inalecsa in Ecuador and Wise in the U.S. Together with The Coca-Cola Company, Arca Continental leads the high value-added dairy category in Ecuador through ToniCorp.

With an outstanding history spanning more than 91 years, Arca Continental is the second-largest Coca-Cola bottler in Latin America and one of the most important in the world.

The company is headquartered in the city of Monterrey, in the state of Nuevo Leon, northern Mexico. Arca Continental quotes 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



*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 Employee 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

ORGANIZATIONAL CULTURE

DIALOGUE WITH OUR STAKEHOLDERS

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

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

SOCIAL RESPONSIBILITY AND SUSTAINABILITY MODEL

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

INDIVIDUAL WELLBEING

Strategic priorities to enhance individual wellbeing:

Active, healthy lifestyles

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

Safe products and ingredients

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

Responsible marketing

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

ETHICS AND CORPORATE GOVERNANCE

STRATEGY

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

SOCIAL WELLBEING

Strategic priorities to enhance social wellbeing:

Workplace

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

Empowerment of women

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

Occupational health

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

Responsible procurement

- Develop our value chain
- Disseminate and assure ethical compliance and respect for Human Rights.

ENVIRONMENTAL WELLBEING

Strategic priorities to enhance environmental wellbeing:

Water footprint

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

Carbon footprint

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

Waste

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

DEVELOPMENT AND INTEGRAL WELLBEING

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

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

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

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

MATERIALITY

[102-42, 102-46]

Arca Continental is convinced that for us to grow our business sustainably and in harmony with our communities, we must maintain an honest, transparent, inclusive and continuous dialogue with our stakeholders. This has allowed us to identify and prioritize the expectations of our different stakeholder groups and the impact we as a company can have through our operations, enabling us to define the issues of most relevance (materiality) for the positive development of all social players.

Our communication efforts over the past few years have consolidated the bases of Arca Continental's Social Responsibility and Sustainability Strategy. The process followed to define the materiality of this report is described in more detail below:

MATERIAL TOPICS

[102-47, 103-1]

In 2014, we administered more than 1,100 surveys to both internal and external stakeholders in Mexico, Ecuador and Argentina. The primary purpose of this exercise was to determine the comparative relevance of the different areas of sustainable development, including the environment, labor issues, Human Rights, community development and product responsibility.

The topics included in the survey were selected on the basis of guidelines such as GRI, ISO28000 and SA8000, which resulted in the identification of the 20 such topics our stakeholders consider to be most important.

In 2015, we made an exhaustive analysis of the impact of our efforts under the previously identified topics, through working sessions in which top executives from diverse areas of Arca Continental graded the social, environmental and economic impact of each one in particular. The purpose of this second exercise was to identify the group of issues seen to be most relevant by our stakeholders in which the company can have a transcendental impact. The result of this exercise became our list of material topics.

All individuals, collectives and organizations, either internal or external, who are involved in any way in the development and activities of our company, or have common interests, are our stakeholders.

The material topics for Arca Continental's sustainable development as visualized by its stakeholders are (in alphabetical order):

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

These topics are continuously evaluated by the Sustainability Executive Committee to assure their correct implementation and impact. Moreover, most of these topics are linked to specific objectives to be reached by 2020.

In 2015, we held feedback sessions with opinion leaders, peers, experts, the authorities and representatives of sustainable issues in Mexico. At the sessions, we asked how Arca Continental should report its sustainability activities. The results contributed significantly to the continuous improvement of our sustainability communication strategy, and also provided valuable feedback on how we are implementing our strategy.

SUSTAINABLE DEVELOPMENT GOALS

In 2015, we decided to align our report to the then recently launched United Nations (UN) Sustainable Development Goals (SDGs). In fact, we were one of the first companies in Latin America to receive GRI recognition for aligning our report to the SDGs.

In 2016, we created a maturity model to identify the SDGs where we could have a significant and positive impact. As a result of this exercise, we generated a list of areas where Arca Continental can make a significant contribution to the Sustainable Development Goals. In accordance with our vision of using stakeholder dialogue as a way to develop our sustainable development strategy, we created a survey to ask the community in general to prioritize the topics that contributed to the SDGs.

After analyzing more than 500 responses from our communities in Mexico, Ecuador, Peru and Argentina, we were able to identify the particular Sustainable Development Goals in which people would like to see the company have a positive impact.

In 2016, as part of our empowerment program, Ecuador conducted a survey of more than one thousand retailers in the nation. The survey will give operations a deeper understanding of the needs and expectations of this important stakeholder group. The most significant result of the exercise was that more than 80% of those interviewed classified Arca Continental as between good and excellent in its sustainability actions. The analysis of these surveys allowed us to identify the most important topics for Ecuadorian retailers:

- Endeavor to stop children working and help them to remain in school
- Work to combat corruption in the region
- Sell safe, high-quality products
- Focus on customer satisfaction
- Water stewardship

The following table shows the results:

SDGs TARGETS IN WHICH ARCA CONTINENTAL HAS AN IMPACT, AND THE COMMUNITY HAS IDENTIFIED AS PRIORITIES	SUSTAINABLE DEVELOPMENT GOALS INVOLVED IN THESE TARGETS	ARCA CONTINENTAL'S PROJECTS WITH HIGH IMPACT ON THE SDGs
Promote education in sustainable development and the adoption of sustainable lifestyles, Human Rights, gender equality and the promotion of a culture of peace and non-violence, among other important topics.	3 - Ensure healthy lives and promote well-being for all at all ages.	Workplace [p.24] Equal Opportunities [p.28] Annual Sustainability Day [p. 37] Code of Ethics and Conduct Policies [p. 62]
Execute technical and professional competency enhancement and creation programs to promote employment and entrepreneurship, in particular for vulnerable population sectors. Develop strategies to promote the employment of young people.	4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Workplace [p.24] Integral Development of Women [p. 41] Value Chain Development [p. 42]
Adopt measures to guarantee a fair, decent wage across the production chain, regardless of gender or any other characteristic.	5 - Achieve gender equality and empower all women and girls. 10 - Reduce inequality within and among countries.	Equal Opportunities [p.28] Code of Ethics and Conduct Policies [p. 62] Guiding Principles [p. 44]
Promote actions aimed at creating decent work, entrepreneurship, creativity and innovation. Encourage the formal creation and growth of micro, small and medium-sized companies.	8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Integral Development of Women [p. 41] Value Chain Development [p. 42]
Substantially decrease the generation of waste through prevention, reduction, recycling and reuse policies. Work to diminish the impact of the company's products across their lifecycle.	12 - Ensure sustainable consumption and production patterns.	Waste Management [p. 57] Packaging [p. 58] PetStar and ECOCE [p. 58 and 59]
Reduce industrial water consumption and increase its reuse capacity. Share sustainable water-use practices and knowledge with the community.	6 - Ensure availability and sustainable management of water and sanitation for all.	Water Conservation [p.49]

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	• DAILY/ANNUALLY	• DAILY/ANNUALLY	• DAILY/MONTHLY	• MONTHLY/ANNUALLY	• MONTHLY/QUARTERLY
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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
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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
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INDIVIDUAL WELLBEING

Arca Continental is committed to promoting the individual wellbeing of our associates, our consumers and the inhabitants of our local communities. This important topic is one of the three pillars of Arca Continental's Social Responsibility and Sustainability Model.

We put our commitment into effect through diverse programs that promote active, healthy lifestyles, proper eating habits, hydration and a culture of healthcare. These initiatives contribute to solving public health problems such as overweight and obesity.

Our initiatives promote sports and exercise, and teach about proper eating and hydration. In 2016, we implemented more than 15 programs across our territories. Schools in Motion, Health for Learning, Time for Movement, Live your Park, the Coca-Cola Cup, the Powerade Marathon, Get to 100, AC+ Movement, Facilitate Measurement, Active and Healthy Companies Challenge, Calistenia, Live Healthily, Medical Advice and Medical Congresses are just some of these.



ACTIVE AND HEALTHY LIFESTYLES

[413-1]

Our active and healthy lifestyle promotion programs have earned us the second consecutive year the distinctive of Responsibly Healthy Organization.

For the second consecutive year, Arca Continental received the distinctive Responsible Health Organization, awarded by the Business and Health Council (CESyB). This time, we were recognized because our initiatives to promote active, healthy lifestyles are in the Advancement and Strengthening Phase and are contributing to the wellbeing of associates and the general public.

We are convinced that education on appropriate eating habits and a healthy lifestyle should begin at school. Thus, we have developed diverse programs for students, teachers and school administrators focused on nutritional information and physical activation. In 2016, a total of 70,230 students and 1,730 teachers and administrators took part in the programs: "Hora de Moverse" in Ecuador and "Dale Juguemos" in Argentina.

The Schools in Motion program benefited more than 140 thousand children in 132 schools in Mexico in 2016.

MEXICO: HEALTH FOR LEARNING

Since 2010, we have belonged to the Strategic Alliance of the Food and Beverage Industry of the state of Nuevo Leon. In partnership with the State Government through its Education and Health Ministries, we take part in the Health for Learning program, which promotes the overall health of the children of the state.

The initiative includes diverse activities, such as the promotion of healthy eating and lifestyles, nutritional training for the educational community, joint activities for physical activation and school sports, and the making of specific agreements to offer healthy food in school eateries (ECoEs). In 2016, we took part in the revision of the School Breakfasts and Snacks Guide.





ECUADOR: "HORA DE MOVERSE"

The "Hora de Moverse" program in Ecuador was implemented jointly with the University of Southern California (USC) and The Coca-Cola Company. Its objective is to invite state-school students between the ages of 5 and 12 to do exercise for at least 60 minutes a day, not only benefiting their health, but also improving their academic performance and their interaction in the school environment.

In 2016, through this program we trained 1,650 first through seventh grade teachers in physical education, showing them techniques to take maximum advantage of the physical space in their institutions. We gave each one a kit with the materials and equipment required to implement the "Hora de Moverse" program, and each of the 100 institutions we worked with received sports materials. During the year, we benefited 44,200 students with 44 thousand hours of activation.

ARGENTINA: "DALE JUGUEMOS"

The objective of this program is to promote physical activity during school recesses, promote team spirit through play, and provide nutritional information for children and young people. In 2016, we activated more than 26 thousand students and 80 teachers and administrators in 30 schools during more than 33,400 hours of activities.

SCHOOLS IN MOTION

The Schools in Motion program seeks to promote sports and an active, healthy lifestyle among state-school students in marginalized areas. To this end, in 2016 we rehabilitated or built 12 polyvalent sports facilities in 10 state schools in Jalisco and two in the metropolitan area of Monterrey, benefiting 114 thousand students. Since the beginning of the program, we have supported 130 state schools in Nuevo Leon, Chihuahua, Coahuila, Jalisco, Sinaloa and Aguascalientes.

LIVE YOUR PARK

In 2016, in partnership with the Coca-Cola Foundation and Fundación Escuelas Sustentables, we implemented the Live your Park program, in order to add value to public spaces and continue driving physical activation, health, environmental protection and the integration of the community in public spaces.

As part of the program, during the year we installed more than 100 urban gyms in public parks in the state of Nuevo Leon, benefiting more than 55 thousand people per park per month, with an investment of almost 13 million pesos.



2016 COCA-COLA CUP	PARTICIPATING TEAMS	YOUNG PEOPLE REGISTERED	CITIES WITH TOURNAMENTS	WINNING TEAMS
Mexico	2,678	53,560	67	Aguascalientes (male) Baja California (female)
Argentina	216	3,454	10	EES N° 5 – Mar del Plata (male) IMES College – Mar del Plata (female)

COCA-COLA CUP

The Coca-Cola Cup has been described as the most important inter-school tournament at junior high school level in Mexico and Argentina. The nineteenth edition of this significant sports event was held in 2016 with the involvement of 2,894 teams and more than 57 thousand young participants. The winning boys’ team in Mexico was the team from the state of Aguascalientes, whose players went to the final of the 2016 Centennial America Cup in New York.



MONTERREY POWERADE MARATHON

In 2016, we celebrated the eleventh edition of the Powerade Marathon in the city of Monterrey, with 8,000 marathon runners and 2,000 participants in the Mini-Marathon, a 4.2-kilometer race held to promote interest in the sport. This year, as in other years, it was a cardio-protected event with the presence of emergency-room doctors and defibrillating equipment every five kilometers. The race is Mexico’s fastest-growing marathon and the nation’s second largest in terms of number of participants.

The event not only promotes exercise in a very enjoyable way, but also supports the sporting community and their families through registration fees which are collected for charity institutions. This year, 871 participants paid to take part, giving a total of \$1,119,017 pesos which were used to support eight different charities.

The 2016 Powerade Marathon received a trophy for being the best sporting event of the year in the Fundidora Park. If you would like to see a video of the event, you can do so here:



The Health Index of participants in the Get to 100 program improved by 26%.

GET TO 100

This initiative seeks to reduce obesity indexes and increase physical activity through personalized exercise and nutrition programs for students and people registered in sports centers in our communities. It is supported by the Mexican National Council for the Development of Physical Education and Sports in Elementary Education (CONDEBA) and Fundación Movimiento es Salud, A.C. In 2016, our support for Get to 100 helped to expand it to all the Mexican states where we operate, with more than 239 double measurements made on participants, 26% of whom posted an improved Health Index. Since the program began, we have made 1.8 million measurements of functional capacity and 2.2 million diagnoses.



IN 2016, WE PROMOTED MORE THAN 88 THOUSAND HOURS OF PHYSICAL ACTIVATION FOR CHILDREN, YOUNG PEOPLE AND ADULTS IN THE COMMUNITIES WE SERVE.



SAFE PRODUCTS AND INGREDIENTS

[102-11, 416-1]

100% of our food and beverage production centers have international food hygiene and safety certification.

Arca Continental prioritizes operating with a quality culture, so we implement strict international controls of hygiene, safety and quality. As a producer of Coca-Cola brand beverages and snacks for our different markets, our Comprehensive Quality and Improvement System (CIMAC) assures each phase of the production process through quality control testing. As a result, our beverages and snacks have the very highest levels of quality and hygiene.

Currently, 100% of our beverage plants in Mexico and Ecuador boast FSSC 22000 certification, while our Bokados Plant in Santa Catarina and three plants in Argentina have ISO 22000 certification.

The Coca-Cola Company and corresponding authorities supervise and authorize the formulations and procedures we use to produce beverages under the Coca-Cola brand name, and we carry out exhaustive analyses of the formulations of our snack and candy lines in order to comply with regulations in the countries where we distribute our products, such as the FDA in the United States.

All our production lines are managed through our Food Health and Safety program, which includes the Hazard Analysis and Critical Control Points or HACCP system, which seeks to guarantee food safety through a rigorous analysis of inputs, processes, personnel, packaging, handling and distribution.



This quality culture extends across our Value Chain. Thus, we have a strict program to support and oversee our suppliers, to ensure they comply with existing safety standards. We make periodic visits to, and inspections of, the facilities of the most important ones to verify production, storage and distribution conditions. We also control our product formulations, in order to guarantee that their characteristics coincide exactly with what their labels indicate.

	ISO 9001 (QUALITY)	ISO 14001 (ENVIRONMENT)	FSSC OR ISO 22000 (FOOD SAFETY)	OHSAS 18001 (HEALTH AND SAFETY)
Total number of certification in Latin America	35	33	33	33

RESPONSIBLE MARKETING

[417-1]

LOW- OR ZERO-CALORIE OPTIONS

In order to satisfy the different consumption needs and occasions of our markets, we offer a wide portfolio of beverages, presentations and flavors, of which 40% are low- or zero-calorie options. We have an extensive range of still and sparkling drinks, dairy products, mineral water and juices, with single-serve options containing less than 100 calories.

RESPONSIBLE MARKETING POLICY

Our labeling policy seeks to provide responsible, transparent information on our products and totally comply with all advertising and communication regulations in the countries where we operate. Our Frontal Labeling Manual presents all the guidelines that our packaging must meet in accordance with this policy. Thus, 100% of our beverage operations comply with the Coca-Cola Responsible Marketing Guide.



In 2016, as part of the Coca-Cola System in Mexico, we announced a series of commitments to the Mexican people, called OPTIONS, PORTIONS AND SOLUTIONS. One of the initiatives in this program is the promotion of presentations with less than 100 calories.

Years before it was officially required, Arca Continental implemented a policy, which we have followed ever since, to avoid advertising to children under 12, in accordance with the PABI Code.

RESPONSIBLE AND TRANSPARENT INFORMATION

In order to satisfy consumers' needs and facilitate their making free, responsible, aware decisions, as part of our labeling policy we offer responsible, transparent information on all our products. All our Coca-Cola non-returnable packaging shows Daily Nutritional Intake Guides and all Arca Continental products have nutritional information on the packaging.

We deeply respect the right of parents to decide what their children consume in a responsible manner so, since 2008, we have abided by the Code for Self-regulating Food and Beverage Advertising directed to Children (PABI Code). As a result, 100% of our business units avoid any kind of advertising or communication directed at the under-twelves and we have developed a special portfolio of beverages and snacks for school eateries in Mexico (ECoEs) which complies with Health and Education Ministry requirements for such establishments.



SOCIAL WELLBEING

One of Arca Continental's key strategic focuses is to increase people's quality of life and achieve sustainability development in the communities where we operate, as well as to drive the integral development and wellbeing of our associates.

To this end, we have developed different programs and projects to enhance our associates' wellbeing, empower women and promote the development of our neighboring communities, continuously encouraging associate volunteer work across our operations to help community development initiatives and organizations involved in community support and social development.





WORKPLACE

A BETTER PLACE TO WORK [401-1, 202-1]

Arca Continental seeks to assure a positive labor climate that promotes our associates' personal and professional development. Thus, and in order to find out just how satisfied our people are, we use the Great Place to Work (GPTW) model, which allows us to identify our strengths and areas of opportunity in order to implement further initiatives to enhance respect, impartiality, credibility, pride and a sense of belonging for all those of us who belong to this great organization.

To date, the Great Place to Work Institute has certified 51 of Arca Continental's operating centers, making us one of the best companies to work for in both Mexico and Ecuador.

Companies that are classified as Great Places to Work by this Institute belong to a select group whose ranking reflects real efforts and a shared vision to create a working environment that is healthy, harmonious and worthy of trust.

All Arca Continental companies in Mexico – Arca Continental, Bebidas Mundiales, Bokados, Procesa, Corporate, Topo Chico and IPASA – classified in the different rankings at national and regional levels.

In 2016, Arca Continental voluntarily took part in the on-site pilot auditing program of the Great Place to Work Institute, at the Insurgentes Plant in Monterrey, Nuevo Leon, in northern Mexico. This exercise verified the implementation of the organization's policies, culture and informal daily practices.

The feedback we received from the audit confirmed the existence of a climate of confidence and belonging, which generates a feeling of being in a family in which all our associates use the same language. The audit also recognized the existence of a culture of credibility, impartiality, respect, confidence and fellowship.

During the year, with the participation of 89% of our associates in the Institute surveys, the following operating centers gained certification:



In 2016, Great Place to Work awarded IPASA its "Hall of Fame" prize for participating and qualifying for six consecutive years in the national ranking in the 50 to 500 employees category.

CATEGORIES	OPERATING CENTERS
50 to 500 employees	IPASA
	Topo Chico
	Headquarters
500 to 5,000 employees	Bokados
	PROCESA
More than 5,000 employees	Arca Continental
	Mexico Beverages

Climate and Commitment in Peru

The Climate and Commitment Survey, conducted once every two years in Peru, measures our associates' level of satisfaction in relation to six dimensions of their working life:

- People, evaluating topics related to training and development, quality of life, employability and respectful treatment.
- Working processes, evaluating the organization and the working conditions (physical environment and resources), teamwork and cooperation, innovation, quality and the focus on customers.
- Leadership
- Power to make decisions
- Institutional matters and communication
- Rewards

In 2016, we implemented the action plans resulting from the survey we administered in 2015, with the participation of more than 87% of our associates and a rating of 60%, underscoring associate rewards and the power to make decisions as areas of opportunity.

WORK BENEFITS

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

Our Comprehensive Compensation System seeks to standardize associate benefits across all our business units and ensure that they are competitive. It has resulted in healthy labor relations and our providing of competitive salaries and benefits above those set by the law in the different markets where we operate.

These and other actions that we have taken are reflected in a personnel turnover rate of 16.8% as of yearend 2016, below the industry average. This has a favorable effect on the development of the organization and our associates.

[401-1]

	UNIONIZED	NON-UNIONIZED
Turnover rate	19.99%	13.01%

As an important part of the program to develop our human talent, we give preference to the hiring and promotion of local managers and directors, which contributes to the competitiveness of the regions where we operate.

COUNTRY	LOCAL	FOREIGN	% LOCAL	% FOREIGN
Mexico	47	1	98%	2%
Ecuador	11	7	61%	39%
Argentina	7	2	78%	22%
Peru	4	5	44%	56%

Number of associates according to age group:

18-25 YEARS	26-35 YEARS	36-45 YEARS	46 YEARS AND OLDER
7,562	18,416	13,814	8,206

In Nuevo Leon, in 2016 we implemented the Human Talent Support Program (PATH) as a pilot program in conjunction with the Nuevo Leon State University. Through this initiative, psychology interns provide short therapy programs for associates and family members who require psychological support.

[102-8]

	NON-UNIONIZED		UNIONIZED		TOTAL
	WOMEN	MEN	WOMEN	MEN	
Mexico	1,649	12,374	420	19,539	33,982
Argentina	42	379	56	1,640	2,117
Ecuador	3,468	5,532	8	142	9,150
Peru	347	1,764	12	1,556	3,679
USA	100	169	228	432	929
Total	5,606	20,218	724	23,310	49,857

FREEDOM OF ASSOCIATION

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

We protect the right to freedom of association. 56% of our associates, both full-time and part-time, belong to a union.

PROFESSIONAL COMPETENCE MANAGEMENT

[404-3]

One of our organizational values is to promote the integral development of our human capital, so we use tools that seek to measure our associates' performance, assessing their competencies and, on the basis of the results, designing training programs, promotions and career plans. We also evaluate the reaching of established objectives on a personal and organizational level, enabling us to analyze our strengths and weaknesses and make plans for the future.

Arca Continental uses SAP SuccessFactors, a 360-degree human resource assessment tool, to manage its human talent, helping us to effectively unleash all of our associates' productive potential and ensuring their alignment to the company's strategic objectives. For further information on SAP SuccessFactors, just click on the following link: https://www.successfactors.com/en_us.html.

In order to standardize the processes for evaluating the competencies of Arca Continental's associates, in 2016 we implemented the performance and development modules of the SAP SuccessFactors platform in Peru.

During the year, as part of a strategy to optimize the evaluation of our associates and build a solid base for their professional and personal development, we replaced the 360° competency evaluation of executives that we had been using in previous years with a new protocol to evaluate basic behavior and competencies such as: social and environmental sensibility, teamwork, execution, focus on results, focus on internal and external customers, development of human capital and focus on quality. We will implement this evaluation of competencies during the course of 2017.

In Ecuador, we made a 360° evaluation of 100% of our middle managers, while in Peru and Argentina we made more than three thousand supervisor-associate evaluations, covering more than 80% of our personnel in those three nations.



TRAINING AND DEVELOPMENT

[404-1,404-2]

The continuous development of our associates' skills, competencies and knowledge is a key factor for the success of our organization, so we have designed training programs to help them grow and realize their full potential.

In 2016, we gave 20,680 courses on a global level, providing 1,104,160 hours of training for more than 65,700 associates, of whom almost 30% were union members.

One of the most important programs for the growth of our executives is the Arca Continental Master's program, which drives their professional development and enhances the effectiveness of their daily efforts. The content of this offering was specifically designed by Universidad Regiomontana and includes topics such as: Prioritizing quality, Human capital development, Ethics and social responsibility, and Customer focus. This year, 120 executives were enrolled, all of whom had a scholarship, with an investment of more than 1.6 million pesos from the organization. During 2016, we gave three scholarships for the International Master's Program to outstanding executives of Tonicorp in Ecuador.

Ecuador, Argentina and Peru have programs to encourage associates to continue their graduate studies as part of their career plan in the company.

In 2016, 31 associates took part in master's programs, of whom 20 received scholarships, representing an investment of more than 35 thousand dollars. To date, 15 executives have graduated from our master's programs on a global level.

In 2016, we incorporated diverse programs into our e-learning courses, such as Supermarket Execution Quality and Industrial Safety.



+65,700

associates across Arca Continental's Latin American operations were trained in 2016 through 20 thousand courses.

In 2016, thanks to associates' great acceptance of our on-line courses, we almost tripled the offer of available courses to 25, covering topics such as: Sales planning; Information standardization; and Industrial safety in four versions: Manual load handling, Working at heights, Hazard identification and Accident investigation. We also continued our English courses for associates who require the language for their professional activities.

Over the coming years, we plan to standardize our offer of on-line courses across all our operations in Latin America, include training on our Code of Ethics and increase the number of courses we provide on Safety.

During the year, our e-learning courses benefited more than 6,000 associates through more than 2,500 hours of training.

	TRADITIONAL METHOD	E-LEARNING	TOTAL
Associates benefited	59,767	6,000	65,767
Training hours	1,104,160	2,552	1,106,712
Courses	20,680	25	20,705

Moreover, 757 associates in Mexico and Ecuador were given support to finish their secondary and higher education, giving a total of 8,380 people benefited over the past four years.

In 2016, Tonicorp Ecuador inaugurated a new production facility that complies with the highest international standards for the mobility and inclusion of the disabled.

DISABILITY INCLUSION

Our culture of including the disabled in the organization is more than a simple statement; we make it a reality with the help of our participation in "Movimiento Congruencia" (Congruency Movement), of which we are founding partners. Since 2004, this movement has promoted, sensitized and facilitated the social-workplace inclusion of people with a disability.

In 2016, we took part, for the third consecutive year, in the +Talent Diploma Course, whose objective is to design and implement projects for the inclusion of people with disabilities in the labor force. Topics covered in the course included: Design of inclusion projects, Organizational culture, Regulatory framework for labor inclusion, Accessibility for inclusion and evaluation protocols, Process for inclusive recruitment, Induction, Communication and training, and Social responsibility and inclusion.

We also implemented programs for sensitizing associates in order to support the inclusion of the disabled within our organization. 315 people with a disability are currently part of the Arca Continental team on a global level.

AMBASSADORS' PROGRAM

Through this program, directed by the worldwide Coca-Cola System, we train our associates on our vision and the 2020 Vision of The Coca-Cola Company, in order to inspire, inform, develop and recognize every associate.

In 2017, the program will be relaunched for all system bottlers in Mexico in order to align communication across the nation and share best practices. The new version of the program focuses on generating loyalty among associates and will pay special attention to topics related to the company's community-support initiatives through virtual and classroom training sessions.

In Argentina, the Well-done Program has been implemented, recognizing associates who incorporate institutional values into their daily work. In this initiative, it is the associates themselves who select the workmates and colleagues to be recognized.

DIVERSITY AND EQUAL OPPORTUNITIES

[405-2]

Arca Continental's associate compensation policies are clear, objective and generally applicable, thus seeking gender equality. We design our payment tables on the basis of reference markets and job evaluations. As a result, the average difference between the salaries of men and women at the entrance level in Mexico Beverages is 9%, while at the middle-management level it is 10%. As a reference, according to the International Labor Organization (ILO), the average worldwide difference is 22.9%.

We also work unceasingly to equalize the number of men and women occupying key positions in the organization, promoting women to medium- and senior-level management positions, such that they are now 10% of the total.



OTHER EVENTS AND PROGRAMS FOR OUR ASSOCIATES AND THEIR FAMILIES

INTERNATIONAL WOMEN'S DAY.

This event is an institutional celebration for our female associates on International Women's Day; in 2016, more than 847 associates took part.

FAMILY DAY.

As in previous years, in 2016 we celebrated Family Day, inviting associates and their families to celebrate Children's Day, Mother's Day and Family Sunday. This year 25,784 associates and their families joined in the event.

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

These programs recognize associates who have continuously been part of the Arca Continental family for a significant number of years. On a global level, we celebrated the loyalty of 1,017 associates in total, of whom 285 were in Mexico, 429 in Ecuador and 732 in Peru.

MAGIC CHRISTMAS AND LIVE CHRISTMAS.

During this event, we celebrate Christmas with our associates and their families with festive activities and raffles. In 2016, we had 21,655 participants, 19,555 in Mexico and 2,100 in Peru.

"CORCHOLATA DE HONOR", "BOTI HONOR" AND HONOR ROLL.

This program rewards associates' children who are outstanding students at their respective schools. During 2016, 4,075 students worldwide were rewarded. This was the first year in which the initiative was implemented in Tonicorp and it was extremely well accepted by associates and their families in Ecuador.

For the second year running, we earned the Responsibly Healthy Organization Award from the Workplace Wellness Council of Mexico for our individual wellbeing program.



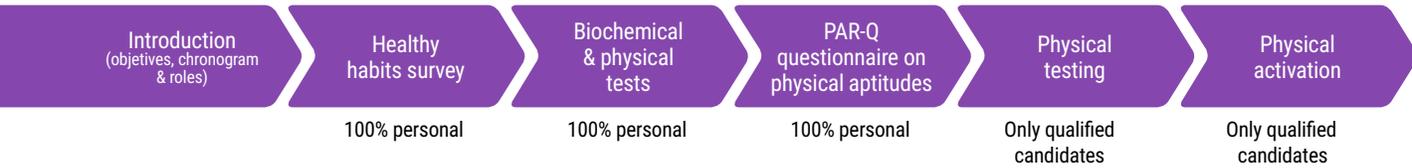
The number of associates who took part in the AC+ Movement in 2016 rose by 30% and the number of participants in sports tournaments by 50%.

AC+ MOVEMENT

A positive performance in health promotion and favorable environments for associate wellness led to Arca Continental's advancement to Stage 3: Progress and Consolidation of this certification.

The AC+ Movement institutional program seeks to develop and monitor associate activation sequences by means of a process comprised of diverse steps, focusing mainly on three activities: measuring, activating and balancing.

1. The measuring process makes our associates aware of their current health status, providing them with the information they need to help them to make decisions that will lead them to a healthier lifestyle.
2. The objective of activating is to provide associates with tools for integrating physical exercise into their lifestyle until it becomes a habit. Some of the programs implemented this year to promote physical activation were: Your Health Weighs More; Live Healthily; Active, Healthy Enterprise Challenge; Get Active 10,000 Steps Challenge; Energy Balance; and Wellness Challenge.
3. The balancing area seeks to advise associates so that they can find a balance between the calories they consume and the calories they burn by exercising.



The program is designed so that each of the organization’s operations can implement it and adapt it locally to associates’ specific needs.

During 2016, 348 executives had a check-up, making a total of more than 90% of our executives having been checked over the past three years. We are also helping our associates to live with a balanced diet through the healthy menu offered in our 16 cafeterias.

As part of this Movement, in Mexico we hold Physical Activity Day every year. In 2016, 8,931 associates participated from across all Mexican operations. We also organized 131 sports tournaments, with a participation of 10,665 associates and a total of 4,614 activation hours.

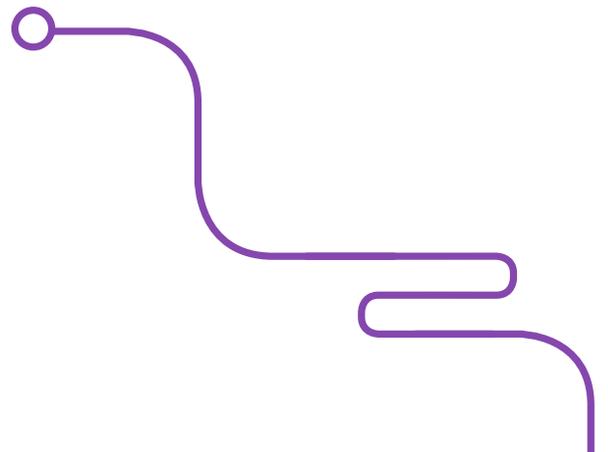
Apart from the sports tournaments, every year the Arca Continental Runners Club organizes several activities, such as 5K, 10K and Cross-Country races, and excursions to interact with nature and enjoy the countryside. We have also installed stationary bikes and stair climbers in some of our work centers to foment physical activity.



ACTIVE, HEALTHY ENTERPRISE CHALLENGE

This program, developed in conjunction with the Queremos Mexicanos Activos Foundation and CONMEXICO, seeks to determine how healthy our associates’ habits are through questionnaires, in order to develop personalized activation plans that allow them to gradually improve their habits and reach the Excellent Habits level.

This year, the Ministry of Health, the Mexico City Sports Institute, the National Physical Culture and Sports Commission, and the “Queremos Mexicanos Activos” Foundation launched the 2016 Get Active 10,000 Steps Challenge, open to the general public, with the objective of promoting physical activity and self-directed healthcare. Thanks to the participation of 979 of our associates in the challenge, Arca Continental boasted the highest number of participants of any company in the Business Group Category.



CONTINUOUS IMPROVEMENT

[404-2]

Our Continuous Improvement Program is consolidated year after year and incorporates diverse initiatives, such as Participative Management Teams and Star Point Teams. It is currently being standardized through the Operational Excellence initiative.

The Continuous Improvement Program works through the creation of teams at each plant who analyze and propose specific improvements in one of six areas: productivity, cost and expenditure control, quality, safety, environmental indicators and personnel development indicators.

Its purpose is to train and support teams year-round in the proposal of improvement-oriented projects and initiatives. During 2016, 5,772 associates were certified and three Participative Management and 4 Operational Excellence programs were implemented. The projects generated 123 million pesos in savings, partly because of the replication of best practices across our operations.

During the year, six operating centers were certified as Operational Excellence Centers, bringing the total to 11 of our centers certified to date. In addition, a strategic plan was implemented to develop Lean Six Sigma across Arca Continental.



The Operational Excellence initiative seeks to meticulously analyze each stage of our processes in order to detect areas of opportunity and the priority areas in which we should focus as a team to solve problems and improve. Its structure of analysis, detection and solution of areas of opportunity has made this initiative a comprehensive tool that we can apply throughout our value chain (also with suppliers and customers).

LEVEL	CENTERS CERTIFIED DURING 2016
Bronze	Chihuahua
	La Paz
	Lincoln
	Ameca
	Cd Juarez
	Guadalupe
	Hermosillo
	Mazatlan
Silver	Universidad
	Culiacan
	Insurgentes

RESPECTING AND PROTECTING HUMAN RIGHTS

[410-1, 412-2]

At Arca Continental, we are committed to respecting Human Rights and, therefore, adhere to the Coca-Cola Workplace Rights Policy, which is based on the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Rights and Principles at Work, and the United Nations Global Compact.

All associates and suppliers must be familiar with the Code of Ethics, which has a strong Human Rights component. If associates or suppliers have any questions or problems related to ethics and Human Rights issues, they can deposit them in the Transparency Mailbox and Corporate Auditing is responsible for channeling them to the appropriate areas and providing follow-up.

To guarantee Human Rights protection, our security personnel receive constant training. In addition, we make sure that all external security suppliers engaged by the company are legally incorporated and also constantly train their workers and employees.

HUMAN VALUES

Our Human Values program has been operating for the past 28 years; its objective is to provide self-support tools to promote the personal development of our associates and their families.

The baseline of the program's content, which we updated this year, is the human being, and it highlights the family environment and responding to the challenges of today. This important initiative was carried out with the support of the "Instituto Juan Pablo II" for studies on Marriage and the Family, and Universidad Anahuac. The new material seeks to be inclusive and, therefore, respects and accepts all ideologies, addressing the following topics in particular: The dignity of humankind and the rest of creation, Educating intelligence, Willpower and affectivity, Marriage and family, Family in the teaching of self-esteem, Assertive communication in the family, Ethics in human development and Culture of life and addictions.

At least one team per region in Mexico and Ecuador was trained and certified in the new program content. These teams will act as instructors at their respective sites and replicate the Program with their workmates and colleagues.

In 2016, 73 courses were taught in Mexico, Ecuador and Argentina, with a total duration of 23,652 hours and a total attendance of 1,602 associates. Since the program was launched, more than 31 thousand associates have been trained.

Maria Isabel Carrasco participated this year as an instructor of the Human Values Program in Ecuador, and told us that she is grateful to the company for giving her the opportunity to participate in this experience, and for showing an interest in the development and wellbeing of its associates.



"The Human Values Program has made me very excited about striving to become a better person every day, and has helped to improve my relationships with my loved ones."

Maria Isabel Carrasco, Tonicorp

WORKPLACE SAFETY

[403-1]

Achieving a Culture of Quality is one of Arca Continental's most important goals. Our objective is to "come home safe and sound, look after colleagues and the company's assets, and oversee the security of the communities we serve, while product quality and safety comprise our principal obligation."

Taking care of the life and health of our associates is fundamental for assuring the sustainable, long-term attainment of our goals as a working team. Consequently, as part of our culture, we stipulate that each associate must contribute to achieving the highest safety levels in the workplace and in all our production and commercial activities. To this end, everyone who forms part of Arca Continental commits to maintaining a safe, healthy environment, guaranteeing that guidelines for injury and disease prevention will be respected, observed and applied, without exception. In this way, we are assuring our own wellbeing and that of the people who come into contact with us.

In 2013, Safety Committees were created and, thanks to the support of the CEO and his executive team, a Safety and Health Policy was implemented. We have more than 62 Mixed Commissions for Safety and Hygiene in our operations, ensuring that 100% of our associates are represented.

The Strategic Safety Committee, comprising 20 company directors, meets every six weeks to guarantee compliance with our safety policy and principles. It also makes sure that hazard and risk prevention and mitigation processes are systematically implemented. In 2016, the Committee met for a total of 16 hours, equivalent to eight sessions.



During 2016, we invested over 128 million pesos in our Industrial and Commercial Safety Program, which included more than 43 thousand training hours.

INDUSTRIAL AND COMMERCIAL SAFETY PROGRAM

In 2016, we launched the first Industrial and Commercial Safety Program, in which all of Arca Continental's Latin American companies participate. Setting up the program involved an investment of 8 million dollars, 65% of which was allocated to manufacturing and 35% to logistics and transportation. Another half a million dollars were invested in institutional training on topics such as Safety, involving more than 43 thousand hours of work and achieving the certification of 55 associates for Working at heights and 32 coaches trained in Safe management, who, in turn, trained another two thousand associates.

The main programs developed in 2016 included: Hazardous energy, Preventive observations, Five-minute talks, Accident investigation and the Consequence matrix.





One of the year’s main initiatives was the promotion of online safety training with courses on Danger identification, Accident investigation, Working at heights and Manual load handling. Over the next few years, apart from continuing with traditional courses, we plan to continue to develop this electronic tool, adding more modules.

The current Industrial and Commercial Safety Program consists of 23 initiatives at the operational level, with each one ultimately incorporated into plant operations. Guidelines, procedures and formats are generated for each initiative at the corporate level, and then disseminated to operations and implemented on an agreed date. Of these initiatives, some were concluded in 2016, while others are being implemented.

Some of these initiatives are indicated below:
 For 2017, we intend to continue to work intensively on these efforts that have produced excellent results so far, allocating resources to redundant security systems. We will also carry on offering associates online and face-to-face training courses on: Preventive observation, Five-minute talks, Accident investigation, the Consequence matrix and Contractor management.

CONCLUDED INITIATIVES	INITIATIVES IN PROGRESS	INITIATIVES TO BE IMPLEMENTED
<ul style="list-style-type: none"> • Dissemination of Policies and Principles • Corporate Governance • Contractor Control and Certification • Improvement and Standardization of Personal Protection Equipment 	<ul style="list-style-type: none"> • Accident Investigation • Arca Continental Unique Model • Technical Capacities of Specialists • Preventive Observations • E-Learning 	<ul style="list-style-type: none"> • Behavior-based Safety Program • Organizational Structure • Ergonomic Studies Surpassing Regulatory Scope

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		

In 2016, we initiated an audit of contractors and suppliers who perform high-risk functions, in order to verify that they have the necessary training and certifications to allow them to carry out the type of work they do, as well as health, third-party and accident insurance. Suppliers who meet these requirements are included in a list of "AC-certified suppliers", enabling any operational area to use them. At present, this initiative is in place in Mexico, and we plan to expand it to the rest of our operations. An additional, noteworthy advantage is that we have received comments from certified suppliers that the process has increased their employment opportunities with other companies.

Arca Continental Ecuador offers a calisthenics program, Calistenia, which seeks to reduce musculoskeletal injuries in our personnel from the areas of Distribution, Logistics, Fountain and Staff, who warm up using these exercises before they start their workday. In 2016, of the 300 associates who participated, 150 also competed in a sports tournament the company organized, reaching an overall total of 280 hours of activation. The outcome of this program was an almost 40% reduction in lumbago incidents in associates compared to 2015.

In addition, Arca Continental Peru's Safe Together program joined the three-phase Safe Behavior initiative, which is based on 22 pillars. At present, the Program has been implemented at eight sites, three of which have reached Phase III, and five Phase II.

ACHIEVEMENTS IN SAFETY

[403-2]

All 33 of Arca Continental's Beverage Production Centers in Mexico, Ecuador and Argentina are certified under the Occupational Health and Safety Assessment Series Standard OHSAS 18001:2007, one of the world's strictest. We will continue working to meet our goal for 2020, which is for all our production and main distribution centers to acquire this certification.

During 2016, our Lost-Time Injury Rate (LTIR) was 0.98, an extraordinary 30% below that of 2015, and surpassing our goal of 1.22 for 2016. We are committed to fulfilling our next objective, which is a rate of 0.5 for 2020.

Arca Continental Peru received the "Safe and Hygienic Work Environment" social responsibility prize from the Good Employer Association.

COMPREHENSIVE CUSTOMER SERVICE

[102-44]

We have Telephone Contact Centers in Mexico, Argentina, Ecuador and Peru, which aim to meet the requests of our stakeholders and provide them with a prompt response. This year, a supplier phone service initiative was implemented to answer technical questions about the Supplier Portal and provide invoice payment follow-up assistance. Additional processes were also integrated into the DIGA Telephone Service Center which is for Arca Continental Mexico's Ciel jug water customers and consumers.

During the year, we received nearly 560,000 requests in Mexico, 90% of which were addressed satisfactorily, 85% within the first 24 hours, while the average satisfaction rating for answered requests was 71%.

Contacts:

Mexico: 01 (800) 800-3442
 Argentina: 01 (810) 888-2722
 Ecuador: 1 (800) 26-2226
 Peru: 0800-1-4000

During 2016, DIGA Mexico customer service agents received training from the Coca-Cola Development Center with the objective of improving our customer and consumer telephone service.

COMMUNITY DEVELOPMENT

As part of Arca Continental's business strategy, we aim to become a positive force as good corporate citizens in the communities in which we operate, leaving a positive footprint on the environment. With this conviction, we generate direct and indirect jobs, support women's empowerment and carry out volunteer actions.

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. 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. In 2016, 1,553 associates participated on a total of 21 committees.





APOYO ANTE DESASTRES NATURALES

EARTHQUAKE IN ECUADOR

The high-magnitude earthquake that shook Ecuador in April 2016 was without doubt one of the worst natural disasters to have occurred in the countries where we operate. Arca Continental, jointly with Coca-Cola Ecuador, rapidly mobilized in solidarity with the victims. Together, we collected 850 thousand liters of water, juice, oatmeal and dairy products, more than 20 tons of food and 180 thousand sets of plastic dishes. In addition, 126 doctors were deployed, we donated advertising tarpaulins to make 200 temporary shelters, and 605 volunteers helped in diverse activities organized by the company and government agencies. Arca Continental also collected donations from associates in Mexico, Argentina, Peru and Ecuador, who contributed a total of more than 200 thousand dollars. The company equaled this figure before a cash donation of over 400 thousand dollars was delivered to earthquake victim relief programs.

FLOODS IN ARGENTINA

In response to the devastating flooding on the Argentine Coastline in April 2016, Arca Continental sought to support victims with the most basic, yet scarcest, resource: 46,868 liters of water were donated to 8,980 people who had been evacuated. This in-kind donation was equivalent to approximately 14,300 dollars.

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 care homes. During 2016, more than 5,500 volunteers and their family members participated in 32 cities in Mexico, Argentina, Ecuador, the United States and Peru, in an effort that translated into the restoration of 39 public spaces (including 17 schools), reforestation of 8,169 trees, cleaning of 25.6 linear kilometers of waterfront and collection of 48,980 kilograms of waste.

ANNUAL SUSTAINABILITY DAY

In this event, we invite associates and their families to attend an environmental awareness day, in 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. We also carry out reforestation activities as part of the event, battery collection campaigns, PET collection and the installation of waste sorting containers, among many others. This year, 6,688 people attended Sustainability Day, including 1,795 volunteers who assisted in the reforestation and/or donation of 3,931 trees. Moreover, in collaboration with the "Organización y Vida Silvestre" organization, an urban reforestation campaign "Adopt a Tree" was implemented in the state of Nuevo Leon.

"Participating as a volunteer on Annual Volunteer Day was a fantastic experience. The group activities were well organized and all of us who were there, including members of the local community, were very enthusiastic. It was a family event and a positive experience for everyone. Without doubt, Arca Continental is doing its best to attract more and more volunteers to such events. I think that, as Arca Continental associates, we are creating a positive impact on our communities and are now known for our culture and values, and constant concern for improving our environment."

Arturo de Jesus Lugo Lozano

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 2016, more than 17,600 toys were collected, benefiting approximately 17,000 children. The toys were distributed in four hospitals, seven public schools and over 70 associations and vulnerable communities in 41 cities in Mexico, Argentina, Ecuador and the United States.

OTHER COMMUNITY OUTREACH PROGRAMS

OPERATION SMILE

Through this program, carried out in collaboration with the Coca-Cola Ecuador Foundation, we provided support for 706 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 inaugurated the FOSE-Comprehensive FLAP Care Center, where volunteer doctors attend 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.

As a result of Operation Smile in Ecuador, in 2016 we inaugurated the FOSE Comprehensive FLAP Care Center, in which doctors treat children completely free of charge.

IMPULSA VOLUNTEER PROGRAM

For the third consecutive year, the "Entrepreneurs since Childhood" program was implemented, in conjunction with the ABP Forming Entrepreneurs Foundation (IMPULSA Nuevo Leon). Its 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. Twenty-five Arca Continental associates from corporate headquarters volunteered to teach the course to 383 young entrepreneurs at the Justo Sierra Elementary School during the 2015-2016 school year. Since the program was launched, 77 of our associates have participated to train a total of 1,118 child entrepreneurs.

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 2016, the program was implemented in seven schools, benefiting 600 students with 860 school supply items delivered by 38 Arca Continental volunteers.



SUMARSE NETWORK

We form part of this network of companies that, together with the government and NGOs, is committed to social development and restructuring the fabric of society. During 2016, we participated in overseeing the 2.0 Initiative (2015-2020) to contribute to the sustainable development of six vulnerable communities in the metropolitan area of Monterrey. The project seeks to implement a self-managed, civil-participation model that strengthens community members' cohesion, self-management and participation capacities. Our involvement in the Enhancement, Training and Development Committee is also of vital importance.

DONATION PROGRAM

Our Donation Policy and Handbook applies to all Arca Continental operations. With our donations, we support not-for-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.

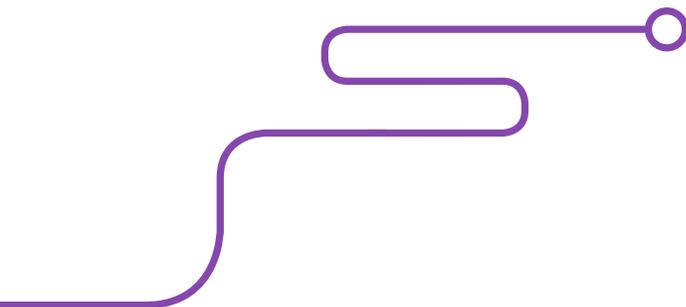


PETSTAR MUSEUM-AUDITORIUM

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 two years of existence, the museum has welcomed, free of charge, over 16,000 people, including students, authorities and members of the diverse sectors of society.

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





+90%

of visitors surveyed at the Pucusana Plant in Peru were surprised by how modern, efficient and environmentally friendly our processes are.

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 2016, we also opened the doors of our Argentina plants to students and received more than 26,700 visitors, ranging from primary school children to university students and the general public, in Mexico, Argentina and Peru.

VISITOR PROGRAM IN MEXICO

During the year, we welcomed more than 15,400 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 128 thousand visitors.

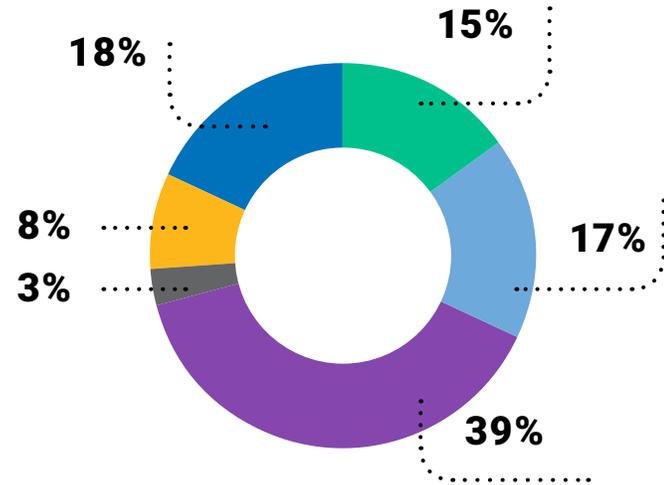
VISITOR PROGRAM IN ARGENTINA

In order to support education, we open the doors of our plants and welcome students from diverse schools to contribute to expanding their knowledge and experience how a plant works. The tour includes an explanation of our processes (automation and production), the Coca-Cola standards, our social responsibility program and future projects, among other topics.

VISITOR PROGRAM IN PERU

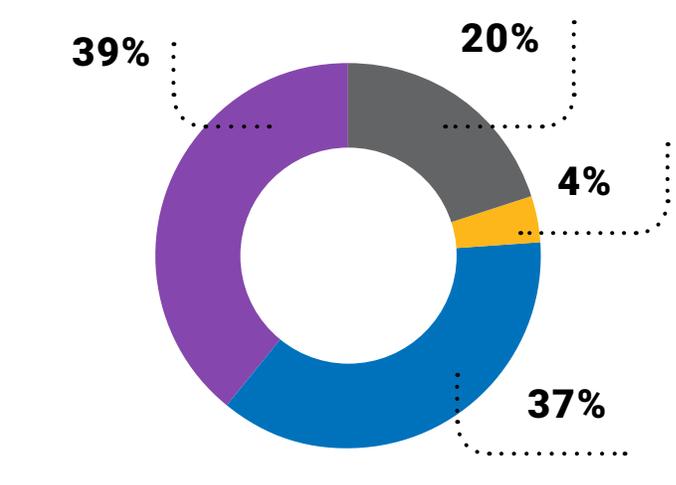
Peru has developed a new visitor program concept, aligned to Sustainability objectives. It has been implemented at the different production plants to give visitors an in-depth knowledge of our production processes, history and bottling technology.

Visitors to Mexico Beverages Plants



- Preschool
- Elementary
- Junior High School
- High School
- University
- Other institutions

Visitors to our Peru Plants



- Preschool
- Elementary
- Junior High School
- High School



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. In 2016, we gave more than 9,700 women entrepreneurs and retailers a total of 17,737 hours of training, which translated into almost one thousand projects carried out by women entrepreneurs.



ANSPAC

Asociación Nacional ProSuperación Personal, A.C. (ANSPAC) Arca Continental is an association that has been operating for 29 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.

5BY20 EMPOWER MEXICO

2016 was the third 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 2016, through 1,400 hours of training, conferences and workshops for female entrepreneurs, we benefited 654 women in 14 different communities, who then went on to implement 654 entrepreneurial projects.

Some comments received from participants in the 5by20 Empower Mexico program are shown below:

- “One day, I asked a Coca-Cola promoter for help and when he found out about the course, he invited me. I am really grateful, because the people in the course saw in me something that even I hadn’t seen.”
- “They give us the opportunity to learn many tools to improve our businesses, our quality of life and the quality of life of those around us, by generating jobs. I am thankful for the way in which the company is committed to supporting us and giving us this great opportunity. Arca Continental was the first of all my suppliers to care enough to help us and make sure we do well.”
- “This was a gift of life in which I took away knowledge and experiences that impacted my business, my life

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 2016, 65 women took part in empowerment and entrepreneurship workshops, resulting in 37 improvement plans after 66 hours of training. As a result of our joint work with the retailers in attendance, they posted a 25% increase in profits.

Peru’s Minister of Work and Job Promotion recognized Arca Continental Lindley in the 2016 Best Labor Practices competition in the Promotion of Orderly Work with Customers and Suppliers category for its Uncapping my Entrepreneurship initiative.

VALUE CHAIN DEVELOPMENT

[203-2]

If our sustainability strategy is to be successful, we need all actors in the value chain on board. Thus, we treat our key suppliers as important business partners.

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.

During 2016, 4,925 retailers in three regions of Mexico took part in the program, together with the Coca-Cola Development Centers (CEDESCOs). Our goal for 2017 is to offer continuous training across the seven Mexican regions where we operates, because our customers rate this program as the most practical and efficient they have attended.

"Taking part in Arca Continental training sessions has been a very important experience for me because, throughout my professional life, I had never had the opportunity to take part in courses like this. As a result of what I learned, my sales have grown and I am now able to provide the service that people deserve. It also helped me with the opening of two new businesses. I am very grateful to Arca Continental because it is always thinking about the customer, providing security, supporting us, and promoting our growth."

Maria Teresa Ramos

Retailer who has taken advantage of our training programs.



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 2016, more than 1,526 new Siglo XXI activated customers across all Arca Continental's Mexican territories took part.

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.

In 2016, 15 CCBs were activated in 12 cities. Our objective for 2017 is to activate 10 new CCBs, to reach the goal of 25 CCBs in total.



Thanks to our Fixed and Mobile Classroom training initiative, Traditional Channel customers who participated have seen their sales increase by an average of 15%.

The Alliance for Entrepreneurship and Innovation (AEI) recognized Arca Continental Ecuador in the Human Talent category for promoting and financing retailer-development projects through the Empower Yourself Program.

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. In the first phase, we trained one thousand retailers from different regions of Quito and Guayaquil in areas such as finance, sales and customer service, business organization and presentation, and community action work. 70% of those attending during the year were women.

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. More than 4,000 retailers, of whom 68% were women, have benefited from the program since its beginning.

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.

Our Business Development School in Peru was actively involved in two main projects in 2016: Siglo XXI and Selected Warehouses, with the participation of 90% of our customers.

COLD FRONT

[305-2]

The Cold Front Program aims to offer cold drinks to the final consumer when required. That is why we support our retailers and small stores who display our products through the installation of new, more efficient refrigeration equipment.

During this year, near 100 thousand new coolers with more environmentally friendly CO₂ refrigerant gas were installed in more than 50 different distribution centers.

Number of coolers installed in 2016:

49,054	6,486
Mexico	Argentina
13,965	25,086
Ecuador	Peru

In 2016, Peru reached a historic record of 25 thousand coolers installed, all of which use CO₂ as the refrigerant gas.



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, is included in 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.

100% of Arca Continental Mexico suppliers are currently required to comply with the Rules Manual, which establishes basic guidelines on the following issues: requirements for suppliers, registration data, Code of Ethics and Conduct Policies, Coca-Cola Guiding Principles, purchase orders, order delivery, payments to suppliers, conflicts of interest, doubt and conflict resolution, and the Transparency Mailbox.

We made an analysis to determine just how exposed Mexico Beverages' supply chain is to certain labor risks. The main risks that these suppliers could face, according to country⁴, are:

	FREEDOM OF ASSOCIATION ⁵	FORCED LABOR ⁶
Mexico	Low coverage	Risk
United States	Low coverage	Low risk
Germany	Good coverage	Low risk

As a result of this exercise, we determined that our Mexican suppliers have a greater exposure to labor risks. 100% of the suppliers of this country, as explained previously, must accept Arca Continental's Code of Ethics and Conduct Policies, as well as the Coca-Cola Guiding Principles, in order to begin a commercial relationship with the company. These two documents set out explicitly that all companies must respect the freedom of association and the right to make collective agreements, and monitor and respect Human Rights. This is just one of the measures we take to jointly manage labor risks in the nation and avoid problems in Arca Continental's value chain.

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 2016, Arca Continental Peru began to standardize its procurement, implementing the processes followed in Mexico in its Purchase Management. The objective is to provide a more personalized service to suppliers and generate value for the company through specialized negotiations, both at the corporate and plant levels. The initiative included launching a Purchase Policy, implementing a new Purchase Management structure, redefining the team as Operating Negotiators and Purchasers, creating new working teams, relocating purchasers in each plant, and using a centralized Purchaser report system, eliminating the regional matrix system.

CORORATE SOCIAL RESPONSIBILITY PROGRAM: USEM MODEL FOR SMEs

The Social Responsibility Program set up by "Union Social de Empresarios de Mexico, A.C." (USEM) in Nuevo Leon is applied every year in order to enhance SME productivity and economic value added. The program also focuses on the human aspect of their operations by including concepts such as ethics, transparency, quality of life, and generating and distributing wealth.

Arca Continental is committed to supporting our key suppliers and extending our social responsibility philosophy throughout the value chain. Every year, we provide scholarships for companies to participate in, and benefit from, this program.

4 Countries with more than one Mexico Beverages supplier.

5 Risk level in freedom of association: Organisation for Economic Co-operation and Development (oecd.org).

6 Risk level in forced labor: Global Slavery Index (globalslaveryindex.org).



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 33,000 suppliers in total. In 2016, the percentage of input materials provided by local enterprises by region was as follows:

PERCENTAGE OF INPUTS PURCHASED FROM LOCAL SUPPLIERS IN 2016.	
Mexico	83.4%
Argentina	98.5%
Ecuador ⁷	69.7%
Peru	71.3%

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.

⁷ Excluding Tonicorp.

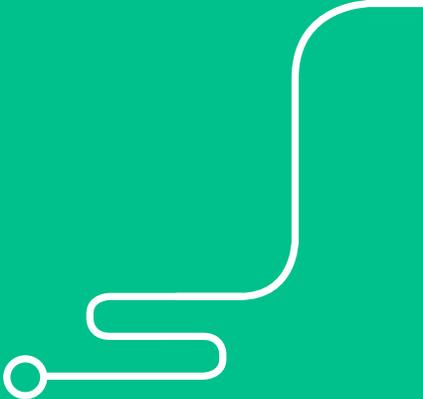




ENVIRONMENTAL WELLBEING

At Arca Continental, preserving the environment and minimizing the footprint of our operations on the different 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 ⁸
Water Footprint Reduction	Enhanced efficiency in water use.	1.5 liters of water for each liter of beverage produced.	1.71 liters of water for each liter of beverage produced.
	Neutralization of the impact on water sources.	Replenish 100% of the water used in the countries in which we operate.	100% of the water used in Mexico, Argentina, Ecuador and Peru replenished.
Carbon Footprint Reduction	Reduction of Greenhouse Gas emissions.	17.5% reduction in our carbon footprint compared to 2010.	With 25.81 gr CO ₂ /liter of beverage produced, we have reduced our carbon footprint by 15%.
		Reduce by 11% the number of Megajoules (MJ) needed to produce one liter of beverage compared to 2010.	We have reduced the amount of energy needed by 13% to 0.231 MJ/liter of beverage produced.
	Use of renewable energy sources.	At least 30% of electricity consumption should come from renewable energies.	In Mexico, this figure exceeded 41%. At the level of Arca Continental, we have reached 25%.
Waste Footprint Reduction	Increase recycling of waste generated.	Recycle 90% of the waste generated by the Production Centers.	We recycle more than 72 thousand tons of waste, which is equivalent to 92% of our generation.
	Use of sustainable materials.	Maximize the percentage of recycled food grade PET and Bio PET in our packaging.	Between recycled PET and BioPET, we covered more than 26.73% of the PET needs for our bottles.

Over the past two years, we have begun the process of standardizing our practices and culture in Peru. Thanks to such efforts, this report now includes indicators corresponding to the operations of Arca Continental Lindley. Integrating these indicators required, as indicated in the GHG Protocol Methodology, a recalculation of previous years and baselines, as shown in the tables and graphs of this section.



⁸ Considering the recalculation of lines and base years, including operations in Peru.

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, so as 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

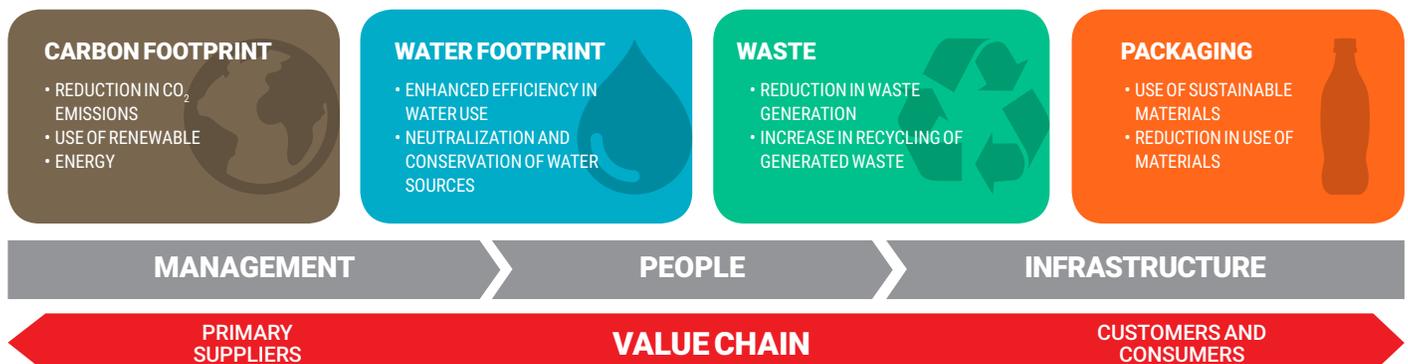
[303-2]

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 program of Source Vulnerability Analysis (SVA). 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.

Our programs for conserving water sources include:

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 unites 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, thereby driving 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.
- In 2016, in 13 of the states in which we operate, our woodland reforestation, maintenance and conservation projects had a positive impact on almost seven thousand hectares, where we planted more than 2.5 million trees.

The National Autonomous University of Mexico (UNAM) and LimnoTech, an environmental engineering consulting firm, concluded a study that affirms that the Mexican Coca-Cola Industry has already reached its objective of returning 100% of the water it uses in production to nature.



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 initiation, 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).
- Some activities that have been carried out as part of the second phase of the Water Project for the Future are: support for families through sustainable production projects (organic gardens, improved grasslands, live fences and training in best production practices), continuance of control and vigilance in conservation areas (personnel and field equipment), visits to verify agreement conditions, forest and dry land conservation, reforestation with native species and passive recovery, consisting of fencing off degraded regions to allow them to regenerate on their own.
- Through this program, we have replenished more than 966 million liters of water, protected or restored more than 1,185 hectares of woodlands, and directly benefited 675 families.

MONTERREY METROPOLITAN WATER FUND (FAMM)

- Arca Continental is a founding partner of the Monterrey Metropolitan Water Fund (FAMM), which unites the efforts of various companies and organization to conserve water in the region. Through the partnership of FAMM and The Nature Conservancy, for a second consecutive year we implemented the Replenishment Program, comprising two initiatives: field activities and a water plan.
- Field activities. In 2016, we had a positive impact on more than 195 hectares of land with reforestation, maintenance, soil conservation and woodland protection activities.
- Water plan. We implemented this initiative for the first time in 2016, seeking different alternatives to increase water supply. As a result, we created a portfolio of 10 viable alternatives to contribute to achieving this goal.

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.



100%

of the water we discharge is treated, with some of it passing through tertiary treatment processes and being reused for irrigation or bathrooms.

EFFICIENT WATER USE

We have implemented a range of initiatives and projects to reduce the water consumption of our operating centers. These include:

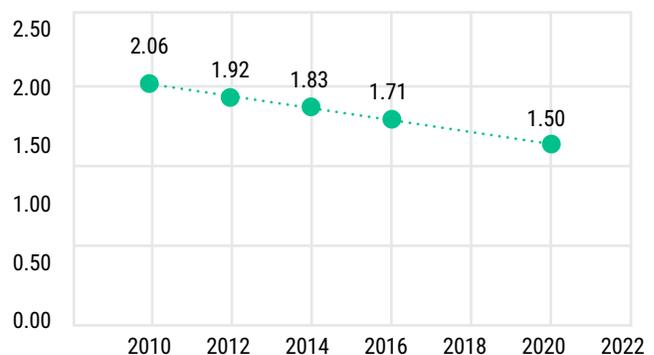
- Implementing new technologies and training personnel
- Recovering water from industrial processes
- Eliminating leaks
- Creating committees to save water and disseminate the culture of continuous improvement

We measure our water-use efficiency as the number of liters of water used to produce one liter of beverage, including water consumption in all processes, even activities such as bottle washing. In 2016, we consumed 1.71 liters of water per liter of beverage produced. This figure is a more than 16% reduction in our consumption compared to 2010. Thanks to our water-efficiency projects, we now use more than 26% less water than we would have used if we had continued with business as usual.

Water use index by country (lt. of water/lt. of beverage)

Mexico	1.56
Argentina	1.89
Ecuador	1.85
Peru	2.07

Liters of water per liter of beverage



Amount of water reused in our operations (m³)

[303-3]

	2015	2016
Mexico	1,318,425	1,421,859
Argentina	157,071	142,383
Ecuador	48,638	48,692
Peru	12,593	254,924

[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 44% 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 bathroom and maintenance needs.



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 respects the limits set by the authorities and our Plan for Protecting Water Sources.

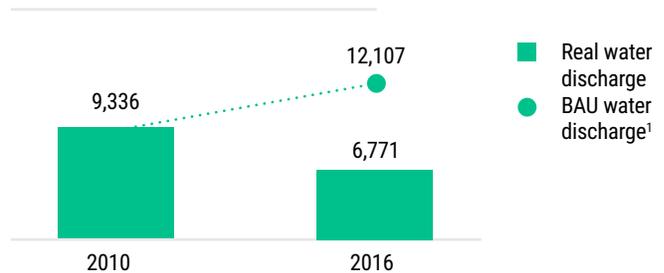
[303-1]

	MEXICO	ECUADOR	ARGENTINA	PERU
Company owned wells	84%	52%	76%	95%
Municipal network	16%	48%	24%	5%
Surface water	0%	0%	0%	0%
Total water consumption (Millions of m ³)	9.886	1.474	1.405	3.563

Data corresponding to beverage operations.

[306-1]

Industrial water discharge (thousands of m³)



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.

1. Business as Usual (BAU)

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 considering environmental aspects in our social programs and contribute to improving the economy and quality of life of those in our local communities.

COMMUNITY GREENHOUSES

This initiative, as well as providing the trees used in reforestation projects, is a sustainable source of income for the inhabitants of the communities where we operate. In 2016, we set up seven community greenhouses in the Mexican states of Chihuahua, Durango, Jalisco, Nuevo Leon and San Luis Potosi. These family-run micro-enterprises are centered on the participation of women.

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	NUMBER OF PEOPLE BENEFITED
Water-collecting recipients	1	504
Community water tanks	22	5,489
Rooftop rainwater harvesting	77	493
Wastewater treatment plants	2	3,000
Water purifying plants	2	23,573

PRODUCTIVE PROJECTS

We implement alternative production projects in reforested and restored regions to complement the employment and income of local communities. These projects seek to enhance the quality of life of participants and, in parallel, reduce economic activities that have an adverse effect on the reforested and restored lands. In 2016, we organized:

- 64 fruit orchards that benefited more than 1,200 people
- A production project associated with water-collecting recipients that generated more than one ton of agricultural products, directly employing 18 people
- 87 energy-saving, wood-burning stoves, benefiting more than 400 people



These projects as a whole offer the possibility of collecting more than 27 thousand cubic meters of water, benefiting 33 thousand people.



REDUCTION OF EMISSIONS

[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 Mexico of the Mexican Environmental Protection Agency (SEMARNAT) and CESPEDES. In 2016, for the first time, we sent a report to CDP Water and CDP Value Chain with very positive feedback from our investors.

Thanks to our Emissions Reduction Program, which we first implemented in 2010, Arca Continental's greenhouse gas emissions fell significantly in 2016. 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 2016 our beverage operations reached an emissions indicator of 23.75 grCO₂e per liter of beverage, placing us less than 6% short of our 2020 goal.

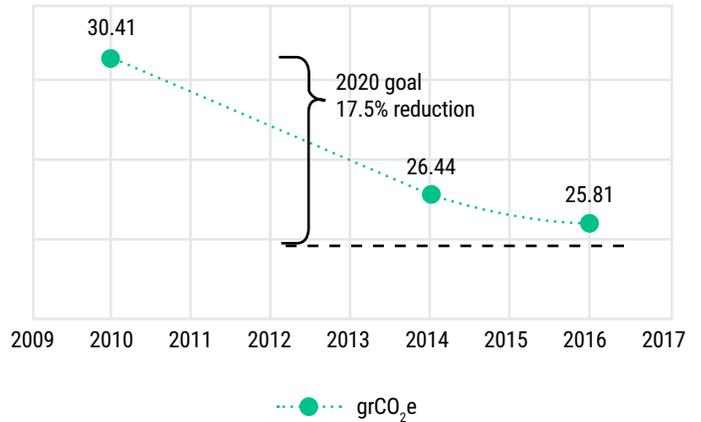
In 2016, Mexico Beverages surpassed the 2020 goal, reducing emissions per liter of beverage by 17.5% to 20.58 grCO₂e/lt. of beverage.

Emissions index for greenhouse gases from manufacturing

[305-4, 305-5]

grCO ₂ e PER LITER OF BEVERAGE PRODUCED	
Mexico	20.58
Argentina	25.71
Ecuador	38.15
Peru	39.34

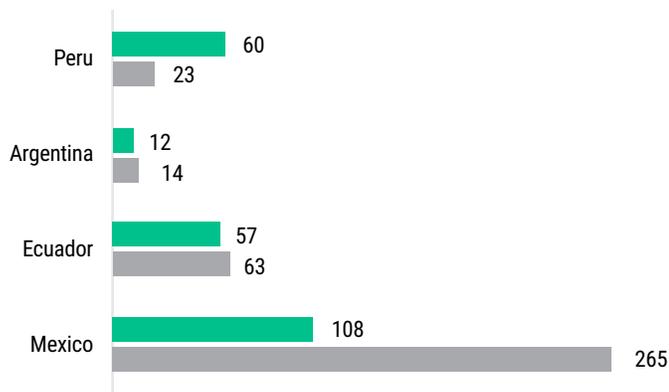
Greenhouse Gas Emissions - Manufacturing Index



Emissions by region (Mega TON CO₂e) [305-1, 305-2]

	SCOPE 1	SCOPE 2
Mexico	265	108
Ecuador	63	57
Argentina	14	12
Peru	23	60

CO₂e emissions by country and scope (Thousands of tons)



In 2016, we made a lifecycle analysis of three of our main beverage products and the principal Bokados product. The results were very useful for identifying best practices in efficiency and environmentally friendly manufacturing practices. They also allowed us to verify that, thanks to our efforts to ensure a circular economy, our PET containers are more environmentally friendly than aluminum and glass equivalents.

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 yearend 2016, 13 of our production centers in Mexico had been certified in this program and we plan to certify seven more in 2017. We have also begun the process to certify our plants in South America.

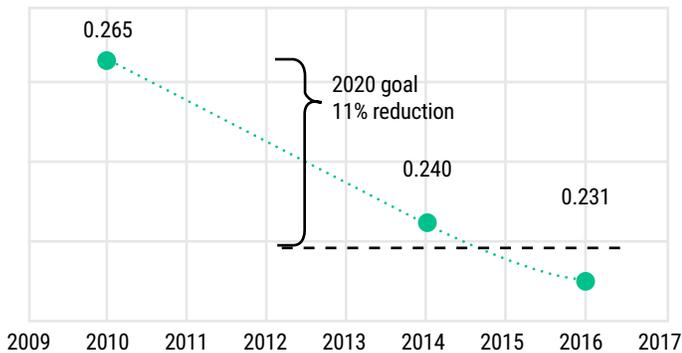
Thanks to the implementation and follow-up of energy efficiency projects, such as the optimization of refrigeration systems and installing of highly energy efficient appliances, we have reduced the energy consumed per liter of beverage produced by 10.9% compared to 2010.

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. We have also designated resources for Sustainable Construction, which has given our Corporate Building LEED Silver certification, and our new construction plan includes a forward-looking concept for managing waste, emissions and water.



ENERGY USE INDEX (MJ/LT BEVERAGE)
[302-3]

Energy use index (Mj/Lt Beverage)



INTERNAL USE OF ENERGY IN MANUFACTURING (GIGAJOULES)
[302-1]

	BEVERAGES	COMPLEMENTARY BUSINESSES
Electricity	1,270,163	256,553
Non-renewable fuels	2,542,946	1,902,657

SUSTAINABLE CONSTRUCTION MANUAL

After several years of development and identification of 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. As a result, today, 41% of the electricity used by our Mexican operations comes from such sources, with 45% from biomass co-generation and 55% from wind sources. To reach our company-wide goal, we will redouble 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]

In 2016, The Coca-Cola Company awarded Zero Waste Certification to our Insurgentes Plant.

Because of our robust, comprehensive waste management plan, in 2016 we recycled more than 72 thousand tons of industrial waste from our beverage plants, equivalent to 91.6% of our waste generation and surpassing our goal of recycling 90% of our waste.

This number varies across the rest of Arca Continental's operations. Tonicorp is an example of best practices in Ecuador, recycling more than 96% of the industrial waste it generates.

We are committed to standardizing our waste-reduction activities and increasing the percent of industrial waste we recycle in our operations.

For example, in Argentina we implemented a technological waste collection and donation campaign, which resulted in computer equipment being refurbished and used by local police departments.

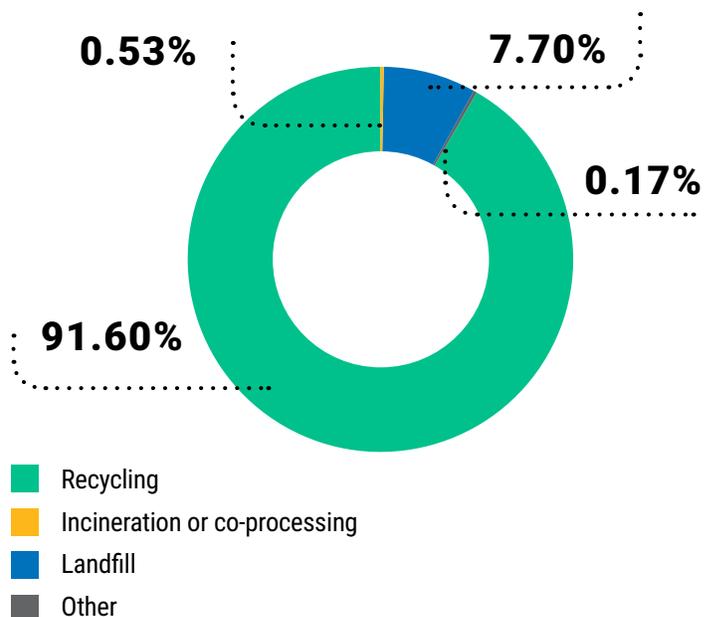


RECYCLING OF GENERATED WASTE¹²

[203-1, 306-2]

	MEXICO	ECUADOR	ARGENTINA	PERU
Generated waste (tons)	65,601	5,851	7,229	14
Recycled waste (tons)	60,499	4,900	6,660	13
Percent of recycled waste	92.2%	83.7%	92.1%	90.5%

Final destination of AC industrial waste



As a result of Arca Continental's participation and investment in PetStar and alliance with ECOCE, at least 7 of every 10 bottles that we deliver to the market in Mexico are recovered to be recycled. We will continue to work to raise this percentage to 100%.

¹² Beverage operations.



PACKAGING

[301-3, 302-5]

Since 2012, our ongoing efforts to lighten our PET bottles have given excellent results, bringing multiple environmental benefits, not only because of the reduction in the amount of plastic and energy required to produce the containers, but also because of the positive impact on our logistics and final disposal. Thanks to this initiative, in 2016 we saved 2,000 tons of resin, equivalent to more than six 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 2016, we consumed more than 64 thousand tons of these two products, or 26.73% of our PET consumption. The actual percentage varies according to country, largely as a reflection of the availability of the materials.

[301-2]

	MEXICO	ECUADOR	ARGENTINA
Percentage of recycled, food-grade PET and Bio PET in our containers	33.65%	24.97%	15.40%

Over the coming years, we will be working with our value chain in Peru to incorporate these good practices in their operations.



The PET containers of Sprite, Fresca and Topo Chico Sangria in Mexico are made with 100% recycled resin.



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 2015-2016 school year, ECOCE implemented the Eco Challenge Program in 1,774 schools in 15 different cities in our territories. With a participation of more than 400 thousand students, it collected 1,400 tons of PET, 122 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 strategy of a circular economy.

RECYCLING CULTURE

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.

PetStar

PetStar operates with a philosophy of excellence for which it has been awarded the following certifications: ISO9001, ISO14001, ISO22000, ISO50001, OSHAS18001, Clean Industry, Socially Responsible Company, Super Company and Operation Clean Sweep. It also complies with the U.N. Global Compact and Earth Charter. The company has become an industry benchmark in Circular Economy, integrating into its processes activities ranging from bottle collection to their incorporation into new containers as recycled resin.

Through social responsibility schemes and alliances with other institutions, PetStar seeks to dignify the work of Mexico's garbage pickers and collectors by providing them with a stable, fair income, offering them training, and helping them through inclusion initiatives.

PetStar has implemented development projects, such as that in Chimalhuacán, in the State of Mexico, which involved setting up a Child-development Community Center with educational, food, health and skill-building programs for 250 girls and boys, children of garbage pickers.

In 2016, PetStar also launched a cogeneration and wind energy project, which reduced the carbon footprint of the value chain between 78% and 90%. This reduction is equivalent to taking all the cars in Mexico City off the road for almost two years.

Moreover, in order to meet the objectives of the World Economic Forum, PetStar launched its Botelloteca Program, to maintain the flow of materials to the Recycling Industry at the necessary level. The program seeks to analyze container components (caps, labels, additives, materials, etc.) of all brands, in order to determine whether their content can be recycled. The results of the laboratory tests are then compared with protocols designed in accordance with the guidelines established by the Association of Plastic Recyclers (ARP) and in particular with the APR Design Guide for Plastic Recyclability. If laboratory testing produces undesired results, a neutral third party notifies the owner of the brand that its product packaging does not comply with required specifications and presents existing alignment alternatives.



It is important to note that, just like PetStar, Arca Continental and PetStar's other bottler shareholders comply with the objectives of the World Economic Forum as indicated below:

- Implement plastic container design changes to improve recycling quality and economy (using, for example, different materials, additives and formats), as a first step towards a Global Plastics Protocol, which PetStar is fulfilling with its Botelloteca Program.
- Adopt best practices for collection and storage systems, and comply with the requirements of the Global Plastics Protocol, which PetStar fulfills with its inclusive collection model.
- Scale high quality recycling processes, which PetStar is doing through its investment in technology to return collected PET to food-grade resin.
- Explore the potential of new markets for recycled materials and thereby increase classification and quality yield, which PetStar is doing by evaluating by-products.
- Increase the demand for recycled plastics by voluntary commitments and political instruments, and explore other political measures to support recycling, a voluntary commitment that shareholders make through PetStar.
- Deploy appropriate collection and classification infrastructure where there is none, which we comply with through PetStar's inclusive collection model which seeks to develop small purchasing centers in Mexico.

As an additional benefit, being a PetStar investor gives Arca Continental access to the highest quality recycled food-grade PET to include in product containers.

To find out more about PetStar, just click on the following link: www.petstar.mx

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 equity, 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.
- **Equity:** 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.

To support the fulfillment of our business objectives, our Board of Directors is structured into three committees overseeing: 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.

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 on the same 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.

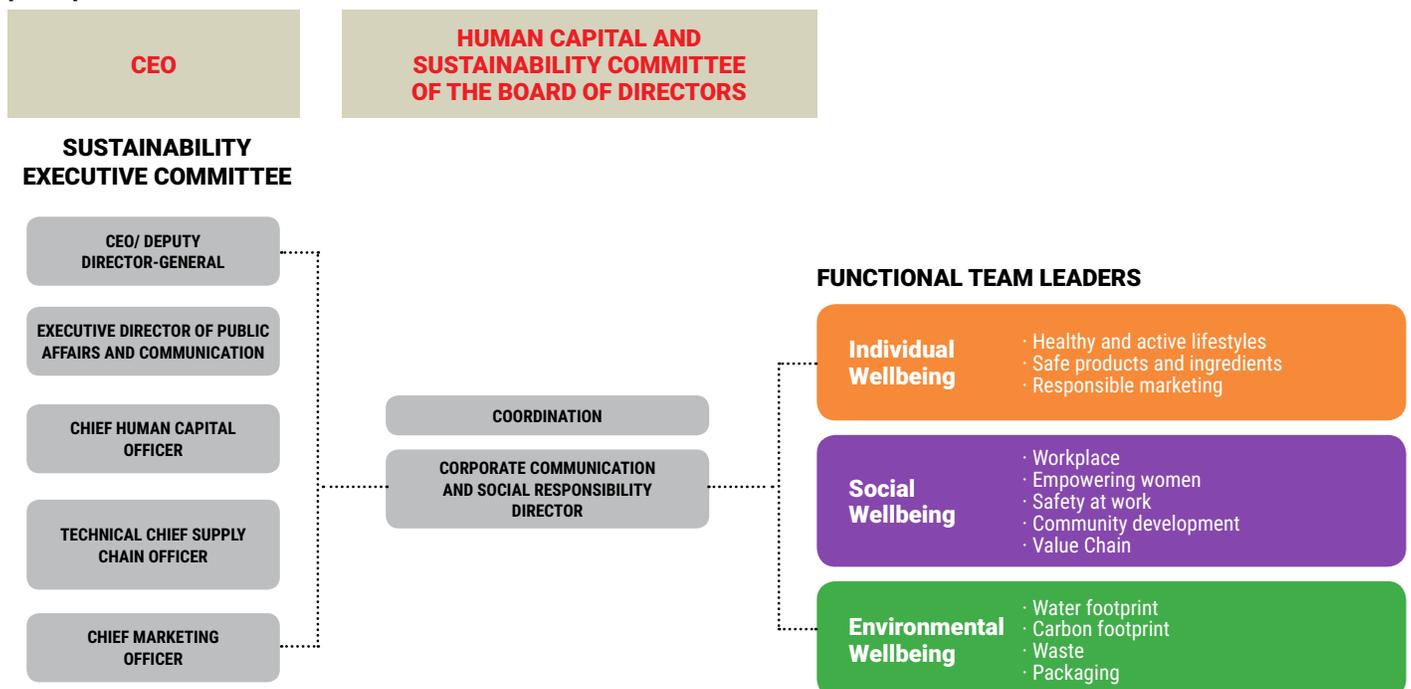
SUSTAINABILITY MANAGEMENT

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 General Management 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 through 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.

- Temperature 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 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 continuously respect the interests of our leading stakeholders, including customers, suppliers, associates and authorities.

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 publish our Code of Ethics through diverse communication 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 benchmark and, to reflect this, we have improved sections of the Code, together with how it is managed and the related documentation.

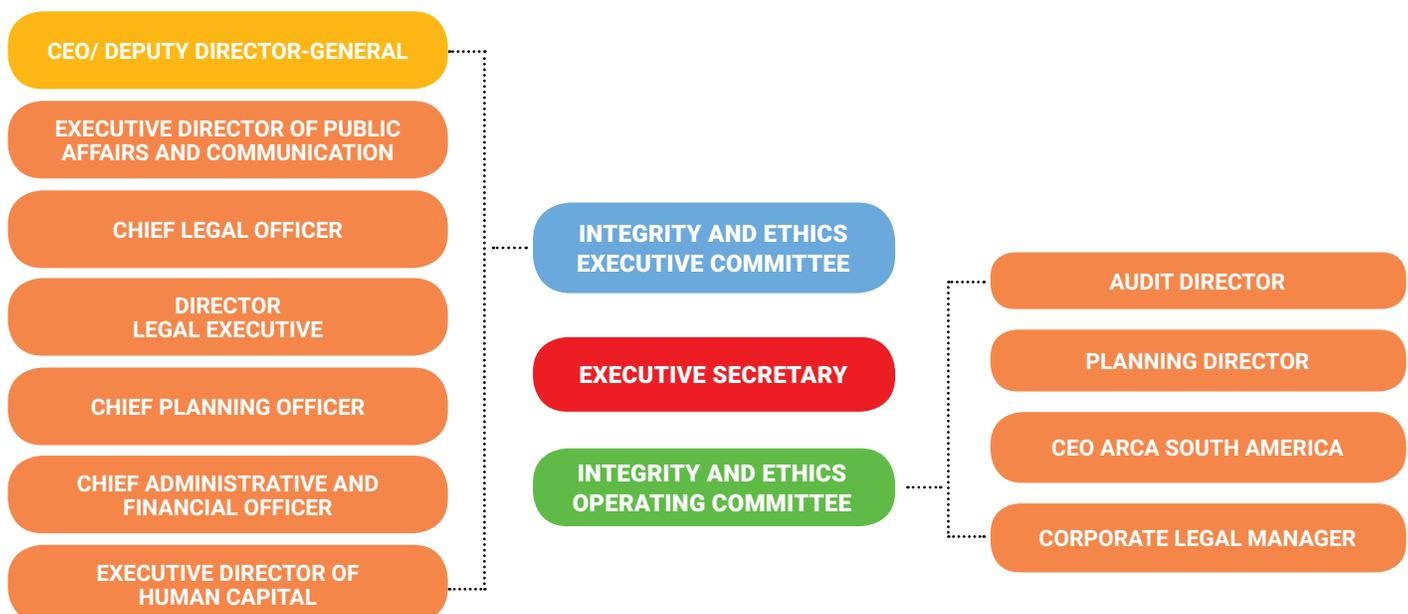
This evolution process started with a comprehensive analysis of the previous Code of Ethics and its comparison with international best practices, leading to specific proposals to improve the Code and its management.

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, but 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 to 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; fomenting 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.

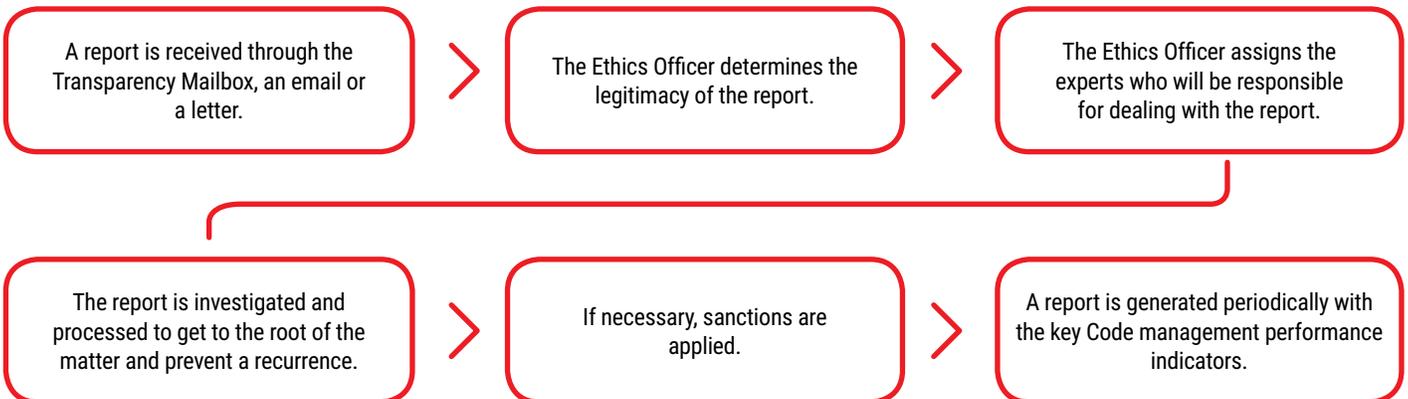
The Handbook also provides information on what to do when a report is received through the Transparency Mailbox, by email or in a letter. A simplified version of this process can be seen in the diagram below.

Code of Ethics Management Process

In 2016, 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 SURVEILLANCE

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 to carry 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.



SOCIETY ALLIANCES

[102-13]

Arca Continental supports and participates in various initiatives that aim at developing our sector. Some Associations and Institutions in which we participate are:

COUNTRY	ORGANIZATION	PARTICIPATION
Mexico	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	
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
	Sustainable North	Active member
Ecuador	Ecuador-Mexico Bi-national Chamber of Commerce	Active member
	Mejía Chamber of Commerce	Active member
	Guayaquil Chamber of Industry	Active member
	Pichincha Chamber of Industry and Production	Active member
	Ecuadorian Consortium for Social Responsibility (CERES)	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

2016 HIGHLIGHTS

- Participation, for the first time, as a full Member of the Consumption Advisory Council of (CCC) of PROFECO (Mexican Consumer Protection Agency).
- Participation in consultations organized by the Jalisco Congress and ANTP to analyze the advantages and areas of opportunity for semi-trailer trucks.
- Participation in working groups that ANTP and CANACINTRA organized with the mayors of the metropolitan area of Monterrey to discuss standardized transportation regulations.
- Participation in the first Argentinian International Business and Investment Forum (Buenos Aires, September 2016).
- Arca Continental, in partnership with Tonicorp and Inalecsa, signed an agreement with the United Nations Development

Program and the Ministry of Industry and Productivity (MIPRO) to improve the competitiveness and income of small and medium-sized milk, corn and potato suppliers, and support current members of the chain in an effort to build “inclusive production chains.”

- Arca Continental led the creation of the Beverage Industry Association of Ecuador, with the participation of five non-alcoholic beverage producers, in order to drive actions to help the industry.
- Through the Live Well Association of Peru and in partnership with the Peruvian Ministry of Health, we subscribed to a Framework Agreement to create a Nutritional Profile which will serve to define regulations for the Law for Healthy Eating. We also implemented the Grow Well Program, a nutritional education program with an intercultural focus.

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			
102-3	6			
102-4	6			
102-5	6			
102-6	6			
102-7	6, 26	External verification of Mexico Beverages data. Specific data for these operations not broken down in this report: i. 28,729 associates in Mexico Beverages.		
102-8	26	External verification of Mexico Beverages data. Specific data for these operations not broken down in this report: a.		
		Number of associates in Mexico Beverages		
		Unionized females		140
		Unionized males		17,874
		Non-unionized females		913
		Non-unionized males	9,802	
102-9	45			
102-10	6			
102-11	20			
102-12	2			
102-13	66	External verification of Mexico Beverages data. The scope of the verification is broken down under the indicator description.		
102-14	4			
102-15	62			
102-16	7, 62	External verification to confirm the existence of the Code of Ethics and Conduct Policies in Mexico Beverages.	16	
102-17	64	External verification to confirm the existence of the Transparency Mailbox in Mexico Beverages.	16	
102-18	60	External verification to confirm the existence of Governance Bodies in Mexico Beverages.		
102-19	60			
102-20	61	External verification to confirm the existence of the Sustainability Committee in Mexico Beverages.		
102-21	12		16	
102-22	60		5, 16	
102-23	60		16	
102-24	60		5, 16	
102-25	60		16	
102-26	60			
102-29	62		16	

INDICATOR	PAGE	ADDITIONAL NOTES, REFERENCES AND EXTERNAL VERIFICATION	SUSTAINABLE DEVELOPMENT GOALS
102-40	12		
102-41	26	External verification of Mexico Beverages data. Specific data for these operations not broken down in this report: a. 63% of Mexico Beverages associates are covered by collective contracts.	
102-43	12	External verification to confirm the existence of dialogue with stakeholders in Mexico Beverages.	
102-44	12, 36		
102-45	61		
102-46	10		
102-47	10	External verification to confirm the existence of the process for materiality analysis.	
102-48	3	Recalculation 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		
102-56	2		
201-1	6	Figures taken from the consolidated financial statements audited by independent auditors.	2, 5, 7, 8, 9
201-2	56, 62		13
202-2	25	External verification of Mexico Beverages data. The scope of the verification is broken down under the indicator description.	8
203-1	57		2, 5, 7, 9, 11
203-2	42		1, 2, 3, 8, 10, 17
204-1	45	External verification of Mexico Beverages data. The scope of the verification is broken down under the indicator description.	12
205-1	62		16
205-2	62		16
205-3		There was no incidence of this kind of issue.	16
301-1	57		12
301-2	58	External verification of Mexico Beverages data. Specific data for these operations not broken down in this report: i. Mexico uses 31.77% of food-grade recycled PET in its PET containers. Omitted due to confidentiality limitations: Input of other products are not reported.	
301-3	58		8, 12
302-1	56		7, 8, 12, 13
302-3	56		7, 8, 12, 13
302-4	55		7, 8, 12, 13
302-5	58		7, 8, 12, 13

INDICATOR	PAGE	ADDITIONAL NOTES, REFERENCES AND EXTERNAL VERIFICATION	SUSTAINABLE DEVELOPMENT GOALS	
303-1	52	External verification of Mexico Beverages data. The scope of the verification is broken down under the indicator description.		
303-2	54		6	
303-3	52		6, 12	
304-1		Arca Continental does not conduct this kind of operations.	6, 14, 15	
305-1	55		3, 12, 13, 14, 15	
305-2	55		3, 12, 13, 14, 15	
305-4	54		13, 14, 15	
305-5	54		13, 14, 15	
306-1	52	External verification of Mexico Beverages data. Specific data for these operations not broken down in this report: Total volume of water discharged by Mexico Beverages: 2,586,273.24 m ³		
306-2	57		3, 6, 12	
306-4	57		3, 12	
401-1	24, 25	External verification of Mexico Beverages data. Specific data for these operations not broken down in this report: b.		
		Personnel rotation for Mexico Beverages		
		Unionized females		18.57%
		Unionized males		17.77%
		Non-unionized females		11.17%
Non-unionized males	6.72%			
401-2	25		8	
403-1	33	External verification of the indicator: 100% of Mexico Beverages associates are represented in the Mixed Commissions for Safety and Hygiene.	8	
403-2	35		3, 8	
404-1	27	External verification of Mexico Beverages data. Specific data for this business unit not broken down in this report:		
		Average hours of training in Mexico Beverages		
		Global average per employee		28.8
		Unionized males		23.4
		Unionized females		45.1
Non-unionized males	37			
Non-unionized females	43.3			
404-2	27, 31		8	
404-3	26		5, 8	
405-2	28	External verification of Mexico Beverages data. The scope of the verification is broken down under the indicator description.	5, 8, 10	
406-1	62		5, 8, 16	
407-1	44	External verification to confirm the existence of Guiding Principles in Mexico Beverages.	8	
408-1	44		8, 16	

INDICATOR	PAGE	ADDITIONAL NOTES, REFERENCES AND EXTERNAL VERIFICATION	SUSTAINABLE DEVELOPMENT GOALS
409-1	44	External verification to confirm the existence of Coca-Cola Guiding Principles in Mexico Beverages.	8
410-1	32		16
411-1		There was no incidence of this kind of issue.	2
412-2	32	External verification of Mexico Beverages data. Specific data for these operations not broken down in this report: In 2016, 16,864 hrs. of Human Rights training were provided for Mexico Beverages associates, with a number of participants equivalent to 3% of the total business unit population.	
413-1	16	External verification of Mexico Beverages data. Specific data for these operations unit not broken down in this report: a. 100% of Mexico Beverages Production Centers have at least one program related to Annual Volunteer Day, Annual Sustainability Day and/or Christmas with Meaning.	
414-1	44		5, 8, 16
414-2	44		5, 8, 16
416-1	20		
416-2		There was no incidence of this kind of issue.	16
417-1	21	External verification of the indicator: 100% of Mexico Beverages products comply with the Manual for Nutritional Labeling.	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



Independent practitioner's limited assurance report on the Sustainability Indicators 2016.

To the Management of Arca Continental S. A. B. de C. V.

Dear Sirs,

We have undertaken a limited assurance engagement in respect to the sustainability indicators listed below (hereinafter, "Sustainability indicators subject to review") which are base in the Global Reporting Initiative standards and identified as "External verification of Mexico Beverages data" within the "GRI Content Index" reported by Arca Continental, S. A. B. de C. V. in its Social Responsibility and Sustainability Report 2016. This engagement was carried out by a multidisciplinary team that included assurance specialists, chemical engineers, environmental engineers, industrial engineers and management specialists.

Sustainability indicators subject to review

The sustainability indicators subject to review, exclusively for Mexico Beverages, subject to this limited assurance up to December 31, 2016 are the following:

Indicators established in the general standards:

102 -7	Scale of the organization - Number of employees, number of operations and quantity of products provided.
102-8	Information on employees and other workers. - a. Number of employees by employment contract (permanent and temporary), by gender. - b. Number of employees by employment contract (permanent and temporary), by region. - c. Number of employees by employment type (full-time and part-time), by gender.
102-13	Membership of associations. - A list of the main memberships of industry or other associations.
102-16	Values, principles, standards, and norms of behavior - Existence of ethics' code
102-17	Mechanisms for advice and concerns about ethics. - Mechanism: existence of the Transparency Mailbox.
102-18	Governance structure. - Governance structure of the organization, including committees of the highest governance body.



102-20	Executive-level responsibility for economic, environmental, and social topics
102-41	Collective bargaining agreements Percentage of employees covered by collective bargaining agreements.
102-43	Approach to stakeholder engagement. - The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group.
102-47	List of material topics - A list of the material topics identified in the process for defining report content.

Indicators established in the specific standards:

Environmental Standards:

301-2:	Recycled input materials used (Percentage of recycled PET)
303-1:	Water withdrawal by source (consumed water volume by source for Mexico Beverages)
306-1:	Water discharge by quality and destination (industrial water discharge for Mexico Beverages)

Social Standards:

401-1:	New employee hires and employee turnover (rate of employee turnover during the reporting period by gender)
403-1:	Workers representation in formal joint management-worker health and safety committees (Percentage of workers that are represented by formal joint management-worker health and safety committees)
404-1:	Average hours of training per year per employee (average hours of training by gender and employee category)
405-2:	Ratio of basic salary and remuneration of women to men (Ratio of the basic salary and remuneration of women to men for each employee category.)
407-1:	Identification of operations and suppliers in which the right to freedom of association and collective bargaining may be at risk (measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining)
409-1:	Operations and suppliers at significant risk for incidents of forced or compulsory labor (measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.)



412-2:	Employee training on human rights policies or procedures (Number of hours for training on human rights and percentage of employees that received training)
413-1:	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs (Percentage of social programs implemented in Mexico Beverages)
417-1:	Requirements for product and service information and labeling (Percentage of significant products covered by and assessed for compliance with Ecolabelling normativity)

Economic Standards:

202-2:	Proportion of senior management hired from the local community (Percentage of senior management that are hired for the Mexico Beverage business)
204-1:	Proportion of spending on local suppliers (Percentage of the procurement budget that is spent on suppliers in Mexico for the Beverage business)

Our limited assurance procedures were carried out with respect to the specific information related to such indicators included in the social responsibility and sustainability report for the year ended December 31, 2016, and we have not performed any procedures with respect to earlier periods or any other elements included in the 2016 social responsibility and sustainability report and, therefore, do not express any opinion thereon.

Criteria

The criteria used by Arca Continental, S. A. B. de C. V. to prepare the sustainability indicators corresponds to that stated in the Global Reporting Initiative (GRI) Standards, as mentioned in the GRI Content Index of the Social Responsibility and Sustainability Report 2016 (hereinafter "the Criteria").

Arca Continental, S. A. B. de C. V.'s Responsibility on the Sustainability Indicators

Management of Arca Continental, S. A. B. de C. V. is responsible for the preparation and presentation of the Social Responsibility and Sustainability Report 2016 in accordance with the established Criteria. This responsibility includes the design, implementation and maintenance of relevant internal controls in order for the indicators to be free of material misstatement.

Inherent limitations

The absence of a common generally accepted practice for the evaluation and measurement of nonfinancial information allows for acceptable practices and measurement techniques that and can be different to others and can affect comparability between entities.



Our Independence and Quality Control

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

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the sustainability indicators subject to review based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Federation of Accountants' Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether sustainability indicators subject to review are free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of Arca Continental, S. A. B. de C. V.'s use of the criteria as the basis for the preparation of the sustainability indicators subject to review, assessing the risks of material misstatement of the sustainability indicators subject to review whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the sustainability indicators subject to review. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing these procedures we:

- Made inquiries of the persons responsible for the sustainability indicators subject to review.
- Understood the process for collecting and reporting the sustainability indicators subject to review.
- Performed limited substantive testing on a selective basis of the sustainability indicators subject to review to check that data had been appropriately measured, recorded, consolidated and reported; and
- Considered the disclosure and presentation of the sustainability indicators subject to review.



The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Arca Continental, S. A. B. de C. V.'s sustainability indicators subject to review have been prepared, in all material respects, in accordance with the Criteria.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Arca Continental, S. A. B. de C. V.'s sustainability indicators subject to review for the year ended December 31, 2016 have not been prepared, in all material respects, in accordance with the criteria.

This limited assurance report, including our conclusion, has been prepared solely for the use of Arca Continental, S. A. B. de C. V., in order to assist them in reporting on sustainable development performance and activities. We authorize the disclosure of this limited assurance report within the Social Responsibility and Sustainability Report 2016, to enable the Management Board to demonstrate that they have met their governance duty of requiring an independent assurance report linked to the Social Responsibility and Sustainability Report 2016. To the fullest extent permitted by the law, we are not liable before any party other than the Management Board and Arca Continental, S. A. B. de C. V. based on the agreed upon terms in writing.

PricewaterhouseCoopers, S. C.

A handwritten signature in black ink, appearing to read 'Luis R. Guillén', is written over a horizontal line. Below the line, there are two more horizontal lines, suggesting a signature strip or a separator.

Luis R. Guillén
Mexico City
May 4, 2017

AWARDS AND RECOGNITIONS

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



ARCACONTINENTAL