

Arca Continental

ISIN CODE: MX01AC100006

Overall score 35/100

Sector: Beverage Emerging Market
Companies in sector panel: 16

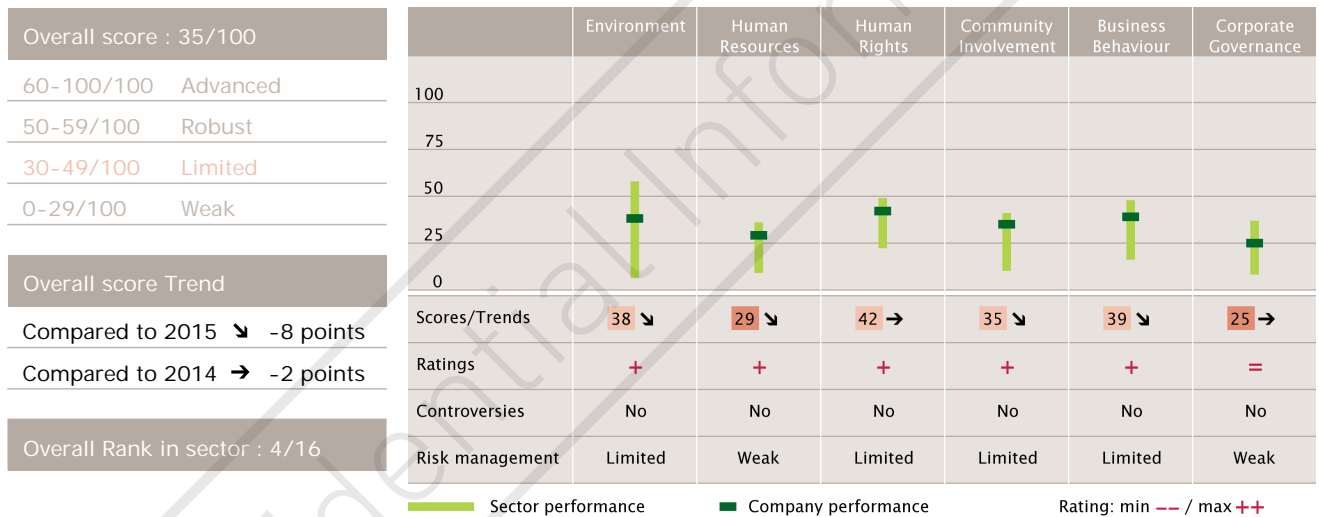
Information rate: 60% (Sector average: 48%)
Company cooperation level: Not responsive *

General information

Arca Continental, based in Mexico, 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. In April 2016, the Company acquired the Famaillá sugar mill, its sugar cane supplier. In May 2016, the Company bought a Peruvian company, Norco Company Incorporated S.A.C., which sells coffee, cookies, chocolate, and other products, through vending machines.

Main Economic Segment**	Turnover 2016
Beverages	90.1 %
Other	9.9 %

Overall CSR performance & trends



- Arca's overall approach to manage its CSR performance is considered to be limited (35/100) in absolute terms.
- The Company displays a heterogenous approach to address its ESG impacts. Arca achieves only a limited performance on the Environmental pillar, which represents a significant decrease compared to previous review, mainly due to a lack of updated information on key performance indicators. The Company's reported approaches to managing its Social and Governance responsibilities appear to be respectively limited and weak.
- A review of stakeholder sources did not reveal any allegations against Arca during the period under review.

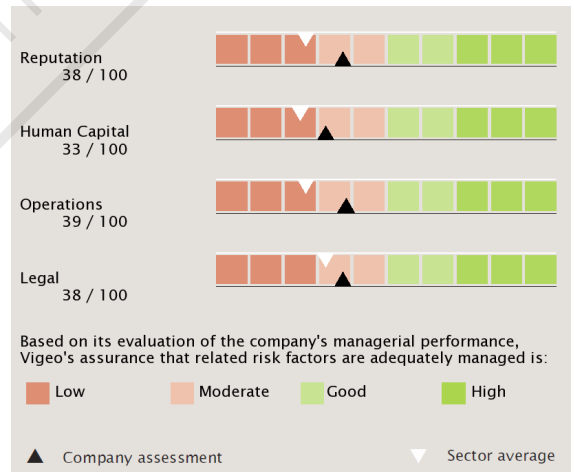
Company inclusion in Vigeo Indices*** : NO

* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Management of Risks and Opportunities

		Weaknesses		Strengths	
Weight of the Sustainability drivers	3	<ul style="list-style-type: none"> ■ Biodiversity ■ Societal impacts of products ■ Reorganisations ■ Transportation 	<ul style="list-style-type: none"> ■ Product Safety ■ Labelling and marketing ■ Fundamental labour rights ■ Board of directors 	<ul style="list-style-type: none"> ■ Labour standards in the supply chain 	<ul style="list-style-type: none"> ■ Environmental strategy ■ Water
	2	<ul style="list-style-type: none"> ■ Social dialogue ■ Shareholders ■ Responsible lobbying ■ Executive remuneration ■ Atmospheric emissions 	<ul style="list-style-type: none"> ■ Audit and internal controls ■ Supplier relations ■ Social and economic development ■ Career management ■ Environmental standards in the supply chain ■ Anti-Competitive Practices ■ Corruption ■ Packaging 	<ul style="list-style-type: none"> ■ Energy ■ Fundamental human rights ■ Health and safety 	
	1		<ul style="list-style-type: none"> ■ Non-discrimination and diversity 		<ul style="list-style-type: none"> ■ Contribution to general interest causes
		Weak 0 to 29 points	Limited 30 to 49 points	Robust 50 to 59 points	Advanced 60 to 100 points

- Arca's lack of transparency on executive remuneration and weak performance in terms of communication with shareholders may raise concerns on the overall governance of the Company and it may impact its reputation. The Company's limited performance in prevention of corruption is another issue that may increase **reputational risk**.
- The Company discloses a relevant environmental strategy including some quantitative targets, which represents an opportunity as it may drive operations to be more efficient and have lower environmental impacts, avoiding any kind of controversies in this area. Reported key performance indicators show mixed trends. While disclosed water and energy consumption have decreased, CO2 emissions have increased over the past 3 years. In addition, Arca reports to allocate significant measures to packaging eco-design. However, topics such as transportation, atmospheric emissions and biodiversity protection seem to be less well addressed by the Company. Therefore, overall, Vigeo Eiris has moderate level of assurance that the Company adequately manages environmental factors which could impact its operational efficiency.
- Arca's performance on **human capital** management is mixed. Arca achieves a robust performance on health & safety, and limited performances on career management and non-discrimination, with relevant measures reported for both issues. However the Company is still weak on the management of reorganisations potentially exposing it to losing talented collaborators as Arca continues to expand its operations by the merger and acquisition of other companies.



* We consider legal security as an element of a company's tangible or intangible assets. We define legal risk as the potential impact - negative or positive - on these assets, considering the management of CSR issues possibly involving the company's legal responsibility. Under no circumstances should our opinion be construed as a due diligence or an assurance in the meaning of regulations such as, for instance, the Sarbanes-Oxley Act in the USA or the Loi de Sécurité Financière in France

Company performance in all the Sustainability Drivers

Overall score 35/100

Weight of the Sustainability driver		Trend	Score
Environment			
ENV1.1	3	↘	38
		↗	78
ENV1.4	3	↔	28
ENV2.1	3	↔	60
ENV2.2	2	↘	59
ENV2.4	2		0
ENV2.7	3		0
ENV3.1	2	↘	32
Human resources			
HRS1.1	2		19
HRS2.3	3	↘	12
HRS2.4	2	↔	42
HRS3.2	2	↗	50
Human rights			
HRT1.1	2	↔	42
		↔	56
HRT2.1	3	↗	34
HRT2.4	1	↘	39
Community involvement			
CIN1.1	2	↘	46
CIN2.1	3	↔	18
CIN2.2	1	↘	62
Business behaviour (c&s)			
C&S1.1	3	↔	40
C&S1.2	3	↔	40
C&S2.2	2	↔	46
C&S2.3	2		38
C&S2.4	3	↔	53
C&S3.1	2	↘	35
C&S3.2	2		36
C&S3.3	2		12
Corporate governance			
CGV1.1	3	↗	30
CGV2.1	2	↘	46
CGV3.1	2	↔	15
CGV4.1	2	↗	7

Weak (0-29/100)
 Limited (30-49/100)
 Robust (50-59/100)
 Advanced (60-100/100)

? **Involvement in allegations**
? **Involvement in allegations with evidence of corrective measures**

N/R means that this Sustainability Driver is not analysed for this Company

Selected financial data

Key data	Net sales	EBIT	Employees
2016	MXN 93,666m	MXN 16,300m	118,180
2015	MXN 76,453m	MXN 12,754m	49,491
2014	MXN 61,957m	MXN 10,774m	43,731
2013	MXN 60,359m	MXN 9,891m	39,273
2012	MXN 56,269m	MXN 8,484m	39,070

Main shareholders	2017
Barragan Family	46.6 %
The Coca-Cola Co.	8.6 %

Geographical breakdown	Turnover 2016	Employees 2016
Mexico	55.6 %	N/A
Peru	16 %	N/A
Ecuador	13.1 %	N/A
Argentina	9.9 %	N/A
U.S.	5.4 %	N/A

All Economic Segments	Turnover 2016
Beverages	90.1 %
Other	9.9 %

Selected ESG Indicators

	2016	2015
Non-executive Board member(s) responsible for CSR issues	Yes	Yes
Executive remuneration linked to CSR performance	No Info	No Info
3-year energy consumption trend (normalized to turnover)	N/A	N/A
Percentage of independent Board members	19	19
Percentage of women on Board	4.7	4.7
Percentage of women in Executive team	0	N/A
Percentage of women in workforce	N/A	N/A
Transparency on lobbying budget	No	N/A
Percentage of employees covered by collective agreements on working conditions	N/A	N/A
3 year trend for safety at work	↘	↘
Involvement in armament	No	N/A
Management of social risks in supply chain	Robust	Robust

Involvement in disputable activities: summary

This section is dedicated to disputable activities in which the company is involved. 9 disputable activities are analyzed (see list below) following 30 parameters. Additional analysis and full database access are available as an option.

For more information please contact us at customer.service@vigeo.com

	Level of involvement	% of revenues
<input type="checkbox"/>	Alcohol	%
<input type="checkbox"/>	Animal maltreatment	%
<input type="checkbox"/>	Armament	%
<input type="checkbox"/>	Hazardous chemicals	%
<input type="checkbox"/>	Gambling	%
<input type="checkbox"/>	GMOs in food & feed	%
<input type="checkbox"/>	Nuclear energy	%
<input type="checkbox"/>	Sex industry	%
<input type="checkbox"/>	Tobacco	%

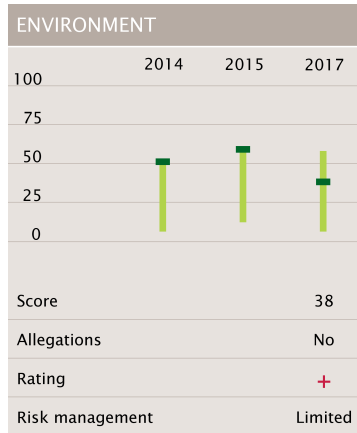
A company's level of involvement (Major, Minor, No) in a disputable activity is based on:

- An estimation of the revenues derived from disputable products or services
- The precise nature of the disputable products or services provided by the company

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CSR performance per domain

■ Sector performance
■ Company performance
Rating: min -- / max ++

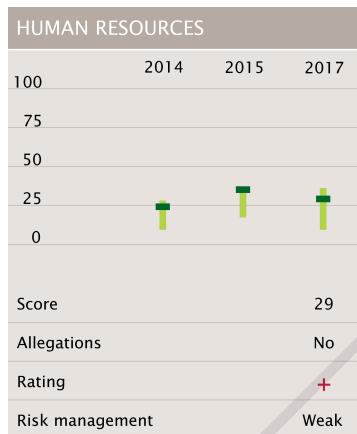


Key issues

Beverage companies' main environmental impacts are linked to their upstream impacts through agricultural operations (ENV 1.4) and water management (consumption and emissions) as well as the direct impacts through water use in production processes (ENV 2.1). Moreover, due to the important volumes of goods sold, companies in the sector also have a responsibility to manage the environmental impacts of transportation (ENV 2.7) and of packaging (ENV 3.1).

Company performance

- Arca's performance in the Environment domain is limited in absolute terms, which represents a decrease since the previous review.
- The Company's environmental strategy includes specific targets to reduce its water and energy consumption, as well as lowering its CO2 emissions. Although the Company is ISO 14001 certified, this covers less than 55% of the Company's operations. The trends in terms of water use and energy consumption have increased, mainly due to the expansion of its operations in recent years. Arca does not report on other atmospheric emissions nor does it on its impact from transportation.

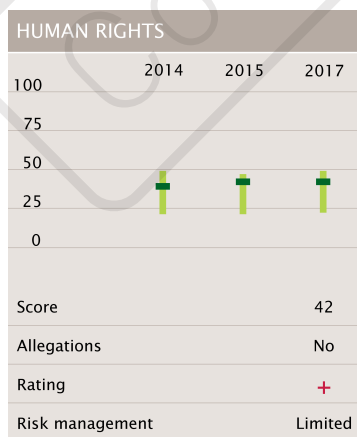


Key issues

In a context of restructurings, companies from the Beverage sector are expected to ensure employees' rights are respected and that employee representatives are consulted during reorganisations (HRS 2.3). In addition, given the fact that such power struggles are often to the advantage of companies in this sector, good labour relations (HRS 1.1) are expected to provide employees with an equal footing in negotiations on a range of issues (from training, to remuneration, benefits and working hours etc). Beverage companies should provide adequate training for the evolution of what can be a low skilled workforce (HRS 2.4). Finally, companies should undertake initiatives to improve the often hazardous (ergonomically and physically) and stressful conditions of workers. Workers can face health and safety risks in terms of physical hazards, exposure to noise, biological hazards, chemical hazards and exposure to heat and cold (HRS 3.2).

Company performance

- The Company's performance in the Human Resources domain is considered weak in absolute terms, which represents a slight decrease since the previous review.
- Arca does not disclose any commitment to manage reorganisations responsibly, which is relevant considering the Company has significantly expanded its operations in recent years. The Company's reported health and safety indicators show improving trends and it reports that its operations in Mexico are 100% OHSAS 18001 certified. To address career management, the Company reports to conduct regular performance reviews.

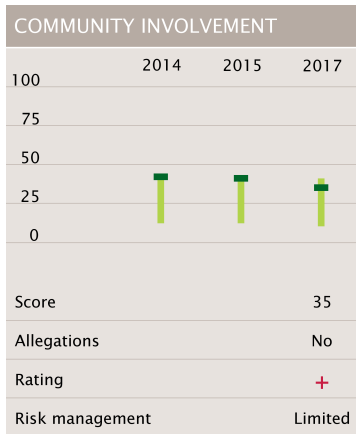


Key issues

Companies in this sector operate and source raw materials from a range of low and middle income economies (as well as weak governance zones) where fundamental human rights may be at risk (HRT 1.1). This may be particularly the case if security forces are used to secure locations or if the company is sourcing materials from indigenous peoples. Beverage companies also operate in locations where freedom of association and the right to collective bargaining may be restricted. This therefore, directly exposes them to potential violations of labour rights (HRT 2.1) and requires them to manage such issues accordingly.

Company performance

- The Company's performance in the Business Behaviour domain is considered limited in absolute terms. The Company's performance has been stable compared to the previous review.
- Arca reports to allocate some measures to avoid complicity in human rights violations and discrimination. The Company does not appear to allocate any measures to respect freedom of association.

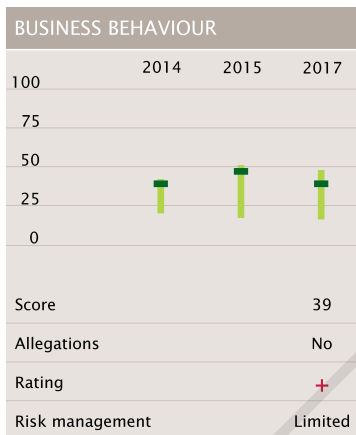


Key issues

Alcohol mis-consumption, obesity, cardio vascular problems and diabetes are qualified as “global epidemics” by the World Health Organisation. The beverage industry can help to tackle the major societal impacts linked to their products by raising awareness on these issues and acting to protect the most vulnerable populations from misconsumption (CIN 2.1). Oxfam estimates that 75% of the world’s poor and undernourished people live in rural areas and are directly or indirectly dependent on agriculture for their livelihoods. Thus, through their own activities and their supply chain, beverage companies are also seen as key players in the empowerment of local economies (CIN 1.1), a process that is increasingly being recognised as fundamental to addressing these societal challenges.

Company performance

- The Company’s performance in the Community Involvement domain is considered limited in absolute terms, which represents a decrease since the previous review.
 - On the promotion of social and economic development, the Company reports on significant initiatives to address the matter. The Company only reports little information on how it works to mitigate negative societal impacts from its products. Arca continues to report on significant measures to support general interest causes, with an increasing number of volunteering hours of the Company’s employees.

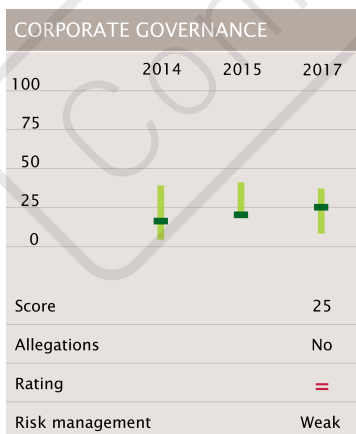


Key issues

The systematic application of product safety standards and the establishment of a crisis management system throughout the supply chain (C&S 1.1) continues to be a core issue for beverage companies. The transparency and integrity of the information provided to customers (C&S 1.2) on issues such as the health risks related to the misconsumption of the product (or the presence of GMOs), is an ongoing challenge for the industry. Alongside this, companies also have a responsibility to ensure that stable relations and thus a stable supply of raw materials is systematically maintained (C&S 2.2). Finally, ensuring decent labour conditions are granted to employees in the supply chain (C&S 2.4) is also a focus. This is particularly relevant given the habitually hard-working labour conditions found in the agricultural supply chain.

Company performance

- Arca achieves an limited performance in the Business Behaviour, domain, which represents a score decrease since the previous review.
 - The Company discloses commitments and reports on at least some measures allocated to address almost all issues under review, except for responsible lobbying. Arca reports on significant measures allocated to ensure product safety, the integration of labour factors in supply chain management and promoting sustainable supplier relations.



Key issues

Sound corporate governance is required to oversee a company’s strategic direction, including the CSR strategy. Vigeo’s framework has been adapted to capture the level of integration of CSR topics at Board-level, supplementing traditional signals on efficient governance practices. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Shareholders are expected to have fair voting rights and access to all relevant information on material CSR issues (CGV3.1). Executive remuneration is assessed for transparency and alignment with the interests of company’s shareholders and other stakeholders (CGV4.1).

Company performance

- The Company’s performance in the Corporate Governance domain is considered to be weak in absolute terms, which represents a stable trend compared to the previous review.
 - The Company lacks of public reporting as regards the board of directors, which seems to have a low level of independence. On the other hand, Arca’s Audit Committee seems to have a limited role and does not appear to cover CSR risks.

Detailed analysis

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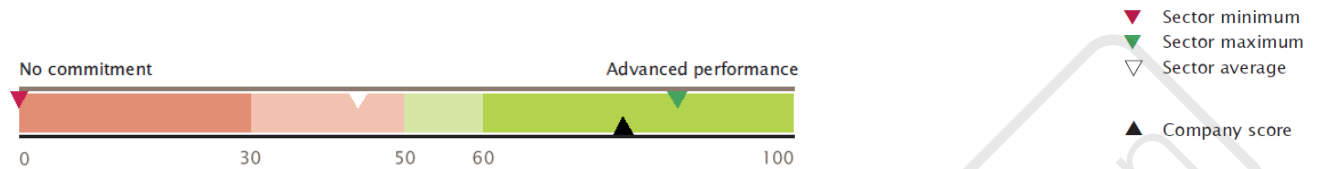
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Environment

Score : 38

ENV1.1 Environmental strategy

(score: 78, weight: 3)



Visibility of commitment to environmental issues

The company has issued a formalised commitment to environmental protection in its Code of Ethics and sets specific targets to reduce its water consumption, energy consumption and CO2 emissions. In addition, Arca Continental is a signatory of the Global Compact and communicates on this principle.

Relevance of environmental strategy

The company commits to the majority of its responsibilities in terms of environmental protection:

- protection of biodiversity
- minimising environmental impacts from water consumption
- minimising environmental impacts from water emissions
- minimising environmental impacts from energy use in production
- minimising environmental impacts from CO2 emissions
- eco-design of packaging

Ownership of commitment

The commitment applies throughout the company, supported by the CEO. In addition, the Integrity and Ethics Committee composed by selected top executives are involved in the respect and the update of the Code.

Means allocated to environmental management

The company has allocated comprehensive resources to environmental management:

- Environmental performance measured against targets: the company has targets for energy consumption and related emission reduction from 2010 to 2020, including reduction of carbon footprint by 17.5% and reduction of energy consumption (MJ) to produce a litre of beverage by 11%. The company reports on its current performance compare to this target and with partial historical data.
- External verification of reporting on environmental performance: the CSR including environmental key performance indicators is audited by PwC. As 53% of the company's production centres are ISO 14001 certified, the following also applies
- Environmental manual specifying procedures and responsibilities
- Internal audits that assess the effectiveness of the EMS

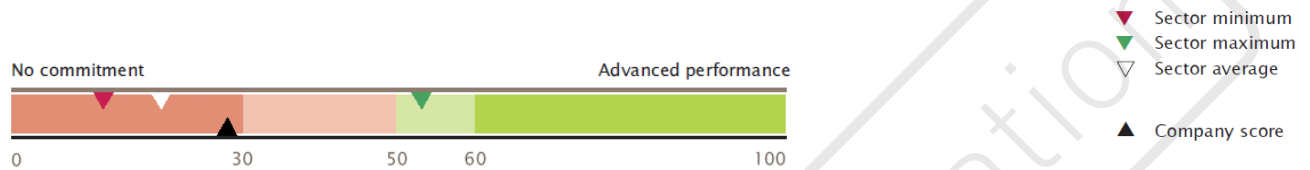
Coverage of certified environmental management systems

The company reports 26 of its sites are ISO 14001 certified, which represents 53% of its production centres.

Leadership	72	Implementation	83	Results	N/A
Visibility	100	Means & resources	100	Performance	N/A
Relevance	65	Scope	N/A	Trends	N/A
Ownership	65	Coverage	65		

ENV1.4 Protection of biodiversity

(score: 28, weight: 3)



Preliminary note: Arca Continental is concerned by the following issues: sustainable agriculture and preventing GMO cross contamination.

Relevance of commitment to biodiversity protection

The company's commitment towards biodiversity protection is general.

Managerial tools allocated to biodiversity protection

Information obtained from company and public sources regarding steps taken to identify the impacts of its operations on biodiversity is insufficient.

Coverage of means allocated to biodiversity protection

Prevention of GMO cross contamination

Information obtained from the company and public sources regarding means allocated to prevent cross contamination is insufficient.

Promotion of sustainable agriculture

The company has allocated some means to promote sustainable agriculture: - measures to prevent deforestation : the company reports in 2016 it planted 2.5 million trees in Mexico.

Results with regard to biodiversity protection

The company reports that during 2014 its biodiversity protection efforts in conjunction with Coca-Cola Foundation Ecuador and Galapagos Foundation, recovered 3.4 tonnes of solid waste and carried out a shore cleanup in Argentina.

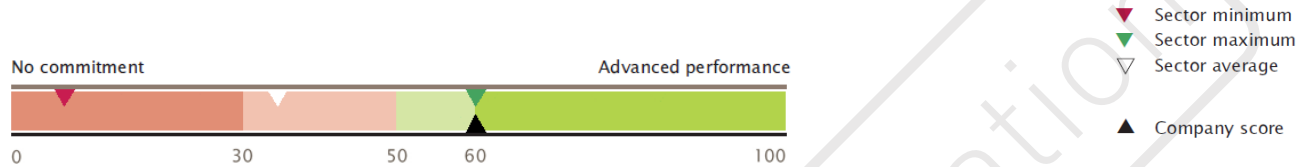
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral. As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

Leadership	30	Implementation	6	Results	49
Visibility	N/A	Means & resources	8	Performance	65
Relevance	30	Scope	N/A	Trends	30
Ownership	N/A	Coverage	0		

ENV2.1 Protection of water resources

(score: 60, weight: 3)



Relevance of the company's commitment in terms of reducing its water consumption

The company has set quantified targets with regard to its water consumption, and these cover the entire group.
Arca reports that it is expecting to reduce its water consumption by 23% by 2020 compared to 2010.

Relevance of the company's commitment in terms of reducing its water emissions

The company has set quantified targets with regard to its water emissions, but it is unclear whether these cover the entire group: the Company reports that it is expecting to continue to treat a 100% of its industrial water emissions in 2015, in line with the Mexican law's requirements. In addition, no updated targets seem to be disclosed.

Means allocated to mitigate water consumption

The company reports on its water consumption per liter of beverage produced in 2016 in Mexico, Argentina, Ecuador and Peru, and average consumption on all this countries of operations since 2010.

Scope of measures allocated to mitigate water consumption

Measures allocated to mitigating water consumption cover a majority of types of water use:
- water used as an ingredient;
- industrial water (used for processes in production).

Means allocated to mitigate water emissions

The company has technological systems in place to reduce its impacts. The company has implemented measures such as reuse of water in their own plants or access to local water treatment centres. Arca Continental has recycling procedures for water treatment and returns 100% of its treated wastewater to nature. The company also reports on the amount of water recycled in this four countries for the last two years (2015 and 2016).

Scope of measures allocated to mitigate water emissions

Measures allocated to mitigating water emissions cover a majority of types of water use:
- Water used as an ingredient
- Industrial water

Direct water consumption

The company's water consumption, normalised to production (L of water / L of beverage) has decreased continuously from 1.92 in 2012 to 1.71 in 2016.

Water discharge

The Company's water discharge has decreased, but not continuously in the past five years by 7.8% from 7,340 thousands m3 in 2012 to 6,771 thousand m3 in 2016.

Wastewater Chemical Oxygen Demand (COD) and Biological Oxygen Demand (BOD)*

The company does not disclose quantitative data on wastewater chemical oxygen demand (COD).
Of note, the Company reports that it treats a 100% of water used in its processes.

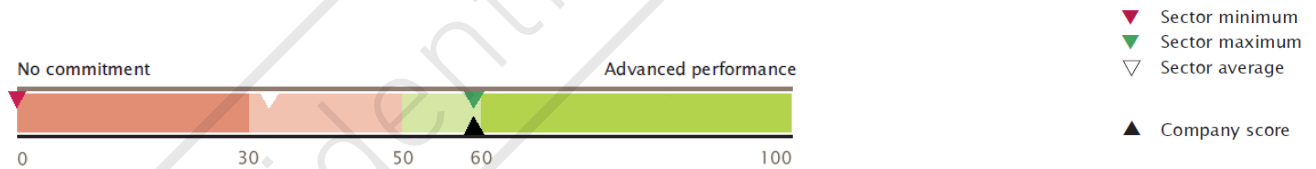
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.
As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

Leadership	48	Implementation	65	Results	66
Visibility	N/A	Means & resources	65	Performance	66
Relevance	48	Scope	65	Trends	N/A
Ownership	N/A	Coverage	N/A		

ENV2.2 Minimising environmental impacts from energy use

(score: 59, weight: 2)



Relevance of the company's commitment in terms of reducing its energy consumption.

The company has set quantified targets with regard to its energy consumption, and these cover the entire group.
Arca Continental aims to improve energy consumption by using 30% of its energy consumption sourced from renewable sources by 2020. Also the company has a target to reduce its energy consumption (MJ) to produce a litre of beverage by 11% between 2010 and 2020.

Relevance of the company's commitment in terms of reducing its related CO2 emissions.

The company has set quantified targets with regard to its related CO2 emissions, and these cover the entire group.
Arca Continental aims to decrease its carbon footprint by 17.5% by 2020 (against 2010 base year).

Means allocated.

The company's general strategy to combat climate change includes the reduction of CO2 emissions and use of renewable energy sources. Since 2010 the Arca continental has implemented an emission reduction programme by which the company has implemented different optimization initiatives and replaced energy sources for renewable ones. The company also keeps record of the energy consumption and use of fuel in its operations.

Coverage The company has taken such measures throughout the company.
The optimisation processes are applied in all the company's facilities.

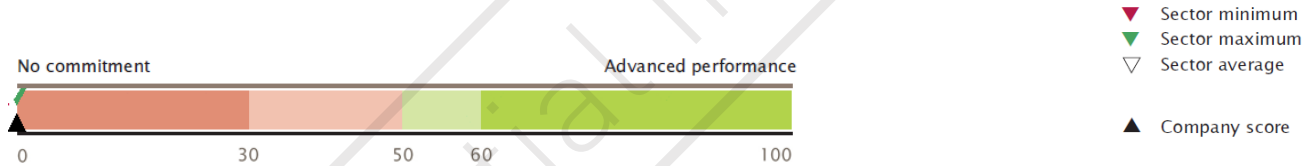
Energy consumption *The company's energy consumption, normalised to production (Mj/L of beverage), has decreased continuously over the last three years, from 0.240 in 2014 to 0.231 in 2016.*

CO2 emissions linked to energy consumption *The company reports its GHG emissions, normalised to production (grCO2e per L of beverage), has increased over the past three years, from 23.6 in 2014 to 25.81 in 2016.*

Leadership	65	Implementation	79	Results	33
Visibility	N/A	Means & resources	65	Performance	32
Relevance	65	Scope	N/A	Trends	N/A
Ownership	N/A	Coverage	100		

ENV2.4 Management of atmospheric emissions

(score: 0, weight: 2)



Relevance of the company's commitment in terms of reducing its atmospheric emissions (VOC, CFC and HCFC). The company does not disclose any commitment with regard to its atmospheric emissions.

Means allocated Information obtained from company and public sources regarding means allocated to reducing air emissions is insufficient.

Coverage

Ozone depleting substances The company does not disclose quantitative data on CFC and HCFC emissions.

VOC emissions (Volatile Organic Compounds) The company does not disclose quantitative data on VOC emissions.

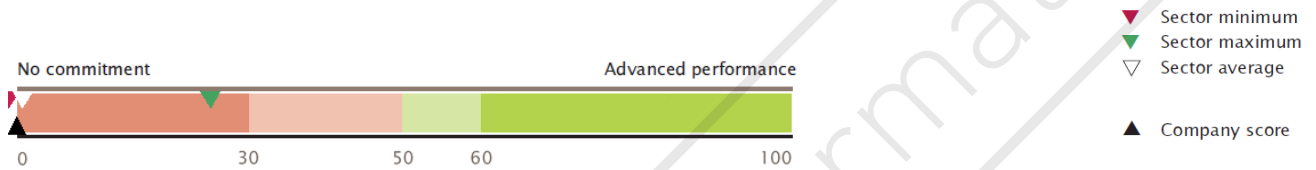
Greenhouse gas emissions not related to energy consumption

The company does not disclose quantitative data on greenhouse gas emissions not related to energy consumption.

Leadership	0	Implementation	0	Results	0
Visibility	N/A	Means & resources	0	Performance	0
Relevance	0	Scope	N/A	Trends	N/A
Ownership	N/A	Coverage	0		

ENV2.7 Management of environmental impacts from transportation

(score: 0, weight: 3)



Relevance of the company's commitment to minimising environmental impacts related to the transport of its products

The company does not disclose any commitment with regard to the environmental impacts related to the transport of its products.

Means allocated to minimising environmental impacts from transportation

Information obtained from the company and public sources regarding means allocated to minimising the environmental impacts related to the transport of its products is insufficient.

Coverage

CO2 emissions related to transportation

The company does not disclose its CO2 emissions from transportation.

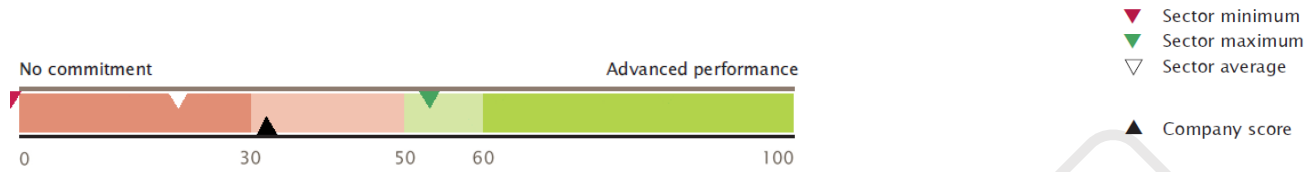
Trend in transport mix

The company does not disclose the breakdown of the different modes of transport uses internally.

Leadership	0	Implementation	0	Results	0
Visibility	N/A	Means & resources	0	Performance	0
Relevance	0	Scope	N/A	Trends	0
Ownership	N/A	Coverage	0		

ENV3.1 Management of environmental impacts from products' packaging

(score: 32, weight: 2)



Relevance of commitment to packaging eco-design

The company commits to address eco-design of packaging in general terms.

Means allocated to packaging eco-design

The company has implemented relevant measures to identify its impacts from product's packaging and integrates some elements of eco-design into its product's packaging.

- Increasing the amount of recycled material in primary packaging: the company uses recycled resins in its PET bottles.
- Increasing the amount of biodegradable or renewable materials in primary and secondary packaging: the company uses materials made from plants in its packaging such as Pet in Mexico and Plant Bottle in Argentina.
- Increasing the level of recyclability of primary packaging: The company made an alliance with non-profit ECOCE which has promoted a bottle collecting programme, including installation of containers in the company's offices.
- Raising awareness of customers on packaging recyclability and recovery: also with the help of ECOCE, the company supported programmes such as "Eco Reto" in 1.774 schools in cities where the company operates, which resulted in the collection of 1,400 tonnes of PET, between 2015-2016.

Coverage of measures linked to packaging eco-design

There is no evidence that the recycling and awareness measures cover the majority of the company's operations.

Share of products whose packaging was eco-designed

The company reports the percentage of recycled PET used in its operation in Mexico (33.65%), Argentina (15.4%) and Ecuador (24.9%) for the 2016 fiscal year. Compared to previous data for its operations in Mexico, the percentage of recycled PET has decreased by 4% from 2014 to 2016.

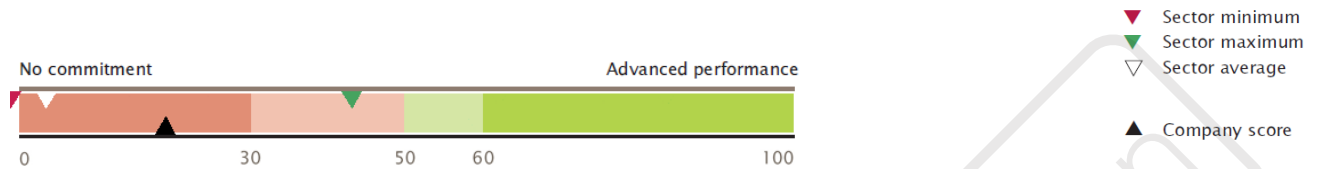
Leadership	30	Implementation	65	Results	0
Visibility	N/A	Means & resources	65	Performance	N/A
Relevance	30	Scope	N/A	Trends	0
Ownership	N/A	Coverage	65		

Human Resources

Score : 29

HRS1.1 Promotion of labour relations

(score: 19, weight: 2)

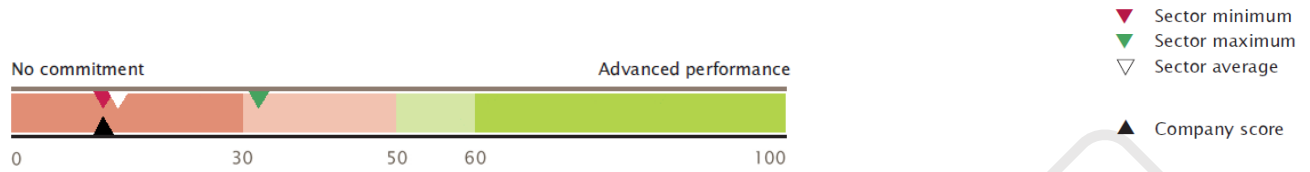


Visibility of commitment	<i>The company has made references to labour relations in its Corporate Responsibility and Sustainability Report.</i>
Relevance of commitment	The company's commitment to promote labour relations is general.
Ownership of commitment	The commitment applies throughout the company, supported by senior management.
Coverage of employee representative bodies	Information obtained from the company and public sources regarding the percentage of sites where employee representation structures are in place is insufficient.
Subjects covered by collective bargaining	<i>Information obtained from the company and public sources regarding the subjects covered in collective bargaining is insufficient.</i>
Employee representative bodies in countries with restrictive legislation	The company engages with non-independent employee representative bodies in countries with restrictive legislation. <i>About 86% of the company's workforce is located in Mexico. Arca continental reports 62,014 out of the 101,876 employees working in Mexico are members of a labour union.</i>
Coverage of collective agreements on working conditions	Information obtained from the company and public sources, regarding the percentage of the company's employees covered by collective agreements on working conditions, is insufficient.
Stakeholders' feedback	A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral. <i>As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.</i>

Leadership	30	Implementation	6	Results	22
Visibility	30	Means & resources	30	Performance	22
Relevance	30	Scope	0	Trends	N/A
Ownership	30	Coverage	0		

HRS2.3 Responsible management of reorganisations

(score: 12, weight: 3)



Preliminary Note:

On April 2017, Arca Continental announced the closing of the transaction with The Coca-Cola Company ("TCCC") to be the sole franchise bottler of the Southwestern United States including the State of Texas, parts of Oklahoma, New Mexico, and Arkansas. Therefore, as of April 1, 2017, Arca Continental began operations in this territory. On April 2014, Arca Continental and The Coca-Cola Company have officially announced the acquisition of the majority stock of Tonicorp, an Ecuador-based holding company engaged in the manufacture and distribution of food, beverages and plastic products. At the time of acquisition Tonicorp had around 3,000 employees.

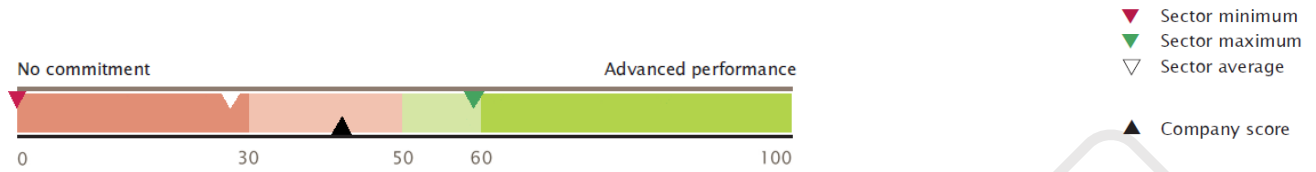
Relevance of commitment to manage reorganisations responsibly	The company does not disclose any commitment to manage reorganisations responsibly.
Involvement with employee representatives	The company does not disclose any commitment to inform and consult employee representatives on reorganisations.
Means allocated to prevent and manage reorganisations	<i>Information obtained from the company and public sources regarding measures allocated to prevent and manage reorganisations is insufficient.</i>
Coverage	
Result of the company's commitment to manage reorganisations responsibly	The company does not provide any information on the impacts of reorganisations on employment.
Stakeholders' feedback	A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral. <i>As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.</i>

Leadership	0	Implementation	0	Results	35
Visibility	N/A	Means & resources	0	Performance	35
Relevance	0	Scope	N/A	Trends	N/A
Ownership	0	Coverage	0		

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HRS2.4 Career management and promotion of employability

(score: 42, weight: 2)



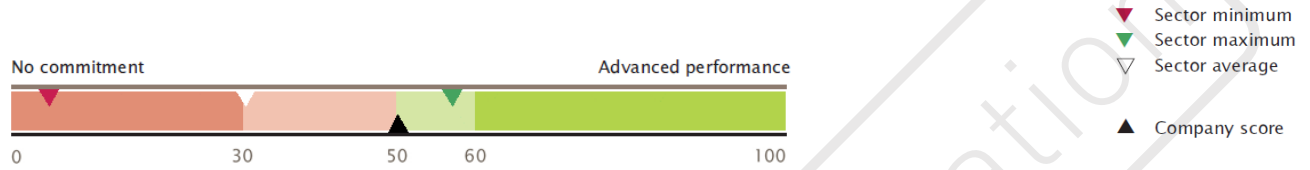
Visibility of commitment	<i>The company makes some general statements promoting career management and training in its Corporate Social Responsibility Report.</i>
Relevance of commitment	<i>The company's commitment to promoting career management and training is general.</i>
Ownership of commitment	<i>The Head of HR is part of the company's Executive Committee. However line managers do not appear to be evaluated on their performance in terms of HR management.</i>
Career management systems	<i>The company has set up a public job opportunity marketplace in its website and has formalised the skill requirements for the various job positions. Moreover employees have regular performance assessment interviews. The system in place is used to assess performance, set goals and share feedback.</i>
Coverage of career management systems	<i>These career management systems cover all of the company's employees.</i>
Types of training provided to non-managers	<i>The training programmes are aimed at adapting employees' skills to the requirements of their current position and also enable them to develop additional skills. Arca Continental has set up an e-learning platform for its employees and offers its employees in Ecuador the possibility to get their high school diploma equivalent while working.</i>
Means allocated to training for all employees	<i>The number of training hours per employee has decreased by 50% from 18.7 in 2014 to 9.38 in 2016.</i>
Mobility / turnover	<i>Arca Continental's employee turnover has increased by 7.17 percentage points over the past three years from 9.63% in 2014 to 16.8% in 2016.</i>
Training delivered during the year under review	<i>The majority of the company's employees received training during the year under review. In 2016, 55.6% of the company's employees received training.</i>

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Leadership	30	Implementation	58	Results	39
Visibility	30	Means & resources	32	Performance	39
Relevance	30	Scope	65	Trends	N/A
Ownership	30	Coverage	100		

HRS3.2 Improvement of health and safety conditions

(score: 50, weight: 2)



Visibility of health & safety commitments

The company has made a formalised commitment to health and safety issues in its Code of Ethics.

Relevance of commitment

The company's commitment is general.

Ownership of commitment

The commitment applies throughout the company, supported by the CEO. In addition, the Integrity and Ethics Committee composed by selected top executives are involved in the respect and the update of the Code.

Means allocated to health and safety

The company has allocated means to address these issues, including a certified health and safety system:

- *Training/awareness raising programmes: Arca Continental has set up training programmes and preventive medicine awareness raising to employees.*
- *Risk assessments: the company monitors occupational health and safety risks.*
- *Internal H&S audits: the company conducts H&S audits in accordance with its OHSAS 18001 certification.*
- *Internal monitoring: the company monitors its lost-time injury frequency rate.*
- *OHSAS 18001 certifications: the company has achieved OHSAS 18001 certification.*

Coverage of health and safety system

These measures are allocated in Mexico where the company has a majority of its operations. In addition, 100% of the company's production centers in Mexico are OHSAS 18001 certified.

Means allocated to reduce stress at work

The company has allocated basic means to address stress at work, including:

- *stress support instruments: the company appears to have put in place a wellness programme that promotes sports among employees which helps employees and help improve health and reduce stress.*

Coverage of means allocated to reduce stress at work

The measures allocated to address stress cover the majority of the company's employees.

Accident frequency rate

The company reports it has reduced its Lost-time injury frequency continuously by 48% from 1.9 in 2014 to 0.98 in 2016.

Accident severity rate

The company does not disclose quantitative data on accident severity rates.

Other health and safety indicators

The company does not disclose quantitative data on occupational disease rates.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral. As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

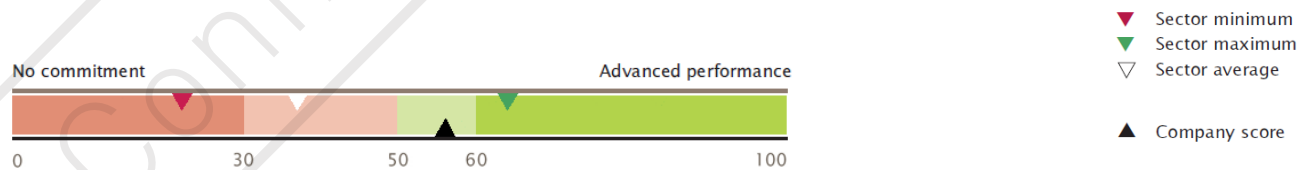
Leadership	55	Implementation	62	Results	33
Visibility	65	Means & resources	48	Performance	32
Relevance	30	Scope	N/A	Trends	N/A
Ownership	65	Coverage	82		

Human Rights

Score : 42

HRT1.1 Respect for human rights standards and prevention of violations

(score: 56, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to respect and promote human rights in society in its Code of Ethics. In addition, Arca Continental is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to respect and promote human rights in society addresses only part of its responsibilities:
- prevent complicity in human rights violations: the company states is committed to respect and defend human rights of every individual, regardless whether or not they work at the company

Ownership of commitment

The commitment applies throughout the company, supported by the CEO. In addition, the Integrity and Ethics Committee composed by selected top executives are involved in the respect and the update of the Code.

Means allocated

The company has set up a basic system to ensure the respect and promotion of human rights in society that includes:
- Training programmes for employees: the company gives regular training to its security staff in order to ensure respect for human rights

Coverage

Scope of measures

These measures cover one of the company's relevant human rights issues:
- Prevention of complicity in human rights violations

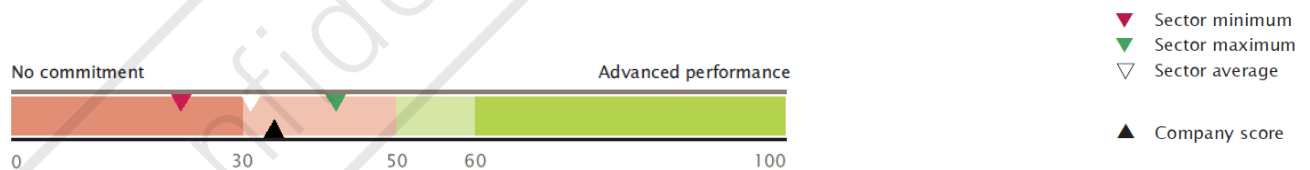
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral. As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

Leadership	51	Implementation	51	Results	65
Visibility	65	Means & resources	30	Performance	65
Relevance	65	Scope	30	Trends	N/A
Ownership	30	Coverage	100		

HRT2.1 Respect for freedom of association and the right to collective bargaining

(score: 34, weight: 3)



Visibility of commitment

The company has issued a formalised commitment to freedom of association in its Code of Ethics. In addition the company is a signatory of the Global Compact but does not communicate on this principle.

Relevance of commitment

The company's commitment generally addresses freedom of association.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Monitoring

It is not clear what steps the company takes to ensure that freedom of association is respected throughout the company's operations (e.g.: through external verification, risk mapping, audits, etc.).

Coverage

Promotion of collective bargaining

Information obtained from the company and public sources regarding measures in place to inform employees about their trade union rights is insufficient.

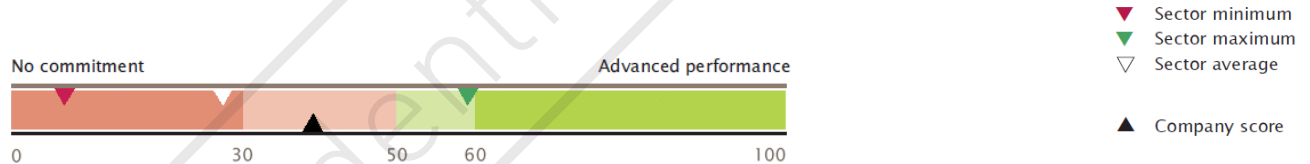
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.
As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

Leadership	37	Implementation	0	Results	65
Visibility	65	Means & resources	0	Performance	65
Relevance	30	Scope	N/A	Trends	N/A
Ownership	30	Coverage	0		

HRT2.4 Non-discrimination

(score: 39, weight: 1)



Visibility of commitment

The company has issued a formalised commitment to non-discrimination in its Code of Ethics. In addition, Arca Continental is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to non-discrimination explicitly defines most of the categories covered:

- gender;
- race / ethnicity / nationality;
- religion;
- sexual orientation;
- family responsibilities (including pregnancy);
- political opinion;
- age.

Ownership of commitment

The commitment applies throughout the company, supported by the CEO. In addition, the Integrity and Ethics Committee composed by selected top executives are involved in the respect and the update of the Code.

Means allocated

The company has set up basic measures to prevent discrimination and promote diversity:
 - affirmative action programmes: the company is part of *Movimiento Concruencia*, an association that promotes social and workplace inclusion of people with disabilities. This includes participating in different programmes and training workshops
 - confidential reporting system: the company has a *Transparency Mailbox* available for confidential report on any breach of the company's Code of Ethics or policies

Coverage

The company has set up programmes to promote diversity (eg: training, awareness-raising, etc.) in a minority of its operations.
 The programme that promotes inclusion of people with disabilities seems to be in place only in Mexico.

Results in terms of gender distribution

The company does not disclose quantitative data on performance indicators such as the share of women in management positions.

Results in terms of employment of disabled persons

Information disclosed on performance indicators such as the share of disabled persons in the total workforce is insufficient to determine a trend.
 The company only reported the number of disabled persons in the workforce in 2015 in Mexico and Ecuador, which was 355 employees. There is no historical data to assess a trend.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.
 As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

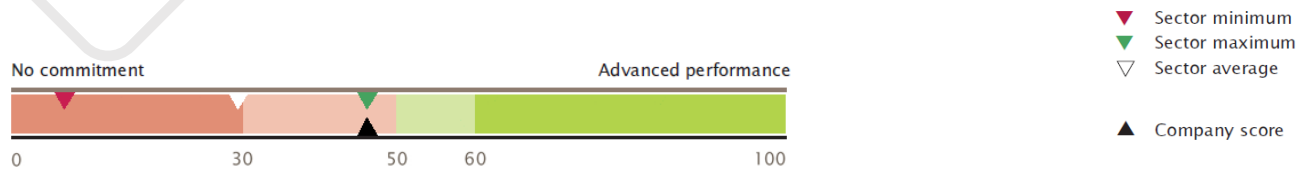
Leadership	65	Implementation	30	Results	22
Visibility	65	Means & resources	30	Performance	65
Relevance	65	Scope	N/A	Trends	0
Ownership	65	Coverage	30		

Community Involvement

Score : 35

CIN1.1 Promotion of the social and economic development

(score: 46, weight: 2)



Visibility of the policy

The company has issued a formalized and accessible commitment to promote local social and economic development in its Code of Ethics and on its website.

Relevance of commitment *The company's commitment to promote local social and economic development addresses only part of its responsibilities:
- promote the employment and training of local personnel : the company states to contribute to the sustainable development of the communities it serves by generating direct and indirect employment.*

Ownership of commitment *The commitment applies throughout the company, supported by the CEO. In addition, the Integrity and Ethics Committee composed by selected top executives are involved in the respect and the update of the Code.*

Means allocated *The company has allocated significant means to address social and economic development, including:
- initiatives to not over-exploit water resources: through the Mexican National Reforestation and Water Stewardship Program, the company has constructed systems for collecting and storing rainwater, giving rural communities access to quality water and return an equivalent amount of water to what is used in the company's plants
- initiatives to support the creation and development of local business: the company trains women with workshops and entrepreneurship programmes which has helped develop more than 800 entrepreneur projects
- skills transfers: through the "5 by 20 Potencia Mexico" programme the company has helped women develop entrepreneurial capabilities
- other social development initiatives: the company has a donation programme to support civil society organizations and socila leaders whos eprojects promote active lifestyles, environmental care and long-term restructuring of the social fabric.*

Geographical coverage *These means are allocated in Mexico where the company has a majority its operations.*

Performance trend of programmes implemented to support social and economic development *The company does not report indicators on social and economic development.*

Transparency of tax reporting *The company reports only on gross taxes paid. There is no breakdown on a regional or country basis.*

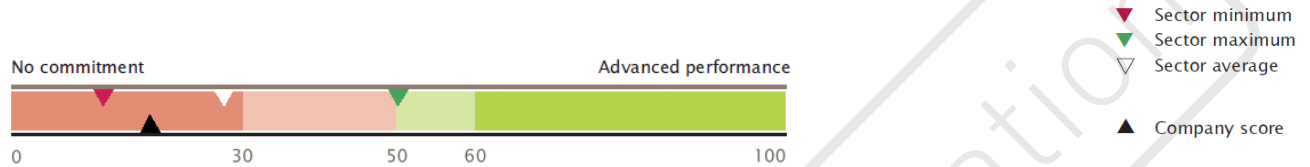
Presence in IMF 'offshore financial centers' and/ or in jurisdictions considered by the OECD as not compliant enough with tax transparency rules *Information on the company's presence in IMF 'offshore financial centres' and/ or in jurisdictions considered by the OECD as not compliant enough on tax transparency rules, is not sufficient.*

Stakeholders' feedback *A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.*

Leadership	51	Implementation	65	Results	22
Visibility	65	Means & resources	65	Performance	30
Relevance	30	Scope	N/A	Trends	0
Ownership	65	Coverage	65		

CIN2.1 Societal impacts of the company's products

(score: 18, weight: 3)



Visibility of the company's policy on preventing and mitigating the negative societal impacts of its products

The company has issued a formalised and accessible commitment to prevent and mitigate the negative societal impacts of its products in its Code of Ethics.

Exhaustiveness of the company's policy on preventing and mitigating the negative societal impacts of its products

The company's commitment to prevent and mitigate societal problems linked to its products is general.

Ownership of commitment

The commitment applies throughout the company, supported by the CEO. In addition, the Integrity and Ethics Committee composed by selected top executives are involved in the respect and the update of the Code.

Measures implemented to prevent and mitigate the negative societal effects linked to its products.

Information obtained from the company and public sources regarding measures allocated to prevent and mitigate and negative societal impact of its products is insufficient.

Geographical Coverage

Performance trend of programmes dedicated to address the negative societal impacts of products

The company does not disclose indicators on the societal impact of its products.

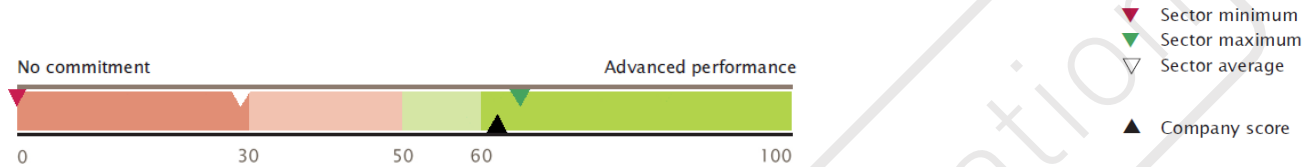
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral. As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

Leadership	19	Implementation	0	Results	35
Visibility	65	Means & resources	0	Performance	65
Relevance	0	Scope	N/A	Trends	0
Ownership	30	Coverage	0		

CIN2.2 Contribution to general interest causes

(score: 62, weight: 1)



Relevance of commitment The company's commitment to supporting general interest causes is general.

Ownership of commitment *The commitment applies throughout the company, supported by senior management. In addition, the company has put in place a dedicated committee: the Donation Committee.*

Means allocated *The company has allocated significant means to general interest causes, including:*
 - *Donation programmes: the company states it organises donation programmes in order to support the civil society which include in-kind and financial donations.*
 - *Sponsoring employee volunteering: the company states it has put in place a volunteering programme that helped 370 students from Justo Sierra Elementary School in San Pedro Garza Garcia, Nuevo León.*

Geographical coverage *These means are allocated throughout the company. The Institutional Social Responsibility programmes are allocated in all territories where the company operates (Mexico, Argentina and Ecuador).*

Trend in contributions to general interest causes *The company monitors indicators on contributions to general interest causes, and these have been stable over time. The company reports the man-hours invested in volunteer work by associates and their families which has increased, although not in a continuous trend from 33,000 man-hours in 2014 to 34,000 in 2016.*

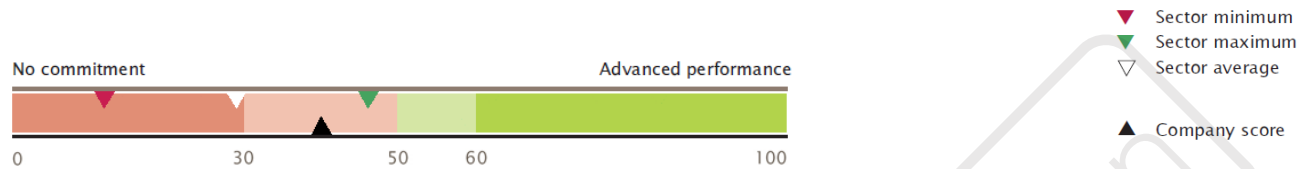
Leadership	41	Implementation	79	Results	65
Visibility	N/A	Means & resources	65	Performance	N/R
Relevance	30	Scope	N/A	Trends	65
Ownership	65	Coverage	100		

Business Behaviour (C&S)

Score : 39

C&S1.1 Product Safety (process and use)

(score: 40, weight: 3)

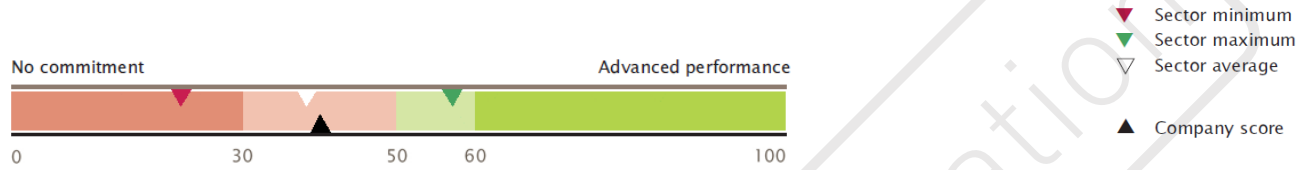


Visibility of commitment	<i>The company has issued a formalised commitment to product safety in its Code of Ethics.</i>
Relevance of commitment	The company's commitment addresses product safety in line with the HACCP method.
Ownership of commitments	The commitment applies throughout the company, supported by senior management.
Product safety management systems	<p><i>The company has set up a comprehensive system to ensure product safety that includes:</i></p> <ul style="list-style-type: none"> - <i>Application of HACCP method: the company applies the HACCP method in its product quality plan.</i> - <i>Internal audits for production processes: the company has ISO 22000 certification, which implies audits are conducted</i> - <i>full traceability of the production chain</i> - <i>Sector-specific certification scheme: the company reports some of its plants have FSSC 22000 and ISO 22000 certification.</i>
Coverage	<i>The company reports all its beverage plants in Mexico and Ecuador have FSSC 22000 certification, while the Bokados de Santa Catarina plant in Mexico and the three plants in Argentina have ISO 22000 certification. There is no evidence this represents a majority of sites.</i>
Crisis management system	<i>The company has achieved the FSSC 22000 certification, which includes the implementation of a system to alert its customers, block further sales and recall products.</i>
Transparency and trends of indicators relative to product safety	The company does not disclose any indicator relative to the outcomes of its product safety policy.
Stakeholders' feedback	<p>A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.</p> <p><i>As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.</i></p>

Leadership	38	Implementation	46	Results	35
Visibility	65	Means & resources	65	Performance	65
Relevance	30	Scope	N/A	Trends	0
Ownership	30	Coverage	0		

C&S1.2 Information to customers on products

(score: 40, weight: 3)



Visibility of commitment

The company has issued a formalised commitment to adequately inform customers about its products in its Code of Ethics.

Relevance of commitment

The company's commitment only addresses part of its responsibilities:
 - Promote responsibility in advertising, marketing and communication;
 - Ensure labelling of products linked to guidelines on daily allowance

Ownership of commitment

The commitment applies throughout the company, supported by the CEO. In addition, the Integrity and Ethics Committee composed by selected top executives are involved in the respect and the update of the Code.

Systems to provide information to customers on product content

The company has set up a passive information system to ensure customers are informed about product content:
 - Transparent labeling of products on content information: Arca Continental gives nutritional information on its products and states that it respects the GDA's giving information on the composition of the products, including the percentage of the recommended consumption.

Responsible marketing and commercial practices

Information obtained from company and public sources regarding responsibility in marketing and commercial practices is insufficient.

Coverage of responsible marketing and commercial practices

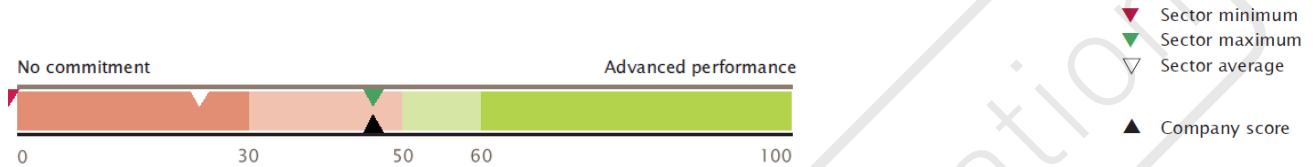
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral. As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

Leadership	44	Implementation	12	Results	65
Visibility	65	Means & resources	17	Performance	65
Relevance	30	Scope	N/A	Trends	N/A
Ownership	65	Coverage	0		

C&S2.2 Sustainable Relationships with suppliers

(score: 46, weight: 2)



Visibility of commitment *The company has issued a formalised commitment to establish sustainable relationships with its suppliers in its Code of Ethics.*

Relevance of commitment *The company's commitment towards its suppliers is general.*

Ownership of commitment *The commitment applies throughout the company, supported by senior management.*

Measures established to manage supplier relations *The company has allocated some resources to manage sustainable relations with its suppliers that include:*
 - *Technical assistance: the company signed an agreement with UNDP and the Mexican Ministry of Industry and Productivity to improve the competitiveness and income levels of small and medium sized milk, corn and potato suppliers.*
 - *Training: the company has supported a Social Responsibility Program for small and medium enterprises to extend the company's "philosophy of social responsibility" and support development of suppliers*
 - *Financial assistance: in 2014, the company granted its suppliers with scholarships to assist an Entrepreneur Social Responsibility program organized by the Mexican Entrepreneurs Association (USEM).*

Coverage *These means cover the company's main suppliers.*

Transparency and trends of indicators relative to the outcomes of the company's commitment to ensure balanced and sustainable relations with suppliers *The company does not disclose any indicator relative to the outcomes of its commitment to ensure balanced and sustainable relations with suppliers.*

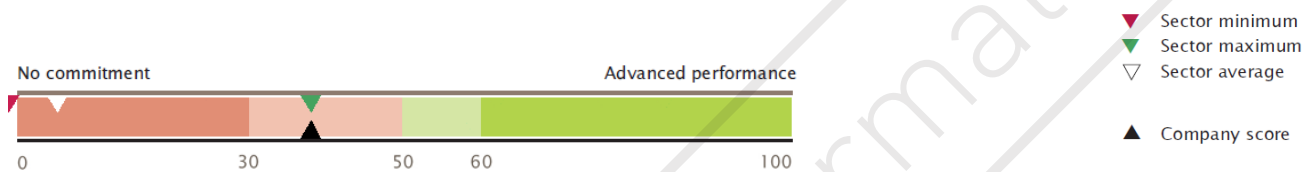
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

Leadership	37	Implementation	65	Results	35
Visibility	65	Means & resources	65	Performance	65
Relevance	30	Scope	N/A	Trends	0
Ownership	30	Coverage	65		

C&S2.3 Integration of environmental factors in the supply chain

(score: 38, weight: 2)



Visibility of commitment

The company states it expects suppliers to abide to the coca-Cola Guiding principles for Suppliers, which includes environmental factors in the supply chain.

Relevance of commitment

The company's commitment to integrate environmental factors in the supply chain is general.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated to include environmental factors in supply chain management

The company has set up awareness-raising measures to address the environmental impacts of its supply chain:
 - integration of environmental issues into contractual clauses: compliance with the Coca-Cola Guiding Principles, which requires the inclusion of environmental factors in the supply chain, is included in the contract with suppliers.
 - communication of environmental expectations to suppliers: the company states in its website that it expects suppliers to practice environmental care and protection, and that it uses different methods to communicate this, such as materiality surveys and evaluation feedbacks.
 - survey: the company states it applies satisfaction surveys and that it makes evaluation to its suppliers (in terms of operational, quality and environmental performance) every three months.

Coverage

The measures implemented cover the company's main suppliers. As stated by the company, 100% suppliers in Mexico are required to comply with the Code of Ethics, Conduct policies and Guiding Principles.

Audits of suppliers

Information obtained from company and public sources regarding environmental audits of suppliers is insufficient.

Share of corrective measures vs problems uncovered

The company does not disclose quantitative data on the share of environmental problems in the supply chain that were addressed by corrective measures.

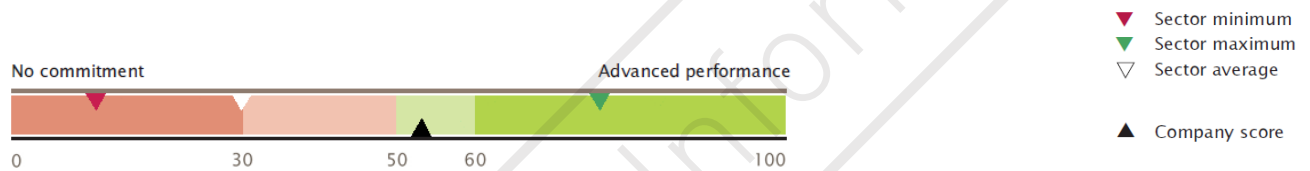
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 08/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

Leadership	39	Implementation	41	Results	33
Visibility	65	Means & resources	15	Performance	33
Relevance	30	Scope	N/A	Trends	N/A
Ownership	30	Coverage	100		

C&S2.4 Integration of labour standards in the supply chain

(score: 53, weight: 3)



Visibility of commitment

The company has issued a formalised commitment to including labour standards in supply chain management in its Supplier Guiding Principles.

Relevance of commitment

The company's labour requirements for suppliers address all the relevant issues in the sector:

- Freedom of association and right to collective bargaining;
- Abolition of child labour;
- Abolition of forced labour;
- Non-discrimination;
- Health and Safety;
- Decent wages;
- Working hours;
- Other rights: prevention of degrading behaviour.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated to include labour factors in supply chain management

The company has set up awareness-raising and selection measures to address the labour standards in the supply chain:

- Survey: Arca Continental conducts a supplier's satisfaction survey where it measures quality of its service, procedures and image.
- Integration of labour issues into contractual clauses: the company reports on principles ruling its hiring of suppliers which are taking into account labour issues such as human rights, freedom of association, prohibition of forced and child labor, abuse of workers and discrimination.

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Coverage

Audits of suppliers

Information obtained from the company and public sources regarding labour audits of suppliers is insufficient.

Share of corrective measures / problems uncovered

The company does not disclose quantitative data on the share of labour problems in the supply chain that were addressed by corrective measures.

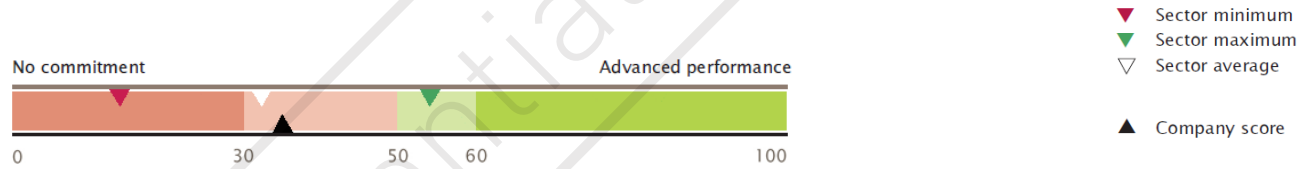
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 08/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

Leadership	74	Implementation	53	Results	33
Visibility	65	Means & resources	32	Performance	33
Relevance	100	Scope	N/A	Trends	N/A
Ownership	30	Coverage	100		

C&S3.1 Prevention of corruption

(score: 35, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to preventing corruption in its Code of Ethics. In addition, Arca Continental is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to preventing corruption addresses only part of its responsibilities:
 - active/passive bribery
 - gifts and invitations
 - conflicts of interest

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Involvement of employees

Information obtained from company and public sources regarding the involvement of employees in preventing corruption is insufficient.

Means allocated

The company has set up internal controls to prevent corruption, including a confidential reporting system, that include:
 - A dedicated confidential email address: corruption matters can be reported confidentially through a specific email address or directly to the CEO and the audit department is in charge of the examination of any reported case which leads to a report.
 - internal and external audits : the company reports to operate internal and external audits on corruption but no further details are disclosed.

Coverage

The measures implemented cover all significant parts of the company. In addition, all the company's employees can access the dedicated confidential email address.

Reporting

The company does not disclose any quantitative data on the number or nature of corruption incidents reported internally.

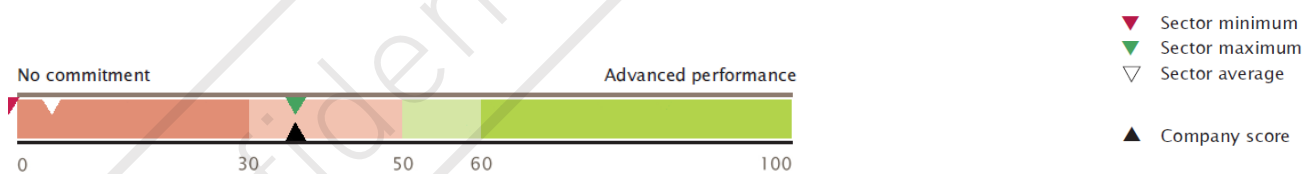
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
 As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

Leadership	41	Implementation	20	Results	43
Visibility	65	Means & resources	15	Performance	43
Relevance	30	Scope	N/A	Trends	N/A
Ownership	30	Coverage	30		

C&S3.2 Prevention of anti-competitive practices

(score: 36, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to prevent anti-competitive practices in its Code of Ethics

Relevance of commitment

The company's commitment to preventing anti-competitive practices is very general.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Involvement of employees

Information obtained from company and public sources regarding reporting involvement of employees in preventing anti-competitive practices is insufficient.

Means allocated

The company has set up reporting systems to prevent anti-competitive practices that include:
 - confidential hotline: all associates are obliged to report any violation to the code of Ethics through the Transparency Mailbox
 - internal audits: Arca Continental states will ensure policies in the Code of Ethics are duly communicated, understood and observed by its associates.

Coverage

Reporting

The company does not disclose any quantitative data on the number or nature of antitrust incidents reported internally.

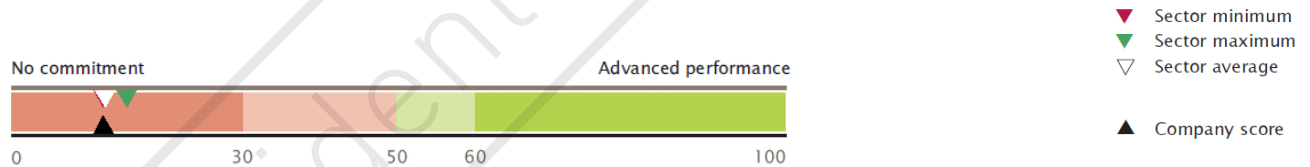
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
 As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

Leadership	44	Implementation	20	Results	43
Visibility	65	Means & resources	15	Performance	43
Relevance	30	Scope	N/A	Trends	N/A
Ownership	30	Coverage	30		

C&S3.3 Transparency and integrity of influence strategies and practices

(score: 12, weight: 2)



Visibility towards stakeholders

The visibility of the company's commitment to ensuring transparency and integrity of lobbying practices is insufficient.

Comprehensiveness of the commitment

Ownership of commitment

Involvement of employees

Information regarding the involvement of employees in ensuring transparency and integrity of lobbying practices is insufficient.

Measures allocated

Information regarding measure allocated to ensure transparency and integrity of lobbying practices is insufficient.

Coverage

Reporting

The company does not disclose the budget directly and indirectly dedicated to lobbying practices.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

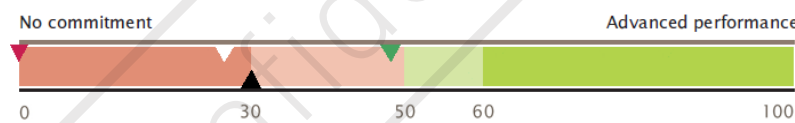
Leadership	0	Implementation	0	Results	35
Visibility	0	Means & resources	0	Performance	35
Relevance	0	Scope	N/A	Trends	N/A
Ownership	0	Coverage	0		

Corporate Governance

Score : 25

CGV1.1 Board of Directors

(score: 30, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

Information disclosed on this subject is insufficient or not relevant.

Independence of the Board Chairman

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

Responsibility allocated over CSR issues

There is a CSR committee that is part of the Board.
The Board has a "Human Capital and Sustainability Committee", 6 out of the 22 members of the Board are members of this committee.

Share of independent shareholder-elected Board members

The Board is between 0 and 20% independent, which might raise concerns. Four members of the 21-member Board are considered independent.

Diversity of the skills and backgrounds of the Board

The Board of Directors diversity appears to be partial. Some members have experience in the company's sector activities, such as Alejandro José Arzipe who was CEO of Food Products YUL, or Juan Carlos Correa who served for 14 years in Ecuador Bottling Company.

Training and expertise provided to board members

Information obtained from the company and public sources regarding training provided to board members is insufficient.

Regular election of Board members

Board members are elected every year.

Evaluation of Board's functioning and performance

Information obtained from company and public sources regarding the evaluation of board functioning and performance is insufficient.

Review of CSR issues at Board meeting

The formal CSR reporting has been signed by CEO and Board Chairman, but there is no evidence that relevant CSR issues are reviewed at Board meetings.

Regularity of and attendance at Board meetings

Information obtained from company and public sources regarding the regularity of and attendance at board meetings is insufficient.

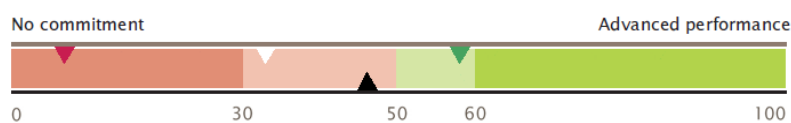
Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid > 1/2 executive salary	Represent > 3% company's shares	Other	Independence
Manuel L. Barragán	Chairman		X						X				Member of owning families	
Guillermo Alveáis			X										not considered independent by the company	
Luis Arzipe Jimenez			X										Member of owning families	
Alejandro J. Arzipe			X										Member of owning families	
Juan M. Barragán			X				X						Member of owning families	
Luis Lauro González			X						X				Member of owning families	

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Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	>9 years on Board	Stock options	Paid > 1/2 executive salary	Represent >3% company's shares	Other	Independence
Felipe Cortéz Font			X			X								X
Alejandro Elizondo			X						X				Member of owning families	
Juan Carlos Correa			X				X						not considered independent by the company	
Tomás Fernandez G.	Vice Chairman		X				X		X				Member of owning families	
Ulrich Fiehn Rice			X			X								X
Roberto Garza V.			X										Not considered independent by the company	
Cynthia H. Grossman			X										Member of owning families	
Alberto Sánchez P.			X										Not considered independent by the company	
Ernesto López de N.			X				X		X					
Miguel Ángel Rábago	Associate CEO/ Vice chairman	X					X							
J. Roberto Gavilano			X											X
Jorge H. Santos	Vice Chairman		X				X		X					
Armando Solbes S.			X			X								X
Jesús Viejo González			X						X					
Jaime I. Echegaray			X										Not considered independent by the company	

CGV2.1 Audit & Internal Controls

(score: 46, weight: 2)



- ▼ Sector minimum
- ▼ Sector maximum
- ▽ Sector average
- ▲ Company score

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[LISTED COMPANIES] Existence and independence of Audit Committee

All members are independent non-executive directors.
All of the 3-member Audit Committee are considered independent.

Skills and backgrounds of Audit Committee members

Members appear to have financial and audit experience and relevant operational experience.

Operational and CSR risks covered by the company's internal controls system

The system covers the standard issues related to financial, operational, and legal risks.

Role of the Audit Committee in overseeing internal and external controls

The Audit Committee has a limited role that includes:
- *Oversee internal audit and internal controls*
- *Review accounting policies and be responsible for updates*

Management of the CSR risks

Limited processes dedicated to management of CSR risks appear to be in place:
- *Materiality assessment: the company states some of its material issues in sustainability are waste treatment, sustainable supply chain, reduction of carbon footprint, among others. Materiality is reviewed regularly by the Sustainability Committee.*

Independence of the firm's external auditors

Information obtained from the company and public sources regarding the independence of the firm's external auditors is insufficient.

Inclusion of CSR issues in the company's reporting

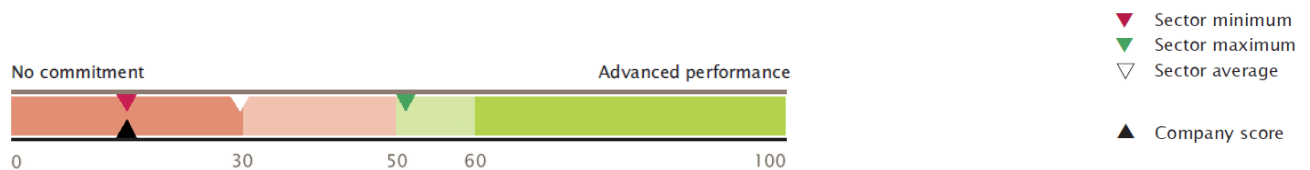
The company publishes significant CSR reporting on key material issues, with an independent third party assessment of the reliability of key performance indicators, with limited level of the assurance. The company states that the external auditor, OxC verified "several indicators" presented in its CSR Report.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

CGV3.1 Shareholders

(score: 15, weight: 2)



Nonexistence of voting rights restrictions

Minor voting rights restrictions have been identified.
The bylaws state according to the national law, the company can issue shares without voting rights or shares with restricted voting rights.

Safeguards on transactions with major shareholder(s)

No safeguards appear to be in place, which might raise concerns with regard to the fairness of any such transaction.

Ability to add items to the agenda of the AGM and to convene an EGM

Information obtained from company and public sources, regarding the ability to add items to the agenda of the AGM and to convene an EGM, is insufficient.

Access to voting at General Meetings

Information obtained from the company and public sources regarding the access to voting at the AGM is insufficient.

Ability to vote on relevant issues in separate resolutions at AGM

Information obtained from company and public sources, regarding which items are customarily put to a vote at the AGM, is insufficient.

Presentation of CSR strategy to shareholders and investors

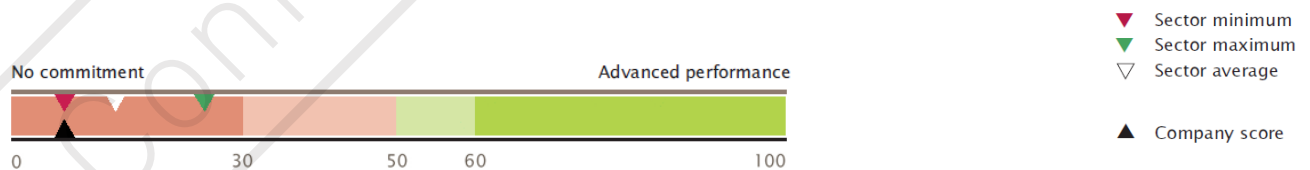
Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.

CGV4.1 Executive Remuneration

(score: 7, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

A specific committee is in place, but at least one executive is part of it, which might raise concerns.
None of the 6-member Human Capital and Sustainability Committee are considered independent.

Disclosure of senior executives' individual remuneration

Executive remuneration is disclosed, but on a collective rather than on an individual basis.

Link between Short Term Incentive Plans and the performance of the company

There is no disclosure on what rules guide the company in allocating bonuses and other short-term incentives to senior executives.

Link between the main Long Term Incentive Plan and the performance of the company

Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

Link between variable remuneration and CSR performance of the company

There is no disclosure on the links between variable remuneration of executive and the CSR performance of the company.

Severance pay for senior executives

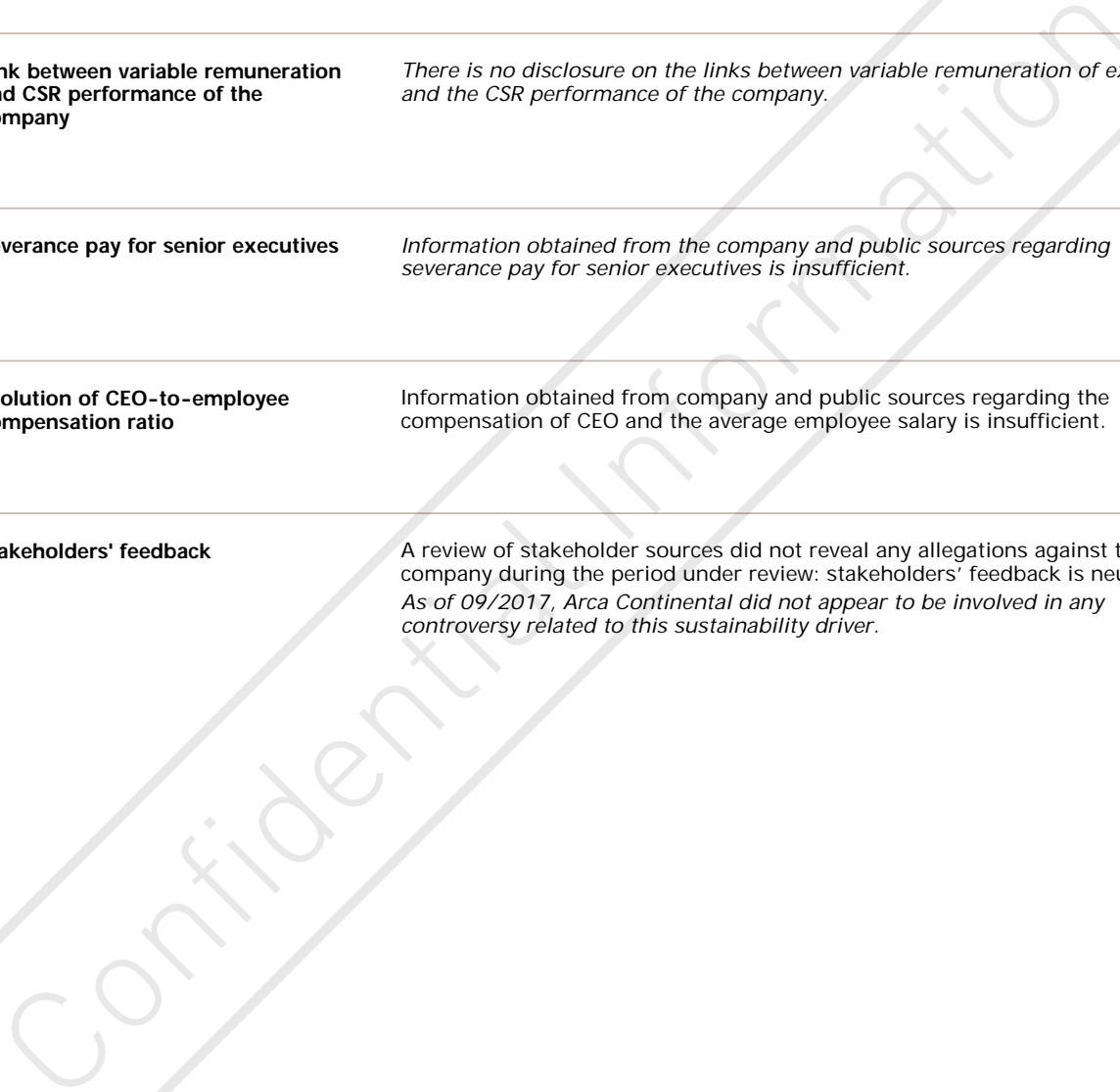
Information obtained from the company and public sources regarding severance pay for senior executives is insufficient.

Evolution of CEO-to-employee compensation ratio

Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 09/2017, Arca Continental did not appear to be involved in any controversy related to this sustainability driver.



Allegations and controversies

Domain Sustainability driver

Page

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Detailed Scores And Ratings

Current and previous ratings

Period	Environment	Human Resources	Human Rights	Community Involvement	Business Behaviour (C&S)	Corporate Governance
2017/09	+	+	+	+	+	=
2015/09	+	+	+	+	+	-
2014/08	+	+	+	+	+	-

Scores per domain

Domain	Average score	Leadership	Implementation	Results
Environment	38	36	42	23
Human Resources	29	26	28	33
Human Rights	42	46	22	58
Community Involvement	35	33	35	36
Business Behaviour (C&S)	39	42	33	41
Corporate Governance	25	33	10	33

Scores per criteria

Sub-domain	Criterion	Score
Environment 1	1	78
	4	28
Environment 2	1	60
	2	59
	4	0
Environment 3	7	0
	1	32
Sub-domain	Criterion	Score
Human Resources 1	1	19
	3	12
Human Resources 2	4	42
	2	50
Human Resources 3	1	56
	1	34
Human Rights 1	4	39
	1	56

Sub-domain	Criterion	Score
Community Involvement 1	1	46
	2	18
Community Involvement 2	1	62
	2	62
Sub-domain	Criterion	Score
Business Behaviour (C&S) 1	1	40
	2	40
Business Behaviour (C&S) 2	2	46
	3	38
	4	53
Business Behaviour (C&S) 3	1	35
	2	36
	3	12
Sub-domain	Criterion	Score
Corporate Governance 1	1	30
Corporate Governance 2	1	46
Corporate Governance 3	1	15
Corporate Governance 4	1	7

General Overview

Position versus sector peers Rest of the World	Environment	Human Resources	Human Rights	Community Involvement	Business Behaviour (C&S)	Corporate Governance	Overall score
TRAAEFES91A9 Anadolu Efes Biracilik ve Malt Sanayi A.S.	+	+	=	=	=	+	33
MX01AC100006 Arca Continental	+	+	+	+	+	=	35
PEP218025000 BACKUS Y JOHNSTON	+	=	=	+	+	-	34
MA0000010365 Brasseries du Maroc	-	-	-	--	-	--	11
HK0291001490 China Resources Beer	-	=	-	=	-	=	20
CLP3698K1338 Coca-Cola Embonor SA	=	=	-	=	-	=	23
MXP2861W1067 Coca-Cola Femsa	++	+	+	+	+	+	44
TRECOLA00011 Coca-Cola Icecek Uretim	+	+	++	+	++	+	45
BRABEVACNOR1 Companhia de Bebidas das Américas (Ambev)	=	+	=	=	=	=	28
CLP249051044 Compania Cervecerias Unidas	=	=	=	=	=	+	34
CLP3697S1034 Embotelladora Andina	+	+	+	=	+	+	40
MXP320321310 Fomento Economico Mexicano	=	+	+	+	+	-	34
KR7000080002 Hite Jinro	-	-	-	=	-	-	12
KR7005300009 Lotte Chilsung Beverage	-	-	-	--	-	--	10
CNE1000004K1 Tsingtao Brewery	-	-	-	=	-	+	23
INE854D01016 United Spirits	-	-	=	-	-	=	22

Contacts

Analyst : Maximiliano Leon • maximiliano.leon@vigeo.com
Sector Lead: Sarah Cherrat • sarah.cherrat@vigeo.com

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