

Company and Sector Performance

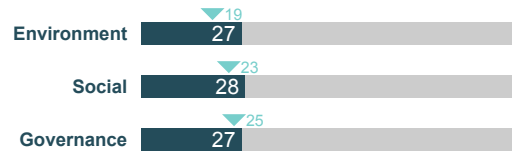


ESG OVERALL SCORE

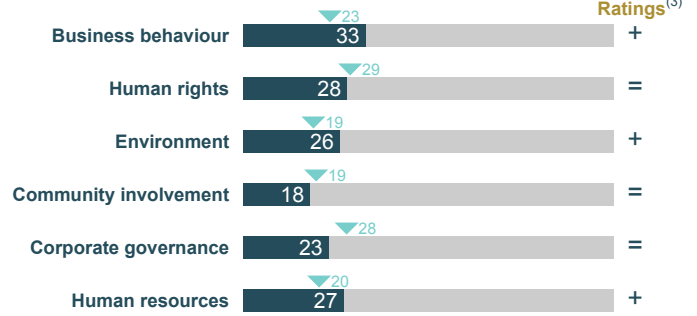


Information rate	52%
sector average	43%
Cooperation level ⁽²⁾	Not responsive
High severity controversies	No
Rank in Sector	13/42
Rank in Region	402/890
Rank in Universe	2348/4453

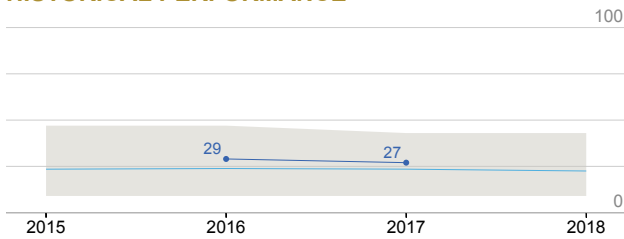
ESG PERFORMANCE (/100)



6 DOMAINS PERFORMANCE (/100)



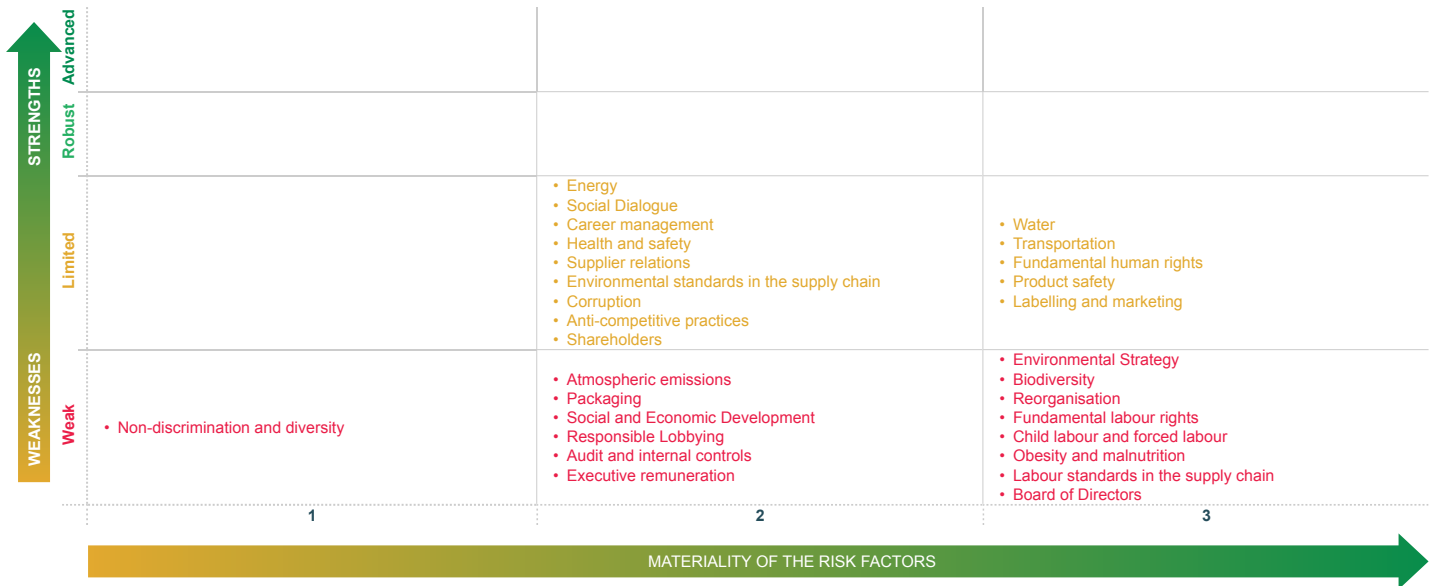
HISTORICAL PERFORMANCE



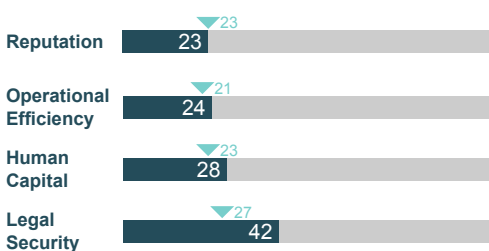
Company inclusion in Vigeo Eiris indices⁽⁴⁾: No

Management of risks and opportunities

MATERIALITY & PERFORMANCE MATRIX



RISK MITIGATION INDEX (/100)



ANALYST FOCUS

Analyst Focus is not available at this time

Carbon Footprint and Energy Transition*

"The Carbon Footprint & Energy Transition research provides an assessment of a company's carbon footprint combined with the strategy to manage risks and opportunities related to the transition to a low carbon economy. NI (No Info) is used to indicate that the information is not available."

CARBON FOOTPRINT



SCALE	EMISSIONS (T CO2 EQ)	CATEGORIES
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

ENERGY TRANSITION SCORE



ENERGY TRANSITION SCORE	CATEGORIES
60-100	Advanced
50-59	Robust
30-49	Limited
0-29	Weak

Goods and services contributing to sustainable development*

"Sustainable Goods & Services research provides a positive screening on companies to identify business activities devoted to sustainable solutions."



INVOLVEMENT	CATEGORIES
>=50%	Major
20-49%	Significant
0-19%	Minor
0%	None

Involvement in controversial activities*

"The Controversial Activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs."

Involvement in controversial activities: Not available in this version

Screened Areas:

- Alcohol
- Animal welfare
- Chemicals of concern
- Civilian firearms
- Fossil fuels
- Gambling
- Genetic engineering
- High interest rate lending
- Military
- Nuclear power
- Pornography
- Reproductive medicine
- Tobacco

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

(1) Performance level: weak (0-29/100), limited (30-49/100), robust (50-59/100), advanced (60-100/100)
 (2) Cooperation level on a 4-level scale: proactive, responsive, partially responsive, not responsive
 (3) Ratings outline companies' benchmarked domain performance within a sector, on a 5-level scale: "-", "=", "+", "+", "+"
 (4) Indices: based on the most recent indices at the date of publication. More details on vigeo-eiris.com.

Company performance in all the Sustainability Drivers

Weight		Overall score 27/100				Trend	Score	Leadership	Implementation	Results
		Environment				→	26	27	20	26
E	ENV1.1	3	Environmental Strategy			→	28	56	0	N/A
E	ENV1.4	3	Biodiversity			→	25	24	15	35
E	ENV2.1	3	Water			→	30	30	42	18
E	ENV2.7	3	Transportation			↗	40	30	30	60
E	ENV2.2	2	Energy			→	49	30	51	65
E	ENV2.4	2	Atmospheric emissions			→	0	0	0	0
E	ENV3.1	2	Packaging			→	0	0	0	0
		Human Resources				→	27	29	24	29
S	HRS2.3	3	Reorganisation			↘	12	0	0	35
S	HRS1.1	2	Social Dialogue			↗	30	21	48	22
S	HRS2.4	2	Career management			→	41	44	40	39
S	HRS3.2	2	Health and safety			→	34	65	20	16
		Human Rights				→	28	14	7	61
S	HRT1.1	3	Fundamental human rights			→	40	30	24	65
S	HRT2.1	3	Fundamental labour rights			→	22	0	0	65
	HRT2.5	3	Child labour and forced labour			→	22	0	0	65
S	HRT2.4	1	Non-discrimination and diversity			↘	26	51	0	28
		Community Involvement				→	18	19	9	27
S	CIN2.1	3	Obesity and malnutrition			→	16	12	15	22
S	CIN1.1	2	Social and Economic Development			→	22	30	0	35
		Business Behaviour (C&S)				→	33	26	30	43
S	C&S1.1	3	Product safety			→	36	27	46	35
S	C&S1.2	3	Labelling and marketing			↗	45	39	20	77
S	C&S2.4	3	Labour standards in the supply chain			→	15	0	11	33
S	C&S2.2	2	Supplier relations			↗	34	21	46	35
E	C&S2.3	2	Environmental standards in the supply chain			↗	34	39	30	33
G	C&S3.1	2	Corruption			↗	45	41	51	43
G	C&S3.2	2	Anti-competitive practices			↗	43	44	41	43
G	C&S3.3	2	Responsible Lobbying				12	0	0	35
		Corporate Governance				→	23	33	18	19
G	CGV1.1	3	Board of Directors			→	26	20	45	12
G	CGV2.1	2	Audit and internal controls			↘	28	40	15	30
G	CGV3.1	2	Shareholders			→	31	77	0	16
G	CGV4.1	2	Executive remuneration			→	7	0	0	22

■ 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

Benchmark Position versus sector peers

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
COT04PA00028	Grupo Nutresa SA	++	++	++	++	++	+	43
MA0000012247	Cosumar	++	++	++	+	+	-	38
INE239A01016	Nestle India	+	+	+	++	+	+	35
BRBRFSACNOR8	BRF	+	+	+	-	++	=	34
TH0101010R14	Charoen Pokphand Foods	++	=	+	+	+	+	34
ZAE000071080	Tiger Brands	+	+	+	+	+	+	33
MYL1961OO001	IOI Corporation	=	=	+	+	+	+	31
TREULKR00015	Ulker Biskuvi	+	+	+	+	+	=	31
TW0001216000	Uni-president Enterprises	+	+	+	=	+	+	30
MA0000012049	Centrale Danone	+	++	+	+	+	-	29
MYL5222OO004	Felda Global ventures	+	+	=	+	=	+	28
MXP495211262	Grupo Bimbo	+	+	+	+	+	-	28
XS0836495696	Agrokor	+	+	+	+	+	-	27
KR7097951008	CJ CheilJedang	+	+	+	+	+	-	27
MX01LA040003	Grupo Lala	+	+	=	=	+	=	27
BRJBSSACNOR8	JBS	+	+	+	=	+	=	27
BRMDIAACNOR7	M Dias Branco	+	+	=	=	+	=	27
ZAE000026480	Remgro	=	=	=	=	=	+	25
MYL2445OO004	Kuala Lumpur Kepong	=	=	=	=	=	=	24
XS0991743310	Cofco	=	=	+	=	=	=	23
ZAE000216537	Bid Corporation	=	-	=	-	=	+	20
KYG210961051	China Mengniu Dairy	=	=	=	=	=	=	20
KYG2743Y1061	Dali Foods Group	=	=	=	=	=	=	20
MYL2291OO002	Genting Plantations	=	=	=	+	-	=	20
MYL4065OO008	PPB Group	=	=	=	-	=	=	20
KYG960071028	WH Group	=	-	=	=	-	+	20
ID1000116700	Indofood Sukses Makmur	=	=	-	+	=	=	19
MA0000012031	Lesieur Cristal	=	=	-	=	=	-	19
KYG9431R1039	Want Want China Holdings	=	=	=	-	=	=	19
TW0001227007	Standard Foods	-	=	=	-	-	+	17
KYG8878S1030	Tingyi Holding	-	=	=	-	=	=	17
PHY444251177	JG SUMMIT HOLDINGS	-	=	=	=	=	=	16
MXP4948K1056	Gruma	-	-	=	-	=	=	15
PHY9297P1004	Universal Robina	-	-	=	-	=	=	15

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Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
KR7001040005	CJ Corporation	-	=	-	=	-	-	13
ID1000117708	Charoen Pokphand Indonesia	-	-	=	-	-	-	12
KR7026960005	Dongsuh	-	-	-	-	-	--	11
KR7004370003	Nongshim	-	--	-	-	-	-	11
KR7271560005	Orion Holdings	-	-	=	=	-	-	11
KR7007310006	Ottogi	-	--	-	-	-	-	11
KR7004990008	Lotte Confectionery	-	-	=	-	-	-	9
MA0000012023	Unimer	-	-	-	-	-	--	9

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General information

Grupo Lala headquartered in Gómez Palacio, Mexico, engages in the production and distribution of dairy products. In 2016, the Company acquired "la Perfecta",

a Nicaraguan company specialized in dairy products. In June 2016, the Group announced that it acquired Laguna Dairy, based in the USA.

Selected financial data

Key data	Revenues	EBIT	Employees
2016	MXN 53,468m	MXN 5,248m	34,884
2015	MXN 48,183m	MXN 5,640m	33,084
2014	MXN 44,993m	MXN 4,470m	32,638
2013	MXN 43,156m	MXN 4,253m	32,253
2012	MXN 40,345m	MXN 3,631m	29,078

Main shareholders	2017
Fideicomiso De Control 16837-6 Grupo Lala Sab De Cv	55%
Fideicomiso De Colocacion 16885 6 Grupo Lala Sab De Cv	22.7%

Geographical Breakdown	Turnover 2016	Employees
Mexico	N/A	93.2%
Central America	N/A	5.8%
U.S.	N/A	1.0%

Main economic segment	Turnover 2016
Milk	63.3%

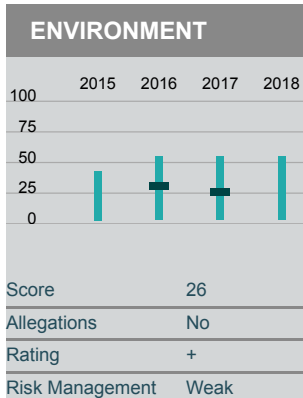
Main economic segment	Turnover 2016
Functional Dairy & Others	31%
Drinks and Other	5.7%

Selected ESG Indicators

	2016	2015
Non-executive Board member(s) responsible for CSR issues	No Info	No Info
Executive remuneration linked to CSR performance	No Info	No Info
3-year energy consumption trend (normalized to turnover)	↘	↘
Percentage of independent Board members	44	44
Percentage of women on Board	9	11
Percentage of women in Executive team	6.3	6
Percentage of women in workforce	18.2	18.3
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	N/A	↘
Involvement in armament	No	No
Management of social risks in supply chain	Weak	Weak

CSR performance per domain

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



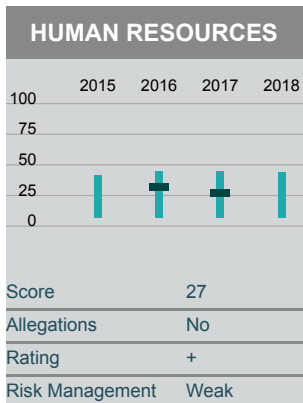
Key issues

The environmental strategy of a Food company should address the reduction of its main upstream impacts. This potentially covers issues such as sustainable agricultural management, sustainable biofuel production, sustainable fish sourcing and sustainable animal rearing (ENV 1.4). Companies must also manage their production impacts including water consumption and pollution (ENV 2.1) and the environmental impacts linked to transportation (ENV 2.7). Finally, companies must address downstream impacts such as the reduction of packaging weight, use of alternative materials and promotion of recycling (ENV 3.1).

Company performance

-The Company's performance in the Environmental domain is weak in absolute terms, which represents a deterioration since the previous review. However, its performance is above sector average.

- Grupo Lala still lacks reporting exhaustive means to address most of topics at hand. In addition, the Company does not disclose any information regarding its management of atmospheric emissions or its environmental impact from packaging. In terms of impact from transportation, the Company reports it has reduced its CO2e emissions from transportation by 26.3% over the last five years.



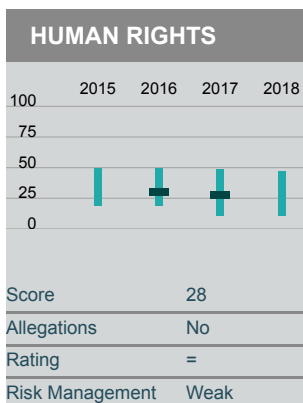
Key issues

In the labour-intensive Food sector, a large part of the workforce is blue-collar. In a context of large-scale restructurings, companies are expected to ensure employees' rights are respected and employee representatives are consulted (HRS 2.3). Moreover, given the fact the power struggle is particularly to the advantage of companies in this sector, good labour relations (HRS 1.1) are expected to provide employees with working conditions enabling, for instance, adequate training for the evolution of a generally low skilled workforce (HRS 2.4) or means to improve the usually bad ergonomic, physical and stress conditions of workers in the sector (HRS 3.2).

Company performance

- Grupo Lala's performance in the Human Resources domain is weak in absolute terms, wich is a slight decrease compared to its previous review. The Company ranks above sector average.

- The Company has made a general commitment to promote labour relations and reports to inform employees through alternative employee representative bodies in Mexico, which represents more than 90% of its employees. However, the Company remains silent on responsible reorganisations.



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 there is higher potential exposure to fundamental human rights violations (HRT 1.1). This exposure may be higher if security forces are used to secure locations or if the Company is sourcing materials from regions with less formalised protection of land rights. In addition, if a Company is involved in the production of pharmaceutical products, steps must be taken to ensure that 'informed consent' (of the patient) is obtained before conducting any clinical trials. Food companies also operate in locations where freedom of association and the right to collective bargaining may be restricted. This directly exposes them to potential violations of fundamental labour rights (HRT 2.1).

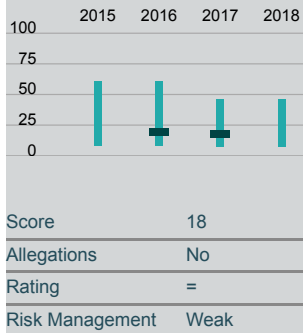
Company performance

- Grupo Lala's performance in the Human Rights domain is weak in absolute terms, which is consistent with its last review and in line with sector average.

- In terms of fundamental human rights, the Company discloses general commitment with basic measures such as training put into place. Grupo Lala does not report on any commitment nor measures to address fundamental labour rights. On non-discrimination, the Company has issued a formalised commitment, but does not seem to have put measures in place and KPIs have remained rather stable.

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COMMUNITY INVOLVEMENT



Key issues

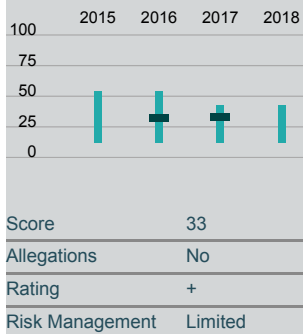
The food industry can help to tackle two major societal impacts linked to its products: reducing obesity and over-consumption-related diseases (cardio-vascular, diabetes, etc.) by producing and promoting healthier products and fighting hunger through providing access to food to vulnerable populations (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, food 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 weak in absolute terms, which is consistent with the previous review, and in line with the sector average.

- In terms of combating health problems linked to food, the Company reports to have launched a new range of products which contain less or no sugar and added vitamins, but there is no evidence these healthy products cover a majority of its portfolio.

BUSINESS BEHAVIOUR (C&S)



Key issues

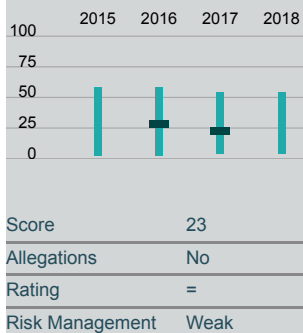
Following various health crises and food safety incidents (avian flu, salmonella, horsemeat scandal) the good application of product safety standards and the set up of a crisis management system throughout the supply chain (C&S 1.1) has become a fundamental issue for companies in the sector. Another major CSR challenge for the industry is the transparency of the information provided to customers and the reliability of marketing messages towards children as well as on issues such as health claims of content, or presence of GMOs (C&S 1.2). A number of raw materials (such as coffee, chocolate, sugar cane, etc.) used in the production process are sourced from developing countries where fundamental labour rights standards, as defined by the ILO, are not always respected. Moreover, the sector tends to outsource non negligible parts of its workforce and production. Thus, ensuring that labour standards are respected in the supply chain is a major responsibility of Food companies (C&S2.4).

Company performance

- Grupo Lala's performance in the Business Behaviour domain is limited in absolute terms, which is in line with its previous review. The Company ranks above the sector average for this domain.

-The Company reports on a general commitment and significant means to address product safety which include R&D. Grupo Lala has issued a formalised commitment towards prevention of anticompetitive practices, which is backed by some basic measures such as training for employees. However, the Company remains almost silent on how it tackles social factors in the supply chain.

CORPORATE GOVERNANCE



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

- Grupo Lala's performance in the Corporate Governance domain is weak in absolute terms, in line with its last review.

- Less than half of the Board of directors is considered independent, but the Audit Committee seems to be mostly independent, with committee members having both financial and operational experience. The Company's Board reports to have a role of a safeguard on transaction between major shareholders. Grupo Lala remains silent on executive remuneration.

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CSR performance per criterion

Detailed Analysis

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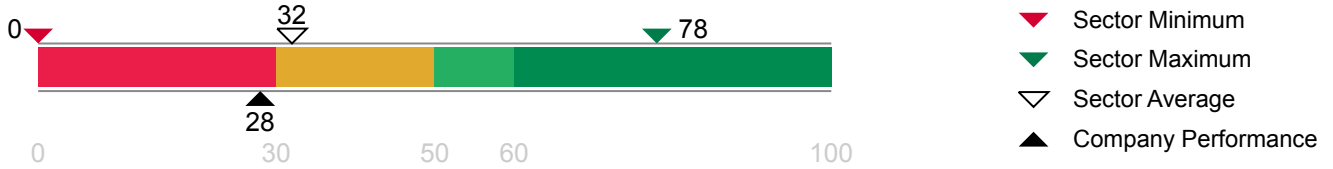
 Involvement in allegations  Involvement in allegations with evidence of corrective measures

Environment

Score: 26

ENV1.1 Environmental strategy and eco-design

(score: 28, weight: 3)



Visibility of commitment to environmental issues

The company has issued a formalised commitment to environmental protection in its Code of Conduct. The company is a signatory of the Global Compact but does not communicate 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 energy use and related energy emissions during the production process;
- minimising environmental impacts from water consumed in production
- management of environmental impacts from transportation
- minimising environmental impacts from water emissions in production.

Ownership of commitment

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

Means allocated to environmental management

Information obtained from the company and public sources regarding resources dedicated to environmental management is insufficient. Of note, the company states that it has an Environmental Management System based on ISO-14001

Coverage of certified environmental management systems

Information obtained from the company and public sources regarding the share of the sites and offices that have a certified environmental management system is insufficient.

Measures taken to reduce food waste

Information obtained from company and public sources regarding resources dedicated to reduce food waste is insufficient.

Leadership	56
Visibility	65
Relevance	65
Ownership	30

Implementation	0
Means & resources	0
Coverage	0

ENV1.4 Protection of biodiversity

(score: 25, weight: 3)



Relevance of the commitment

The company's commitment towards biodiversity protection is general.

Relevance of commitment on animal testing

The company does not disclose any commitments to reducing animal testing.

Managerial tools allocated to biodiversity protection

The company has implemented some measures to identify its impacts and integrate biodiversity in the management of its operations such as:
- Environmental impact assessments: the company reported that the evaluation of environmental aspects and impacts is carried out in its transformation projects and the corresponding mitigation measures are established.

Coverage of managerial tools allocated to biodiversity protection

There is no evidence that all the company's sites or operations are covered by these measures.

Means allocated to sustainable agriculture

Information obtained from the company and public sources regarding means allocated to promote sustainable agriculture is insufficient

Means allocated to the reduction of animal testing

Information obtained from company and public sources regarding means allocated to the reduction of animal testing is insufficient.

Means allocated to prevent GMO cross contamination

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

Means allocated to sustainable animal rearing

Information obtained from the company and public sources regarding means allocated to promote sustainable animal rearing is insufficient.

Results with regard to biodiversity protection

The company does not report results on its impact on biodiversity.

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

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Leadership	24	Implementation	15	Results	35
Relevance	24	Means & resources	12	Performance	65
		Coverage	30	Trends	0

ENV2.1 Protection of water resources

(score: 30, weight: 3)



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

The company's commitment to reduce its water consumption is general.

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

The company's commitment to reduce its water emissions is general.

Means allocated to mitigate direct water consumption

The company has set up monitoring systems for its water consumption, and has technological systems in place such as end-of-pipe processes to reduce its impacts. The company reported the following actions:

- Constant review of pipes to prevent leaks;
- Separation of drains to prevent stormwater pollution;
- allotropic cells in boilers to prevent salt fouling in the system and improve water use;
- water recovery programmes in different processes;
- ecological urinals that do not require water discharge for operation;
- dosing faucets and saving nozzles in sinks and showers.

Scope of measures allocated to mitigate water consumption

Measures allocated to mitigating water consumption cover only one type of water use:

- Industrial water (used for processes in production)

Means allocated to mitigate water emissions

Grupo Lala has implemented wastewater treatment plants at some of its operation sites, with some projects including a reverse osmosis ultra-filtration system.

Scope of measures allocated to mitigate water emissions

Measures allocated to mitigating water emissions cover only one type of water use:

- industrial water (used for processes in production).

Direct water consumption

The company's water consumption, normalised to sales, has decreased by 3% although not continuously over the past three years, from 0.108 thousand m3 per M pesos in 2014 to 0.105 thousand m3 per M pesos in 2016.

Solids discharged into water

The company does not disclose quantitative data on suspended solids discharged into water.

Other effluent discharges into water (Phosphorus, Nitrogen, Chloride)

The company does not disclose quantitative data on phosphorus/nitrogen/chloride discharges into water.

Wastewater Chemical Oxygen Demand (COD)

The company does not disclose quantitative data on wastewater chemical oxygen demand.

Wastewater Biological Oxygen Demand (BOD)

The company does not disclose quantitative data on wastewater biological oxygen demand.

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

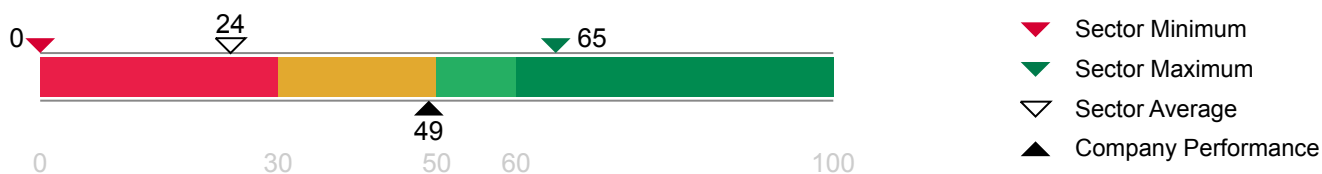
Leadership	30
Relevance	30

Implementation	42
Means & resources	48
Scope	30

Results	18
Performance	18

ENV2.2 Minimising environmental impacts from energy use and related emissions

(score: 49, weight: 2)



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

The company's commitment to reduce its energy consumption is general.

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

The company's commitment to reduce its related CO2 emissions is general.

Means allocated

*The company has set up monitoring systems for its energy consumption and its related emissions.
In addition, Grupo Lala reports it uses several types of renewable energy to power its plant, such as solar energy and biogas generated directly in the company's anaerobic digesters.
Finally, the company also reports on having implemented new equipment, such as size adjusting cooling chambers with the possibility to turn off the engines while maintaining the cold chain.*

Coverage

There is no evidence that the company has taken such measures in a majority of sites.

Energy consumption

The company's energy consumption, normalised to sales, has decreased continuously over the past three years, from 0.014 GWh per M pesos in 2013 to 0.011 GWh per M pesos in 2015.

CO2 emissions linked to energy consumption

The company's CO2 emissions (direct and indirect) linked to energy consumption, normalised to sales, have decreased continuously over the past three years, from 0.009 Kt per M pesos in 2013 to 0.006 Kt per M pesos in 2015.

Leadership	30	Implementation	51	Results	65
Relevance	30	Means & resources	65	Performance	65
		Coverage	30		

ENV2.4 Management of other atmospheric emissions

(score: 0, weight: 2)



Relevance of the company's commitment in terms of reducing other atmospheric emissions.

The company does not disclose any commitment with regard to its other atmospheric emissions.

Means allocated

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

Coverage

Greenhouse gas emissions not related to energy consumption

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

CFC and HCFC emissions

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

Leadership	0	Implementation	0	Results	0
Relevance	0	Means & resources	0	Performance	0
		Coverage	0		

ENV2.7 Management of environmental impacts from transportation

(score: 40, weight: 3)



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

The company's commitment to reduce the environmental impacts related to the transport of its products is general.

Means allocated to minimising the environmental impacts from transportation

The company has set up some relevant measures to reduce its environmental impacts related to the transport of its products:
- Measures to reduce pollution: the company reports that it has invested in more energy-efficient trucks for its fleet of vehicles.

Coverage

There is no evidence that a majority of the vehicles of the company's fleet are energy-efficient.

CO2 emissions related to transportation

The company reports CO2 emission from transportation (fuel consumption) has decreased from 22.81 gCO2 e/kg of product in 2012 to 16.81 gCO2 e/kg of product in 2016, which represents a 26.3% reduction over the last 5 years.

Trend in transport mix

The company does not report the breakdown of the different modes of transport used internally.

Leadership	30	Implementation	30	Results	60
Relevance	30	Means & resources	30	Performance	100
		Coverage	30	Trends	0

ENV3.1 Management of environmental impact from disposal of packaging

(score: 0, weight: 2)



Relevance of commitment to packaging eco-design The company does not disclose any commitment to eco-design of packaging.

Means allocated to packaging eco-design *Information obtained from the company and public sources regarding means allocated to limiting the environmental impacts related to the disposal of its packaging is insufficient.*

Coverage of measures linked to packaging eco-design

Performance in terms of packaging waste eliminated thanks to eco-design measures The company does not disclose data on the quantity of packaging waste eliminated thanks to eco-design measures.

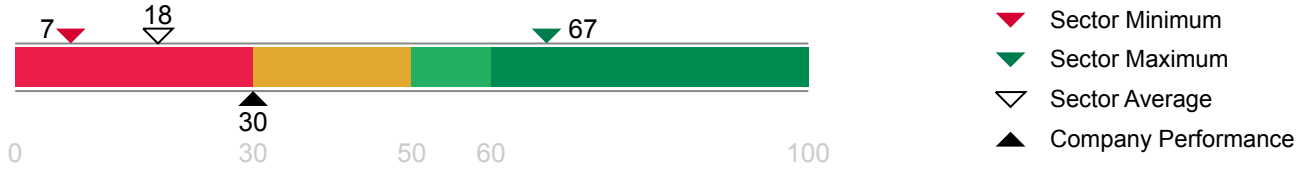
Leadership	0	Implementation	0	Results	0
Relevance	0	Means & resources	0	Trends	0
		Coverage	0		

Human resources

Score: 27

HRS1.1 Promotion of labour relations

(score: 30, weight: 2)



Visibility of commitment

The company has made references to labour relations in its Annual Report.

Relevance of commitment

The company's commitment to promote labour relations is general.

Ownership of commitment

The company does not disclose any commitment to promotion of labour relations.

Subjects covered by collective bargaining

Collective bargaining between the company and employee representatives deals with subjects related to working conditions, including:
- health & safety: the company states that it has formal agreements with unions which cover health and safety at work. These agreements include participation in the health and safety commission and training.

Employee representative bodies in countries with restrictive legislation

In countries with restrictive legislation, the company informs employees through alternative employee representative bodies.
More than 90% of employees are located in Mexico.

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Coverage of collective agreements on working conditions

Information obtained from company and public sources, regarding the percentage of the company's employees covered by collective agreements on working conditions, is insufficient.

Leadership	21	Implementation	48	Results	22
Visibility	30	Means & resources	65	Performance	22
Relevance	30	Scope	30		
Ownership	0				

HRS2.3 Responsible management of reorganisation

(score: 12, weight: 3)



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 Information obtained from the company and public sources regarding measures allocated to prevent and manage reorganisations is insufficient.

Coverage

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Result of the company's commitment to manage reorganisations responsibly The company does not provide any information on the impacts of reorganisations on employment.

Leadership	0	Implementation	0	Results	35
Relevance	0	Means & resources	0	Performance	35
Ownership	0	Coverage	0		

HRS2.4 Career management and promotion of employability

(score: 41, weight: 2)



Visibility of commitment

The company has issued a largely publicised, formal commitment to promote career management and training which is publicly available in its Code of Conduct.

Relevance of commitment

The company's commitment to promoting career management and training is general.

Ownership of commitment

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.

Career management systems

The company reports that employees are evaluated in terms of performance and career development.

Coverage of career management systems

Grupo Lala states that in 2015, these performance assessment interviews were conducted for 98% of its non-unionized administrative employees (representing less than 31% of the total workforce).

Types of training provided to non-managers

The training programmes are aimed at adapting employees' skills to the requirements of their current position and also enable them to develop additional skills. These include programmes leading to certifications and degrees. The company states that its Universidad Lala promotes the development of its team members through training programmes, access to secondary and higher education, and courses to develop skills, attitudes, and values. In addition, the company reports that workers have become certified under a company standard certification consistent with the Mexican Ministry of Labor and Social Prevision and the Ministry of Public Education. These certifications formalize the competencies acquired by the employees in terms of logistics and execution. Finally, Grupo Lala reports it has developed partnerships with two universities in Mexico, so some of its collaborators could obtain a Master's or Bachelor's degree.

Means allocated to training for all employees

The number of training hours, normalised to the number of employees has decreased over the past three years by 16%, from 46 hrs employee in 2013 to 38.7 hrs per employee in 2015.

Mobility / turnover

Information disclosed on indicators such as employee turnover or mobility rates is insufficient.

The company's employee turnover rate decreased over the past two years by 12

percentage points, from 29% in 2013 to 17% in 2014.

Training delivered during the year under review

The majority of the company's employees received training during the year under review.

In 2016 , the company reports that 78.2% of its employees and managers has received some kind of training.

Leadership	44
Visibility	100
Relevance	30
Ownership	30

Implementation	40
Means & resources	15
Scope	100
Coverage	30

Results	39
Performance	39

HRS3.2 Improvement of health and safety conditions

(score: 34, weight: 2)



Visibility of health & safety commitment

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

Relevance of commitment

The company's commitment addresses its main responsibilities:

- ensure awareness about health and safety issues;
- prevent occupational disease;
- reduce stress/promote well-being.

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, responsibility for commitments is allocated to a dedicated structure. The company reports to have health and safety committees. Details about their duties are not disclosed.

Means allocated to health and safety

The company has allocated means to address health and safety issues, including:
- training/awareness raising programmes: the company reports twice a year they do "Safety weeks" where they raise awareness and train employees in health and safety issues.

Coverage of health and safety system

There is no evidence that the health and safety measures cover the majority of the company's employees.
According to the company, training on H&S issues has been provided to 27.5% of its employees in 2015 and 21% of the plant workers have become part of the H&S safety committees.

Means allocated to reduce stress at work

Information obtained from the company and public sources regarding means allocated to reduce stress is insufficient.

Coverage of means allocated to reduce stress at work

Information disclosed on the company's accident frequency rate is insufficient.

Accident frequency rate

The company reports on Accident Rate Index from 2012 to 2014, which has decreased continuously over the past three years by 41%, from 4.1 in 2012 to 2.39 in 2014. The unit is not clear.
The company reports on Disability Days Index from 2012 to 2014, which has decreased continuously over the past three years by 26.55 percentage points, from 81.48% in 2012 to 54.93% in 2014.
However Grupo Lala does not specifically state what these indexes stands for, nor

does it disclose any data for 2015. In addition, data is partial since it covers only 8.735 factory workers in Mexico.

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	65
Visibility	65
Relevance	65
Ownership	65

Implementation	20
Means & resources	20
Coverage	19

Results	16
Performance	16

Human rights

Score: 28

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

(score: 40, weight: 3)



Visibility of commitment

The company has made references to respect and promote human rights in society in its Sustainability Report. The company 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 is general. The company reports on incidents regarding violation of indigenous people.

Ownership of commitment

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

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: The company states that team members were trained on topics such as human rights. However, few details are communicated regarding the content of these trainings.

Coverage

The company reported 9,807 employees from different levels received training on human rights, ethics and corruption.

Scope of measures

The company does not specify for which relevant human rights issues these measures are undertaken.

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	30	Implementation	24	Results	65
Visibility	30	Means & resources	30	Performance	65
Relevance	30	Scope	0		
Ownership	30	Coverage	30		

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

(score: 22, weight: 3)



Visibility of commitment

The company does not disclose any commitment to freedom of association and the right to collective bargaining. The company is a signatory of the Global Compact but does not communicate on this principle.

Relevance of commitment

Ownership of commitment

Monitoring the respect of freedom of association throughout operations

Although the company has operations in countries such as Mexico, Guatemala and Honduras, where labour rights violations have been reported in recent years, it is not clear what steps the company takes to ensure that freedom of association is respected throughout its operations.

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	0	Implementation	0	Results	65
Visibility	0	Means & resources	0	Performance	65
Relevance	0	Coverage	0		
Ownership	0				

HRT2.4 Non-discrimination

(score: 26, weight: 1)



Visibility of commitment

The company has issued a formalised commitment to non-discrimination in its Code of Conduct. The company 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
- social background
- religion
- sexual orientation
- family responsibilities
- disabilities
- political opinion
- age.

Ownership of commitment

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

Means allocated:

Information obtained from company and public sources regarding the systems in place to address discrimination and promote diversity is insufficient.

Coverage

Results in terms of gender distribution

Information disclosed on performance indicators such as the share of women in management positions is insufficient to determine a trend.

In 2016, the percentage of women in management positions stood at 17.2%. For 2015 there is only data for the gender balance at management level. The company's gender balance in the total workforce has increased by 1.4 percentage points between 2014 and 2016, although not in a continuous trend.

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 due to the lack of historical data.

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	51
Visibility	65
Relevance	65
Ownership	30

Implementation	0
Means & resources	0
Coverage	0

Results	28
Performance	65
Trends	0

HRT2.5 Elimination of child labour and forced labour

(score: 22, weight: 3)



Visibility of commitment

The company does not disclose any commitment to the elimination of child labour and forced labour. The company is a signatory of the Global Compact but does not communicate on this principle.

Relevance of commitment

Ownership of commitment

Means allocated

Information obtained from company and public sources regarding systems in place to prevent the use of child labour and forced labour is insufficient.

Coverage

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	0	Implementation	0	Results	65
Visibility	0	Means & resources	0	Performance	65
Relevance	0	Coverage	0		
Ownership	0				

Community involvement

Score: 18

CIN1.1 Promotion of the social and economic development

(score: 22, weight: 2)



Visibility of the policy

The company makes references to promote local social and economic development in its CSR Report. However, the visibility of this policy is lowered by its absence of formalisation.

Relevance of commitment

The company's commitment to promote local social and economic development is general. Grupo Lala commits to be a good neighbour by promoting social welfare and building a bond with the communities where it operates.

Ownership of commitment

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

Means allocated

Information obtained from the company and public sources regarding programmes in place to support social and economic development in the areas in which it operates is insufficient.

Geographical coverage

Performance trend

The company does not report indicators on social and economic development.

Of note, Grupo Lala reports that 10% of its purchasing budget is allocated to local suppliers.

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

The Company does not operate in any location considered by the IMF as 'offshore financial centres' but does operate in Costa Rica considered by the OECD as partially compliant on tax transparency rules.

Grupo Lala justifies its presence there by saying that a company it acquired in 2014 has a distribution network there.

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	30
Visibility	30
Relevance	30
Ownership	30

Implementation	0
Means & resources	0
Coverage	0

Results	35
Performance	47
Trends	0

CIN2.1 Access to products and combating health problems linked to food

(score: 16, weight: 3)



Visibility of the company's policy to promote access to products for vulnerable people The company does not disclose any commitment to increase access to its products for vulnerable people.

Exhaustiveness of the company's policy to promote access to products for vulnerable people

Visibility of the company's policy to combat health problems linked to food *The company refers to combating health problems linked to food in its interactive Sustainability Report.*

Exhaustiveness of the company's policy to combat health problems linked to food The company's commitment to combat health problems linked to food is general.

Ownership of commitments It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Means allocated to promote access to products for vulnerable people *Information obtained from the company and public sources regarding measures allocated to promote access to products for vulnerable people is insufficient. The company only reports that during 2016 they donated a daily glass of milk to 34,000 children.*

Geographical Coverage (access to products for vulnerable people)

Means allocated to combat health problems linked to food *The company has allocated some measures to combat health problems linked to food:
- change in the composition of products: Grupo Lala reports that it has launched 32 new "healthy products" on the market in 2015, products that contain either less or no sugar or added vitamins and minerals.
Of note, the company also states that it has developed projects with universities and institutions to work on new products. However, few details have been disclosed on these projects.*

Geographical coverage (health problems linked to food) *There is no evidence that these measures have been allocated to a majority of the company's portfolio.*

Performance trend for means allocated to promote access to products for vulnerable people. The company does not disclose indicators on promoting access to products for

vulnerable people.

Performance trend for means allocated to combat health problems linked to food

The company does not disclose indicators on the results of programmes dedicated to combat health problems linked to food.

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	12
Visibility	15
Relevance	15
Ownership	0

Implementation	15
Means & resources	15
Coverage	15

Results	22
Performance	65
Trends	0

Business behaviour (C&S)

Score: 33

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

(score: 36, weight: 3)



Visibility of commitment

The company has made references to food safety in its Sustainability Report.

Relevance of commitment

The company's commitment addresses food safety.

Ownership of commitment

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

Relevance of the company's policy on transparency regarding the use of nanotechnologies in packaging or in products

It is unclear whether the company is involved in nanotechnologies.

Food safety management systems

The company has allocated significant resources to ensure food safety that include:

- application of the HACCP method: Grupo Lala reports that its programmes to ensure product quality follow the HACCP principles, which require internal audits of production processes.
- full traceability of the production chain: the company has ISO 22000 certification, which includes full traceability
- sector-specific certification scheme: the company is certified "SQF Level II Safety" in 8 factories;
- R&D to improve product safety: The Company has invested in R&D center that works at enhancing product safety and innovation.
- internal audits of production processes: the company has ISO 22000 certification, which includes internal audits.

Crisis management system

The company has a system to alert its customers, block further sales and recall products, with full traceability.

The company states that it conducts four traceability and recall simulation exercises every year throughout its value chain as a prevention measure in case of an emergency.

Coverage of Food safety management systems

The company has set up such systems in a minority of company sites. Only 8 factories out of 19 are certified "SQF Level II Safety". In addition, there is no evidence that R&D on product safety applies to all new products developed by the company.

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

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	27
Visibility	30
Relevance	25
Ownership	30

Implementation	46
Means & resources	65
Coverage	0

Results	35
Performance	65
Trends	0

C&S1.2 Information to customers

(score: 45, weight: 3)



Visibility of commitment on commercial communications

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

Relevance of commitment

The company's commitment only addresses part of its responsibilities:
- Promote responsibility in advertising, marketing and communication.

Ownership of commitment

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

Responsible marketing and commercial practices

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

Systems to monitor information provided on Health and Nutrition

The company has not allocated significant resources to ensure customers are properly informed of product content.
-Transparent labeling of products on content information (GDA, GMOs etc.): The company states that it has the Nutritional Labeling approval from the Federal Commission for Protection Against Health Risks (COFEPRIS). In addition, its products comply with the labelling regulations and standards in Mexico pursuant to Mexican Official Standards (NOM) and in Guatemala through the Central American Technical Regulations (RTCA).
In 2015 regulation in Mexico changed to incorporate a new frontal labelling specifying clear content of products, the company states it has changed the labelling in all its products to comply with the new regulation.

Coverage of systems to monitor information provided on Health and Nutrition

The company has set up such systems in the majority of markets where it operates.
The company's products comply with the labelling regulations in Mexico and in Guatemala.

Internal reporting on non-compliance incidents.

The company discloses quantitative data on the marketing non-compliance incidents reported internally and on how they were handled:
The company reported there was one case where the mexican authority, COFEPRIS made a warning on non-compliance of marketing regulation for its product Lala100. The company states it reached and agreement with the authority by adjusting the campaign.

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	39
Visibility	65
Relevance	30
Ownership	30

Implementation	20
Means & resources	0
Coverage	65

Results	77
Performance	77

C&S2.2 Sustainable Relationships with suppliers

(score: 34, weight: 2)



Visibility of commitment

The company has made references to establishing sustainable relationships with its suppliers in its Annual Report.

Relevance of commitment

The company commits to upholding its contractual obligations towards its suppliers.

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Measures established to manage supplier relations

The company has allocated some resources to manage sustainable relations with its suppliers that include:
- training: the company reports it provides its suppliers with diplomas in commercial and organizational culture issues. Also the company has implemented a development program for its suppliers

Coverage

The company has allocated such means in a majority of company sites and/or covers the company's main suppliers/subcontractors.

The company reports 95% of its suppliers are part of its development program, and during 2016 they had 80 of their small and medium suppliers went through their consultancy and diploma programs.

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

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.

Leadership	21	Implementation	46	Results	35
Visibility	30	Means & resources	30	Performance	65
Relevance	30	Coverage	65	Trends	0
Ownership	0				

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

(score: 34, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to including environmental factors in supply chain management in its Environmental Policy.

Relevance of commitment

The company's commitment to environmentally responsible supply chain management is general.

Ownership of commitment

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

The policy is signed by the sustainability manager.

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:
- supplier self-assessment: the company reported to assess the sustainability reports of its main suppliers (Terapack, Palsgaard, FMC).*

Coverage of means allocated to include environmental factors in supply chain management

The company reported to assess the sustainability reports of its main 3 suppliers.

Audits of suppliers

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

Share of corrective measures vs problems uncovered

Information disclosed on the share of environmental problems in the supply chain that were addressed by corrective measures 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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	39	Implementation	30	Results	33
Visibility	65	Means & resources	15	Performance	33
Relevance	30	Coverage	65		
Ownership	30				

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

(score: 15, weight: 3)



Visibility of commitment

The company does not disclose any commitment to include labour factors in supply chain management.

Relevance of commitment

Ownership of commitment

Means allocated to include labour factors in supply chain management

Information obtained from the company and public sources regarding measures to include labour factors in supply chain management is insufficient.

Coverage of the means allocated to include labour factors in supply chain management

Audits of suppliers

The company includes labour aspects in its standard quality audits of suppliers. The company reports that, since the inception of its programme entitled "Sustainable Suppliers" in 2014, it has audited 411 suppliers, on issues including health and safety, human rights, etc.

Share of corrective measures / problems uncovered

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	0	Implementation	11	Results	33
Visibility	0	Means & resources	15	Performance	33
Relevance	0	Coverage	0		
Ownership	0				

C&S3.1 Prevention of corruption

(score: 45, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to preventing corruption in its Code of Conduct. The company 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:
 - gifts and invitations;
 - fraud;
 - conflicts of interest.

Ownership of commitment

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

Involvement of employees

The company states that team members, with a focus on sales and operations officers as well as supervisors, are trained on topics such as anti-corruption and conflicts of interest.

Means allocated to prevent corruption

The company has set up reporting systems to prevent corruption that include:
 - a dedicated confidential hotline: employees can report anonymously any breach of the Code of Conduct through a hotline available 24 hours a day.

Coverage of means allocated to prevent corruption

As stated by the company, any person related with Grupo Lala can report a breach of the Code of Conduct.

Internal reporting on corruption incidents

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	41	Implementation	51	Results	43
Visibility	65	Means & resources	30	Performance	43
Relevance	30	Coverage	100		
Ownership	30				

C&S3.2 Prevention of anti-competitive practices

(score: 43, weight: 2)



Visibility of commitment

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

Relevance of commitment

The company's commitment to preventing anti-competitive practices addresses part of its responsibilities:
- price-fixing

Ownership of commitment

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

Involvement of employees

The company has instituted formal training programmes for relevant employees on the prevention of anti-competitive practices.

The company report to have done training on ethics, human rights and anti-corruption. In 2016 a total of 9,807 employees were trained in these issues.

Means allocated to prevent anti-competitive practices

The company has set up reporting systems to prevent anti-competitive practices that include:
- a dedicated confidential hotline

Coverage of means allocated

The company states any person related with Grupo Lala can report a breach of the code of conduct.

Internal reporting on anti-competitive incidents

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	44	Implementation	41	Results	43
Visibility	65	Means & resources	30	Performance	43
Relevance	30	Coverage	65		
Ownership	30				

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

(score: 12, weight: 2)



Visibility towards stakeholders

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

Comprehensiveness of the commitment

Ownership of commitment

Involvement of employees

Means allocated to promote integrity in lobbying practices

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

Coverage of means allocated

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Leadership	0
Visibility	0
Relevance	0
Ownership	0

Implementation	0
Means & resources	0
Coverage	0

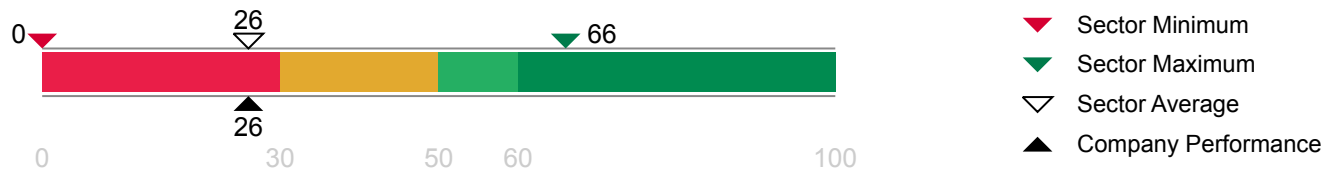
Results	35
Performance	35

Corporate governance

Score: 23

CGV1.1 Board of Directors

(score: 26, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee No specific committee is in charge of director nomination, which might raise concerns.

Independence of the Board Chairman

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

The chairman has been in the board for 25 years.

Responsibility allocated over CSR issues

Information on the responsibilities allocated over CSR issues is insufficient.

Share of independent shareholder-elected Board members

The Board is between 34 and 50% independent, which is less than the recommended level. Four members of the 9-member Board are considered independent.

Diversity of the skills and backgrounds of the Board

*The Board of Directors diversity appears to be partial:
- Board members with demonstrated professional experience in the company's sector of activities.*

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

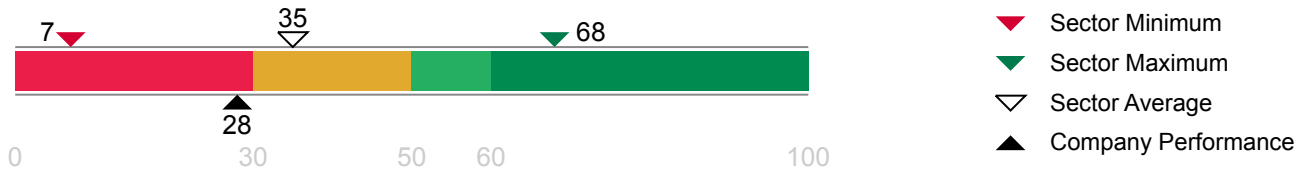
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Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid>1/2 executive salary	Represent>3% company's shares	Other	Independency
Eduardo Tricio Haro	Chairman		X			X	X		X					
Arquimides A. Célis			X					X						
Marcelo F. Gómez			X						X				Not considered independent by the company	
Juan Carlos Larrinag			X						X				Not considered independent by the company	
José Manuel Tricio			X						X				Not considered independent by the company	
Pablo R. González G.			X			X	X							X
Rafael Robles	Chairman Audit Committee		X			X								X
Blanca A. Treviño			X											X
Juan Pablo del Valle			X			X	X							X

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CGV2.1 **Audit & Internal Controls**

(score: 28, weight: 2)



[LISTED COMPANIES] Existence and independence of Audit Committee *3 members of the 4-member Audit Committee are considered independent*

Skills and backgrounds of Audit Committee members *Members appear to have financial and/or audit experience AND relevant operational experience.*

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

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;
- Oversee the work of the external auditor.

Management of the CSR risks *Information obtained from the company and public sources regarding the management of the CSR risks is insufficient.*

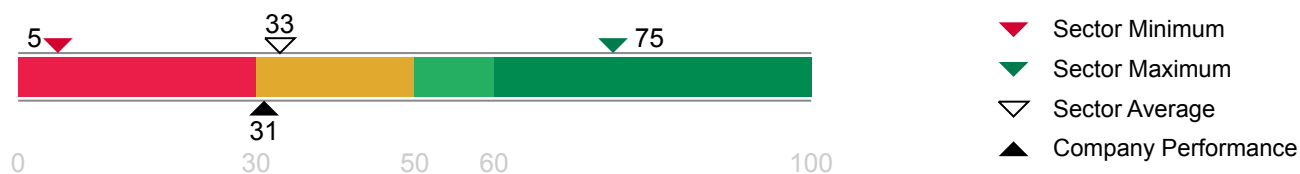
Independence of the firm's external auditors *Information obtained from company and public sources regarding the independence of the firm's external auditors is insufficient.*

Inclusion of CSR issues in the company's reporting *The company publishes significant CSR reporting on key material issues.*

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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

CGV3.1 Shareholders

(score: 31, weight: 2)



The company respects the "one share - one vote" principle.

Nonexistence of voting rights restrictions

Grupo Lala states in its Bylaws that shares from the same serie confer the same voting rights, and that serie "B" shares give the right to one vote. Grupo Lala appears to have emitted only serie "B" shares.

Less than half of the board is independent. However, there are other safeguards in place to monitor transactions between the company and its major shareholder(s).

Safeguards on transactions with major shareholder(s)

The company's bylaws establish that for any kind of transaction of more than 10% of the share pool of the company needs to be approved by the Board of directors. The request should be done by writing and give certain specific information, such as the number of shares, the nationality and identity of the buyer, etc.

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

Major restrictions have been identified to add items to the agenda of the AGM and to convene an EGM.

Shareholders need to own at least 10% of the total shares in order to request an EGM or to add items to the agenda.

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 the 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.

Board's attitude towards CSR-related shareholder resolutions

Information obtained from the company and public sources, regarding the Board's attitude toward legitimate CSR related shareholder resolutions 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 10/2017, Grupo Lala 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 No specific committee is in charge of executive remuneration, which might raise concerns.

Disclosure of senior executives' individual remuneration Disclosure of individual executive remuneration data for senior executives is insufficient.

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 the 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 10/2017, Grupo Lala did not appear to be involved in any controversy related to this sustainability driver.

Detailed Scores and Ratings

CURRENT AND PREVIOUS RATINGS

Period	Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance
2017/10	+	+	=	=	+	=
2016/10	+	+	=	=	+	=

SCORES PER DOMAIN

Domain	Average Score	Leadership	Implementation	Results
Environment	26	27	20	26
Human resources	27	29	24	29
Human rights	28	14	7	61
Community involvement	18	19	9	27
Business behaviour (C&S)	33	26	30	43
Corporate governance	23	33	18	19

SCORES PER CRITERIA

Sub-domain	Criterion	Score
Environment 1	1	28
	4	25
Environment 2	1	30
	2	49
	4	0
Environment 3	7	40
	1	0

Sub-domain	Criterion	Score
Human resources 1	1	30
Human resources 2	3	12
	4	41
Human resources 3	2	34

Sub-domain	Criterion	Score
Human rights 1	1	40
Human rights 2	1	22
	4	26
	5	22

Sub-domain	Criterion	Score
Community involvement 1	1	22
	1	16

Sub-domain	Criterion	Score
Business behaviour (C&S) 1	1	36
	2	45
Business behaviour (C&S) 2	2	34
	3	34
	4	15
Business behaviour (C&S) 3	1	45
	2	43
	3	12

Sub-domain	Criterion	Score
Corporate governance 1	1	26
Corporate governance 2	1	28
Corporate governance 3	1	31
Corporate governance 4	1	7

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Overview of the latest updates

Date of the latest update	Information updated
2018/07	Carbon & Energy Transition
2017/10	Full ESG profile

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