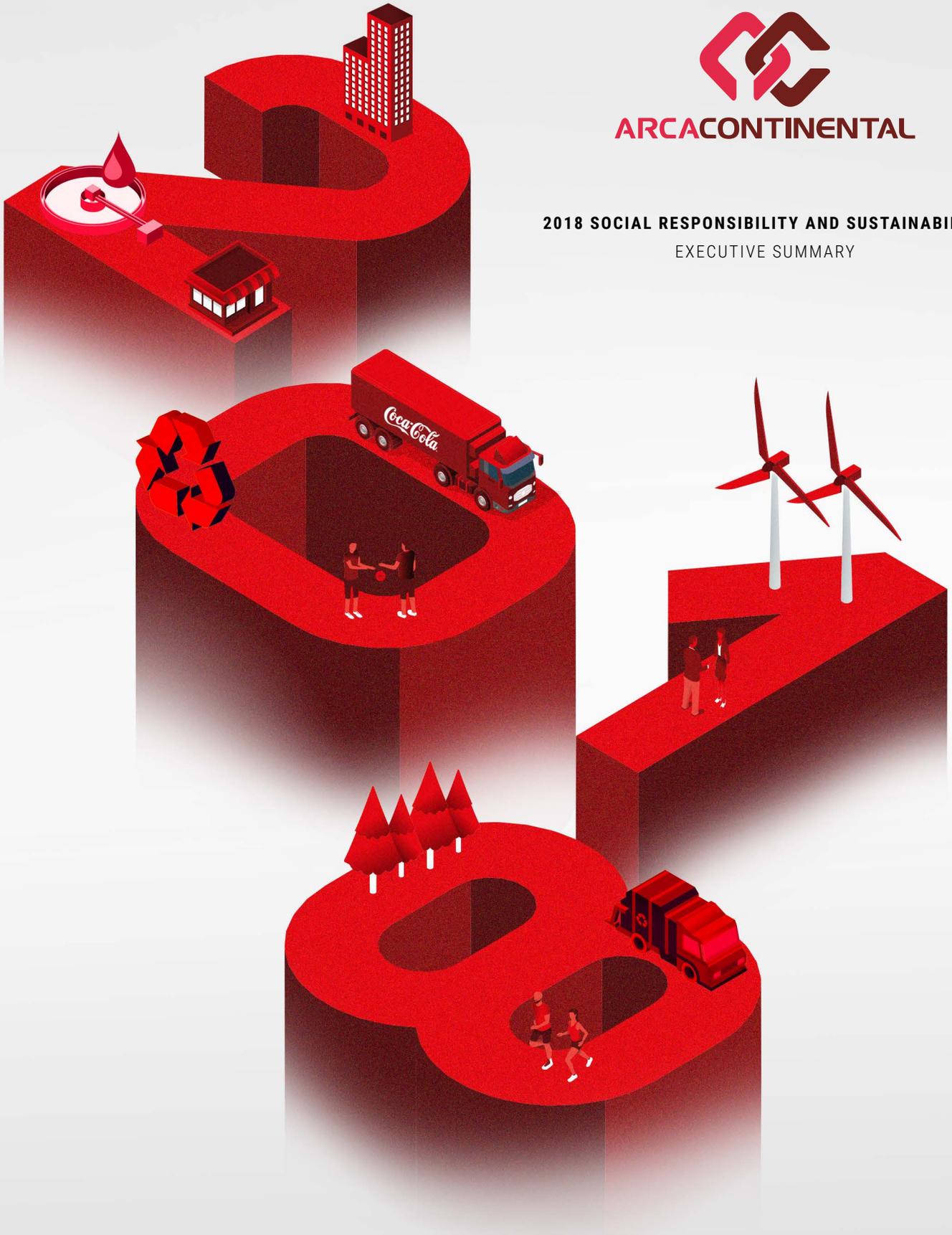




ARCACONTINENTAL

**2018 SOCIAL RESPONSIBILITY AND SUSTAINABILITY
EXECUTIVE SUMMARY**



INTEGRATION THAT STRENGTHENS US

About this Report

THIS DOCUMENT IS A SUMMARY OF ARCA CONTINENTAL'S PERFORMANCE AND MAIN ACHIEVEMENTS IN SUSTAINABILITY THROUGHOUT 2018. IT ALSO REFERS TO THE COMPANY'S PROGRESS IN THE FRAMEWORK OF ITS SUSTAINABILITY STRATEGY. WE HAVE INCLUDED EVENTS AND DATA REGARDING ALL OF THE COMPANY'S REGIONS AND OPERATIONS.

Our great interest in establishing a constructive dialogue with the people around us originated from the fact that we are convinced that the synergy between the private sector, communities and the authorities will be the main driver behind a sustainable development. The goal of this summary is to establish an open dialogue with our stakeholders. We would greatly appreciate it if you would share your comments with us.

Our Annual Report has been drafted simultaneously including detailed information on the indicators and programs we have implemented. This technical report responds to several of the company's methodologies, indexes and commitments, such as the Principles of the United Nations Global Compact, the Sustainability Index of the Mexican Stock Exchange, FTSE4Good, and MSCI.

Our 2018 Report is available for download at:
<http://www.arcacontal.com/responsabilidad-social.aspx>

ORGANIZATIONAL CULTURE

Vision

To be leaders in beverage and food consumption at every occasion and in every market in which we participate, profitably and sustainably.

Mission

To generate maximum value for our customers, associates, communities, and shareholders, satisfying our consumers' expectations at all times and with excellence.

Our Values

- Customer-centricity and a purpose for service
- Integrity based on respect and justice
- Comprehensive human capital development
- Sustainability and social responsibility

CULTURAL PRINCIPLES

In 2018, Arca Continental launched the company's cultural principles, which are the pillars supporting our goals, thus ensuring that we remain loyal to our essence as a socially responsible company.



FOCUS ON OUR ASSOCIATES



TRANSPARENCY



CHANGE AND INNOVATION



RESULTS-ORIENTED



CUSTOMER-CENTRICITY

Company Profile

WE ARE PRESENT IN MEXICO, ARGENTINA, ECUADOR, PERU, AND THE UNITED STATES, SERVING A POPULATION OF 123 MILLION PEOPLE.

Our company produces, distributes and markets non-alcoholic beverage brands from The Coca-Cola Company, in addition to salty and sweet snacks under the Bokados brand in Mexico, Inalecsa in Ecuador, and Wise and Deep River in the United States. With an outstanding history spanning 93 years, Arca Continental is the second-largest Coca-Cola bottler in Latin America and one of the top bottlers in the world.

Through its Coca-Cola franchise, the company serves more than 123 million people in Northern and Western Mexico, Ecuador, Peru, Northern Argentina, and in the Southwestern United States. Arca Continental is listed on the Mexican Stock Exchange under the ticker symbol "AC".

UNITED STATES

9,628 associates
64 operations centers



100%

of our beverage production centers are certified in innocuousness, quality, and hygiene.

ECUADOR

9,376 associates
76 operations centers



ARGENTINA

2,348 associates
28 operations centers



MEXICO

36,062 associates
183 operations centers



PERU

5,158 associates
78 operations centers



* Associate Company

**Arturo Gutiérrez
Hernández**
CHIEF EXECUTIVE OFFICER

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

Message from the Chairman of the Board and CEO

WE HAVE DRAFTED THIS DOCUMENT TO SHOWCASE ARCA CONTINENTAL'S PROGRESS AND MAIN ACHIEVEMENTS IN THE IMPLEMENTATION OF OUR SOCIAL RESPONSIBILITY AND SUSTAINABILITY STRATEGY IN 2018, WITH THE FIRM COMMITMENT TO MAINTAIN A CONTINUOUS CONSTRUCTIVE DIALOGUE WITH OUR STAKEHOLDERS. OUR GOAL IS TO CONTINUE IMPROVING OUR OPERATIONS AND EMBED THE COMPANY'S SUSTAINABILITY PRINCIPLES IN EVERY STRATEGIC DECISION MADE BY THE BUSINESS DIVISIONS AND IN OUR ASSOCIATES' ACTIONS.

Arca Continental's vision of leading beverage and food consumption at every occasion and in every market in which we, profitably and sustainably, have an active participation reflects our commitment to generate economic, social, and environmental value. We achieve this by promoting the comprehensive well-being of our associates, society, and the environment and contributing to specific targets of the UN Sustainable Development Goals (SDGs), always in strict compliance with the law and aligned to the best ethics and corporate governance practices.

In order to align the company's sustainability strategy with the expectations and needs of our stakeholders, we base our performance on thorough materiality analysis that we have perfected over the past few years. During the last exercise, we linked the company's material issues with specific SDGs, which has enabled us to execute sustainable initiatives that promote our business goals. We have adopted a holistic vision of innovation, operating efficiency and social development, as well as business continuity indicators such as risk management and opportunities.

Consistent with this line of thought, as we have continuously done since 2016, we ratified our adhesion to the Ten Principles of the United Nations Global Compact.

Our commitment to the strategy originates at the top levels of our company and is supervised by the Human Capital and Sustainability Committees of the Board of Directors, which, as the highest governance body in the company, periodically monitors the impact of our actions. This enables us to be completely aligned with the goals, objectives, and priorities established in the company's strategy. The Sustainability Operating Committee, led by experts in the company's top management team, executes the measures that the Committee of the Board has deemed to be a priority for the continuity of our operations and the comprehensive development of the company-community combination.

As a prevalent actor in the global Coca-Cola System, we promote a holistic strategy divided into three well-being pillars: individual, social, and environmental.

In the individual well-being pillar, we continue to strongly promote initiatives that encourage the adoption of an active and healthy lifestyle. In 2018, we activated more than 3 million people in approximately 1,100 sporting events as well as awareness campaigns related to health and nutrition and to promoting a healthy lifestyles culture.

Our programs developed to sponsor education institutions, such as Schools in Motion and Ponte al 100, promote sports infrastructure and physical activation programs within the schools. Through these programs we were able to impact 260 thousand students, teachers, and parents in the countries where we operate.

We are fully committed to the continuous promotion of the expansion and diversification of our portfolio in order to offer more and better beverage options to our consumers.

In Mexico, we have reduced by 21% the caloric content of our portfolio over the last decade and 45% of our products are low- or no-calories presentations. This is due to the reformulation of more than 70 recipes for a lower caloric content.

The social well-being pillar includes three areas: the comprehensive development of our associates, the communities where we operate and our value chain.

We make considerable efforts to offer comprehensive training to our associates, both pertaining to technical issues that contribute to their work performance as well as personal and family development issues. During the reporting year, more than 56 thousand associates received more than 1.4 million hours of work-related training.

Thanks to our institutional platform El Movimiento AC+ (The AC+ Movement), an initiative favoring physical activity and the well-being of our associates and their families, we were ranked among the top companies in the challenges of the Queremos Mexicanos Activos organism.

Our institutional programs are aimed towards volunteering in order to promote the development and well-being of the communities where we operate. More than 8,600 volunteers participated in our Annual Volunteer Day, Annual Sustainability Day, and Christmas with Meaning events, investing 36 thousand man-hours in reforestation efforts, cleaning water bodies, rehabilitating public spaces, and promoting a culture of environmental stewardship.

The comprehensive development of women is one of our priorities. Programs such as 5by20 Potencia México, Escuela de Detallistas (Retailers School), and ANSPAC in Mexico, Destapando mi Emprendimiento (Uncapping My Entrepreneurship) in Peru, Emprendamos Juntos (Let's Work Together) in Ecuador, and Potenciá tu Negocio (Give your Business a Boost) in Argentina, are aimed at developing and empowering women, particularly those who are part of our value chain. During 2018 we had a positive impact on more than 12 thousand women in our territories.

In the environmental well-being pillar, we made great progress in the company's eco-efficiency indicators to reduce our environmental footprint and make better use of our resources.

Our water efficiency, treatment, and reuse programs have enabled us to achieve a global indicator of 1.659 liters of water per liter of water produced, which is 20% below our 2010 baseline and ranks us among the most efficient bottlers in the Coca-Cola System in terms of how we exploit this resource. Additionally, we replenish more than 100% of the water we bottle in each of the countries in which we operate by implementing several replenishment and efficient water use programs in vulnerable communities.

We continuously explore ways to increase the amount of renewable energy we use, such as wind or biomass, which in Mexico now accounts for 38% of the total energy consumed. Actions such as these, in addition to our continuous improvement programs, have allowed us to achieve considerable reductions in emissions related to beverage production. In 2018 our indicator was at 24.45 grCO₂e/L of beverage produced.

All these efforts and achievements have resulted in recognitions from different organisms and institutions: the Mexican Center for Philanthropy granted us the distinction as a Socially Responsible Company for the 15th consecutive year, we were ratified by the FTSE4Good Emerging Index of the London Stock Exchange for the third time, the Sustainability Index of the Mexican Stock Exchange (BMV) ranks us among the most sustainable companies, as does the 2018 ranking published by Expansión magazine. Additionally, Scotiabank's ESG awarded us its highest recognition as "Environmental Champions". Additionally, we have been members of the MSCI Global Sustainability Index uninterrupted since 2014.

In 2019 we will strive to reach the goals included in our 2020 strategy and make progress toward achieving new mid- and long-term goals. We will continue to embed the sustainability strategy in the continuity of operations in all divisions and businesses, while making its execution and reporting more systemic.

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

Thank you very much.



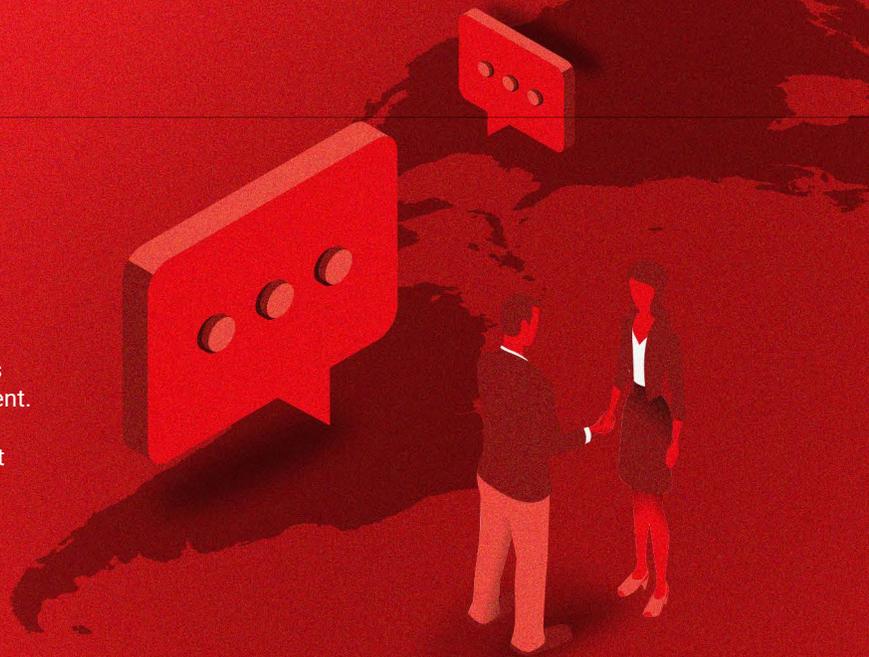
Manuel L. Barragán Morales
CHAIRMAN OF THE BOARD OF DIRECTORS



Arturo Gutiérrez Hernández
CHIEF EXECUTIVE OFFICER

Sustainability Strategy

The sustainability strategy is embedded in the company's organizational culture and promotes business development. As the company's associates, we are responsible for executing the positive impact we wish to have. This effort begins with the top management, who have included sustainability metrics in their goals, with a direct effect over their variable compensation. We work every day so that Arca Continental's growth occurs in harmony with the comprehensive development of our associates and communities where we operate, while respecting the environment and contributing to improve it.



Materiality and Stakeholders

One of the top priorities for Arca Continental is to create and maintain long-term relationships with individuals, groups, or organizations that can contribute to our company's growth: our stakeholders. To this end, we have established constant and direct communication to encourage an open and transparent dialogue, to fully understand their expectations and concerns in order to address them proactively.

Since 2014, we have identified, analyzed, and updated our company's materiality by performing a series of exercises including in person and online surveys, focus groups, risk and impact management, and externalities assessments, among others. These exercises have helped us identify those issues on which Arca Continental needs to focus in order to achieve the positive impact the strategy aims at.

Material issues for Arca Continental include, in no particular order, the following:

- Associate's well-being and development.
- Constant, verified, and timely communication of environmental, social, and corporate governance indicators.
- Developing sustainable value chains and fostering local procurement.
- Community development focused on vulnerable groups.
- Minimizing the ecological footprint (water, waste, and emissions) throughout the life cycle of our products.
- Promoting active and healthy lifestyles.
- Customer and consumer satisfaction.

Contribution to the UN Sustainable Development Goals

We were among the first companies to align our development strategy to the UN Sustainable Development Goals, based on a detailed analysis of our contribution to the goals employing, for which we employed a maturity model. In addition, we carried out numerous surveys with our communities in Mexico, Ecuador, Peru, and Argentina in order to identify the goals that each community wishes for us to make a greater impact on.

The table below shows how our projects and programs are linked to the SDGs.

SDG	GOALS	PROJECTS AND PROGRAMS	SDG	GOALS	PROJECTS AND PROGRAMS	
1 NO POVERTY 	1.1	Supplier Development Program.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	9.2	Economic footprint and capabilities for creating local jobs.	
	1.2	5By20 program, training for retailers, sustainable cattle industry.		10 REDUCED INEQUALITIES 	10.1	Operating and generating wealth in developing nations.
2 ZERO HUNGER 	2.1	Donations to food banks and community diners.	10.3		Code of Ethics and gender equality in salaries.	
	2.3	Mexican Countryside project.	11 SUSTAINABLE CITIES AND COMMUNITIES 		11.3 and 11.7	Rescuing public spaces through several programs.
	2.4	Principles of Sustainable Agriculture.			11.6	Urban reforestation, volunteer program, waste collection programs, and promoting the circular economy.
3 GOOD HEALTH AND WELL-BEING 	3.9	Environmental footprint reduction programs and goals.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	12.2	Environmental footprint reduction and circular economy programs.	
	4 QUALITY EDUCATION 	4.1		Programs to offer further schooling to our associates, Ponte al 100, and Schools in Motion.	12.5	World Without Waste strategy and goals.
4.3		Express home-schooling high school program.		12.6	Sharing best practices at forums and on our sustainability website.	
5 GENDER EQUALITY 	5.1 y 5.2	Programs to promote peace.	13 CLIMATE ACTION 	13.1	Reforestation and water harvesting programs, basin protection, emissions reductions, and aid during natural disasters.	
	5.1	Code of Ethics and Conduct Policies.		14 LIFE BELOW WATER 	14.1	0% discharge in ground water bodies and treating 100% of discharged water.
	5.5	The ANSPAC and 5by20 programs, as well as training for retailers, and fostering entrepreneurship.	15 LIFE ON LAND 		15.1	Reforestation programs and Sustainable Agriculture Guiding Principles.
6 CLEAN WATER AND SANITATION 	6.2	Safe Water program in Argentina, Bebederos (Drinking Fountains) in Mexico, and filtering systems in community cisterns.			15.2	Social programs linked to reforestation programs.
	6.3	Water treatment and reuse programs.	15.4 y 15.5	Reforestation on the high basins.		
	6.4	Reforestation and water harvesting programs, donating treated water.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	16.1	Program to promote peace.	
	6.5	Participating in water funds and basin councils.		16.5	Code of Ethics and Transparency Mailbox.	
7 AFFORDABLE AND CLEAN ENERGY 	7.2	Program to migrate to renewable energy.	16.7	Coordinating and participating in neighbor councils.		
	7.3	Energy efficiency certifications, continuous improvement programs, Cold Dominion program.	17 PARTNERSHIPS FOR THE GOALS 	17.11	Exporting our products to developing nations.	
8 DECENT WORK AND ECONOMIC GROWTH 	8.1	Average lowest salary at Arca Continental vs. minimum wages.		17.16 y 17.17	Active participation and leadership in chambers and associations that promote sustainable development.	
	8.3	Programs to develop and offer training to retailers, entrepreneurship programs.				
	8.4	Programs to reduce environmental footprint.				
	8.5	Jóvenes Construyendo el Futuro (Young People Building the Future) program in Mexico, program to include people with disabilities, equal salaries for men and women.				
	8.6	Guiding Principles for the Value Chain, working in collaboration with Coca-Cola and ILO to eradicate child labor.				
	8.7	Guiding Principles, internal safety (associates and contractors).				
	8.8	Guiding Principles, Internal Safety (associates and contractors).				

Comprehensive Development of our Associates

OUR COMPANY'S SUCCESS IS DIRECTLY RELATED TO THE QUALITY OF THE PEOPLE WHO ARE PART OF IT. ACCORDINGLY, WE PROMOTE THE COMPREHENSIVE DEVELOPMENT AND WELLBEING OF OUR ASSOCIATES IN A WORKING ENVIRONMENT THAT IS FAIR AND INCLUSIVE. WE ALSO STRENGTHEN THEIR TRAINING IN SAFETY, INTEGRITY, HUMAN VALUES, AND CONTINUOUS IMPROVEMENT, WHICH HAS ENABLED US TO CREATE A VIRTUOUS CIRCLE OF PRODUCTIVITY AND INNOVATION.

+167 thousand people

attended the events organized by Arca Continental for its associates and their families: Family Day, Women's Day, Seniority Recognitions, December Holidays, Student Recognitions, among others.



+1,900 associates and 150 family members trained in human values.

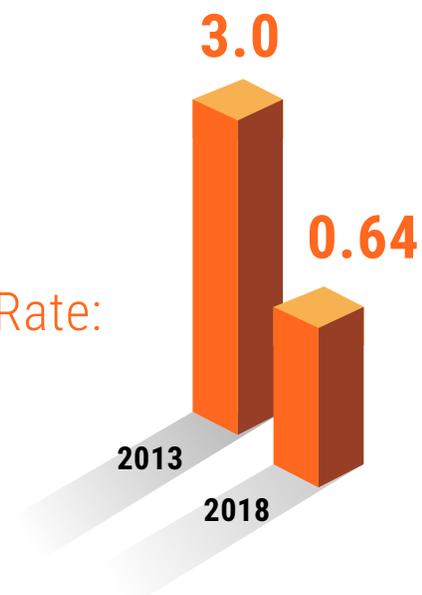
Since its inception, the program has offered training to 35,465 people.

+11 thousand colaboradores

associates certified to date under the Continuous Improvement Model since it started.

73% reduction in Lost Time Incidents Rate (LTIR) in comparison to 2013.

Lost Time Incidents Rate:



+10 thousand associates and their families activated in institutional events across our territories.



+55 thousand associates

received more than 1.4 million hours of training.

First place

in the Queremos Mexicanos Activos (We Want Active Mexicans) initiative:

- Challenge: "Aliviánate".
- Challenge: "Actívate Total".

91%

of our associates participated in the work environment survey, with 86% of company engagement.

3rd. consecutive year

obtaining the Gold Level in the "Active and Healthy Company" challenge from the "Queremos Mexicanos Activos" initiative.



Less than 3%

is the difference in the salary of men and women at Arca Continental (tending to salary equality).

+USD 45.4 million

in annual savings estimated for continuous improvement projects in Mexico, Peru, Ecuador, Argentina, and the U.S.





ARMINDA CHÁVEZ

“It is thanks to Arca Continental’s Safe Water project and the filtering equipment they have donated to us that our students can drink water without the risk of getting sick. Also, people in the community will be able to bring home water that is safe to drink.”

Director of School N°4652 of the Paraje La Entrada Safe Water Project, Salta, Argentina.



LUIS ALBERTO VERGARA MERA

“I really liked the course because it made me think about my actions. It reminded me that vices are not a good thing and it also helped me in my personal and professional life. Now I try to take advantage of my free time to see how my wife and children are doing, talk to them and show them how dedicated I am to them. And the same thing goes for my job, with my colleagues.”

Participant in the Profundización de Valores Humanos para la Familia (Strengthening Human Values for the Family) program Toni Production Center, Guayaquil-Ecuador.



CÉSAR JAIME GONZÁLEZ SIERRA

“I feel fortunate for having the opportunity to participate in the IMPULSA volunteer program called “Formando Emprendedores” (Forming Entrepreneurs) and being able to change the way children at the school see life and to encourage them to be winners, continue with their studies, and become good citizens. I have been a volunteer for this program for five years and I feel committed to continue supporting the education and the future of our children.”

IMPULSA Corporate volunteer program, Monterrey, Nuevo León, Mexico.



AZALEA IVETTE CAVAZOS SILVA

“The 5by20 Potencia México course helped me in my business because I didn’t know how to begin, how to get it started or at what price I should sell my products. The course gave me the necessary tools to start my business in a better way”.

5By20 Potencia México Monterrey, Nuevo León, Mexico.

+47 THOUSAND VISITORS
to Arca Continental's facilities in Mexico, Argentina, Ecuador, and Peru, through the "Coca-Cola Mission".

23.88 gr CO₂e/L OF BEVERAGE
emissions index for 2018, 59% lower than the average benchmark indicator for beverages presented by BIER¹.

+40 TONS OF WASTE
collected during the Annual Volunteer Day and the Annual Sustainability Day.

90 ASSOCIATIONS AND CHAMBERS OF COMMERCE
in which we actively participate—occupying a leadership position in most of them—to promote a sustainable development.

22 WATER CISTERNS
installed in Mexico, which will enable benefited communities to address scarcity and difficulties in gaining access to water.

+34 THOUSAND CHILDREN
benefited by the Safe Water program, which provides filters and purifiers to ensure access to clean water for vulnerable communities in 13 provinces in Argentina.

+15 THOUSAND LITERS OF WATER,
close to 5 tons of products and food, as well as USD 33 thousand donated by Arca Continental, its associates, and the Coca-Cola System for victims of natural disasters.

100%
of our discharge water is treated, part of it undergoes additional purification processes and is donated for irrigation.

7 OUT OF EVERY 10
PET packages we introduce into the Mexican market are recovered as a result of our partnerships.

CLOSE TO 4,000 SUPPLIERS
in Mexico, Peru, and Ecuador were certified in Safety.

USD 5.91 MILLION
invested in social programs and associations in 2018.

28 MILLION
trees have been planted in the Arca Continental territories to date.

35 MWH
is the capacity of the carbon neutral co-generation plant at the PIASA sugar mill.

CLOSE TO 40%
of the electric power we use in Mexico comes from renewable sources, such as biomass and wind power.

EXCHANGE OF BEST PRACTICES
between Mexico, the U.S., and Peru, achieving considerable savings in water and energy.

64 THOUSAND NEW COOLERS
installed in Mexico in 2018 under the Cold Dominion program.

27 OF OUR MAIN SUPPLIERS
were audited and certified based on our Guiding Principles.

SIX SPORT FIELDS
were built or refurbished as part of the Schools in Movement program, benefitting close to 5 thousand students. More than 30 hydration centers were also installed.

1,100 SPORTS EVENTS
sponsored by Arca Continental with a value of USD 238 thousand and 4,400 hours of physical activation.

POWERADE MARATHON IS THE ONLY ONE WITH A GOLD LEVEL GREEN CERTIFICATION
for having recycled 772 kg of waste and avoiding 967 kg of CO₂ air emissions. 9 thousand marathon runners and 1,200 mini runners participated this year.

+689 THOUSAND PHONE REQUESTS
received by our Customer Service channels, with a 94.3% resolution rate.

500 RETAILERS
trained and empowered through the Siglo XXI program, resulting in 9,350 people trained to date, which resulted in the development of 34 Centers for Complementary Business in Mexico.

+5 THOUSAND CUSTOMERS
trained with the new retailer platform Brio.

+16 THOUSAND TOYS DONATED
to children in vulnerable communities during the Christmas with Meaning campaign.

+250 THOUSAND BENEFICIARIES
from the "Ponte al 100" program, an initiative that promotes physical activity and nutrition plans. In 2018, 511 schools were evaluated in 12 states in our territories in Mexico.

+2,500 BENEFICIARIES
of the El Estado en tu Barrio (The State in Your Neighborhood) program in Argentina.

+9 THOUSAND VOLUNTEERS
participated in institutional programs across all our regions, rehabilitating 136 public spaces and schools.

40 URBAN GYMS
installed in Mexico, benefiting more than 80 neighborhoods as part of the "Vive tu Parque" (Live Your Park) project.

+ 3 MILLION
physically activated people, a million of whom are younger than 15 years old.

+12 THOUSAND WOMEN
participated in programs promoting their comprehensive development such as 5by20 *Potencia México, Destapando mi Emprendimiento* (Uncapping my Entrepreneurship) in Peru, ANSPAC, *Potencia tu Negocio* (Give Your Business a Boost) in Argentina, and *Emprendamos Juntos* (Let's Work Together) in Ecuador.

¹ Beverage Industry Environmental Roundtable. (January 2019). Beverage Industry Continues to Drive Improvement in Water, Energy, and Emissions Efficiency. 2018 Benchmark Study Trends & Observations. Performance at a Glance, pp. 5.

Water

AWARE OF THE IMPORTANCE WATER HAS IN OUR PRODUCTION CYCLE, FOR THE PLANET AND ITS INHABITANTS, WE MAKE AN EFFORT TO MAKE EVERY DROP COUNT.

IN ORDER TO NEUTRALIZE OUR WATER FOOTPRINT, WE INCREASE EFFICIENCIES IN WATER USAGE, WE REPLENISH AND TREAT THE WATER WE USE IN OUR PRODUCTS, AND PARTICIPATE IN THE CONSERVATION AND REFURBISHMENT OF OUR BASINS IN COLLABORATION OF THE COMMUNITIES.

We replenish more than 100% of the water

we use in our production processes in all our operations through different programs aimed at reforestation, water harvesting, and compensation of our water footprint.



+USD 876.5 thousand

invested in the Water Balance project that strives to save 115,134.29 m3 of water from the annual consumption of the Tonicorp plant in Ecuador.

100% of our water discharges are treated.

The vast majority is treated internally, even exceeding applicable standards. We have several projects in place to donate treated water for irrigation purposes.



4 wastewater treatment plants

with tertiary purification processes: three in Mexico, located in Matamoros, Mexicali, and Hermosillo, and one in Guayaquil, Ecuador.

Efficiency index for water consumption

is 34 % lower than the average benchmark indicator for beverages presented by BIER¹.

All our operations in Latinamerica

have water reuse processes in place, with Argentina (19%) and Mexico (13%) being the most efficient.

+15 thousand m³ of water

saved in Ecuador resulting from a Continuous Improvement project investment made in state-of-the-art production technologies.

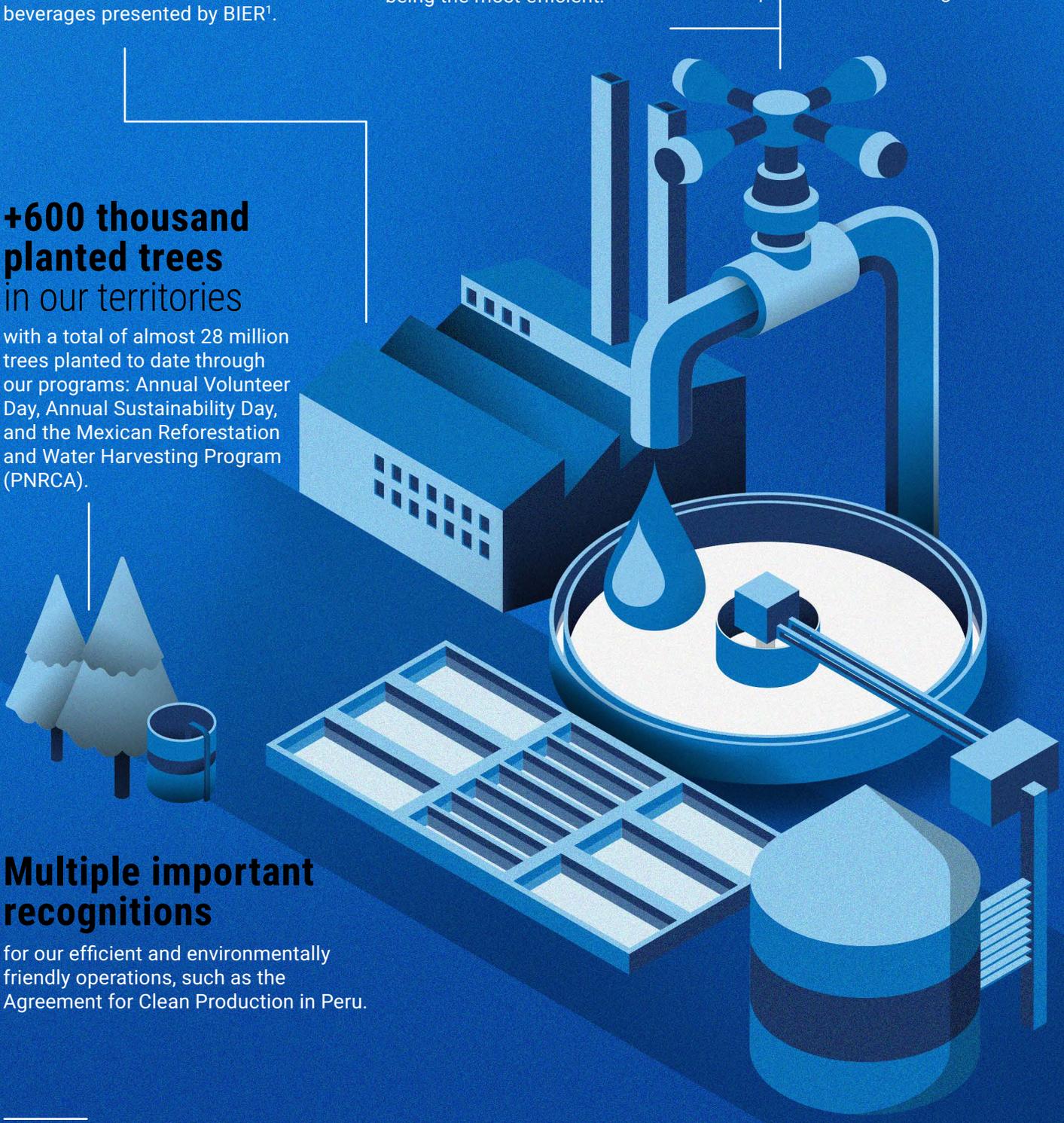
+600 thousand planted trees in our territories

with a total of almost 28 million trees planted to date through our programs: Annual Volunteer Day, Annual Sustainability Day, and the Mexican Reforestation and Water Harvesting Program (PNRCA).

Multiple important recognitions

for our efficient and environmentally friendly operations, such as the Agreement for Clean Production in Peru.

¹ Beverage Industry Environmental Roundtable. (January 2019). Beverage Industry Continues to Drive Improvement in Water, Energy, and Emissions Efficiency. 2018 Benchmark Study Trends & Observations. Performance at a Glance, pp. 5.



Circular Economy

PROMOTING A CIRCULAR ECONOMY IS A KEY ASPECT OF OUR STRATEGY AND WE STRIVE TO EMBED SUSTAINABILITY IN OUR PACKAGING. ACCORDINGLY, WE HAVE TAKEN RELEVANT MEASURES AND MADE CONSIDERABLE INVESTMENTS IN THE COUNTRIES WHERE WE OPERATE TO CLOSE THE LOOP IN OUR VALUE CHAIN AT THE END OF OUR PACKAGING'S LIFE CYCLE.



In 2018, the Coca-Cola System announced its World Without Waste goals, stating that by 2030:

1. Our packaging will be 100% recyclable.
2. Our packaging will contain at least 50% recycled materials.
3. We will promote the collection of 100% of the packaging we introduce into the market.

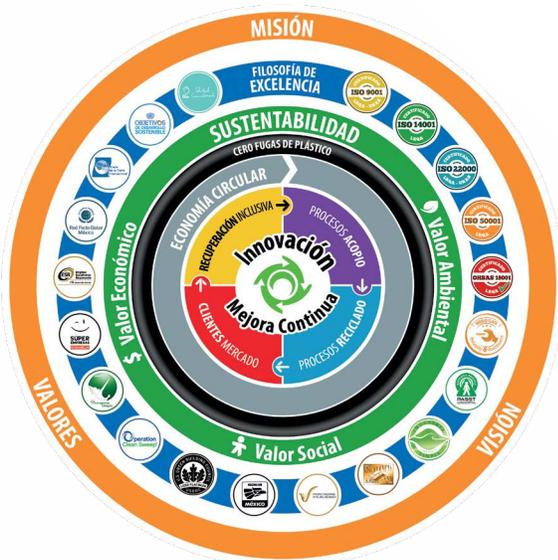
Resulting from our efforts, Arca Continental is currently among the Coca-Cola System bottlers who have made the most progress in reaching these goals. As proof of our leadership, in 2018 our company became a signatory of The New Plastics Economy Global Commitment: Signatory Pack, led by the Ellen MacArthur Foundation and UN Environment. This agreement, which aims to stop pollution from plastics, was signed by PetStar, ECOCE, and Coca-Cola as it promotes the creation of solutions for plastic packaging production and management.

PETSTAR

Is the largest food grade PET recycling facility in the world led by Arca Continental, Coca-Cola México, and other bottlers. Its model, a clear example of the Circular Economy, helped recycle 1,647 million PET bottles in 2018—equivalent to filling the Azteca soccer stadium 1.3 times—in order to reintroduce them into the life cycle of bottles.

Some of its most relevant highlights worth mentioning include the following:

- It has eight collection facilities in seven states in Mexico.
- Botelloteca (Bottle Library) program: analyzes the recyclability of the food and beverage packaging currently in the market and issues recommendations to increase it.
- Promoting child development by supporting 800 children of base recyclers through the CEDIC and MAYAMA associations.
- More than 14,000 annual visitors to the Auditorium Museum.
- 66% of the collected PET bottles are returned to the market.
- The PetStar recycled resin generates 88% less greenhouse gas emissions vs. virgin resin.
- 76% of the electric power consumed comes from renewable sources.
- 2018 National Quality Award.



1,600
tons of PET

collected through the ECO-RETO program throughout 2,364 schools with the participation of 547,169 students in 22 cities in Mexico.

Recycling the waste
generated at our
production centers

Beverages 95%, Tonicorp 86%,
Bokados 71%, Wise 84%.

+12 thousand
tons of PET resin

were avoided as a
result of our packaging
lightening programs.

24% average content
of food grade recycled
PET (PCR) or BioPET
in our bottles.

**100% of our
Ciel bottles**

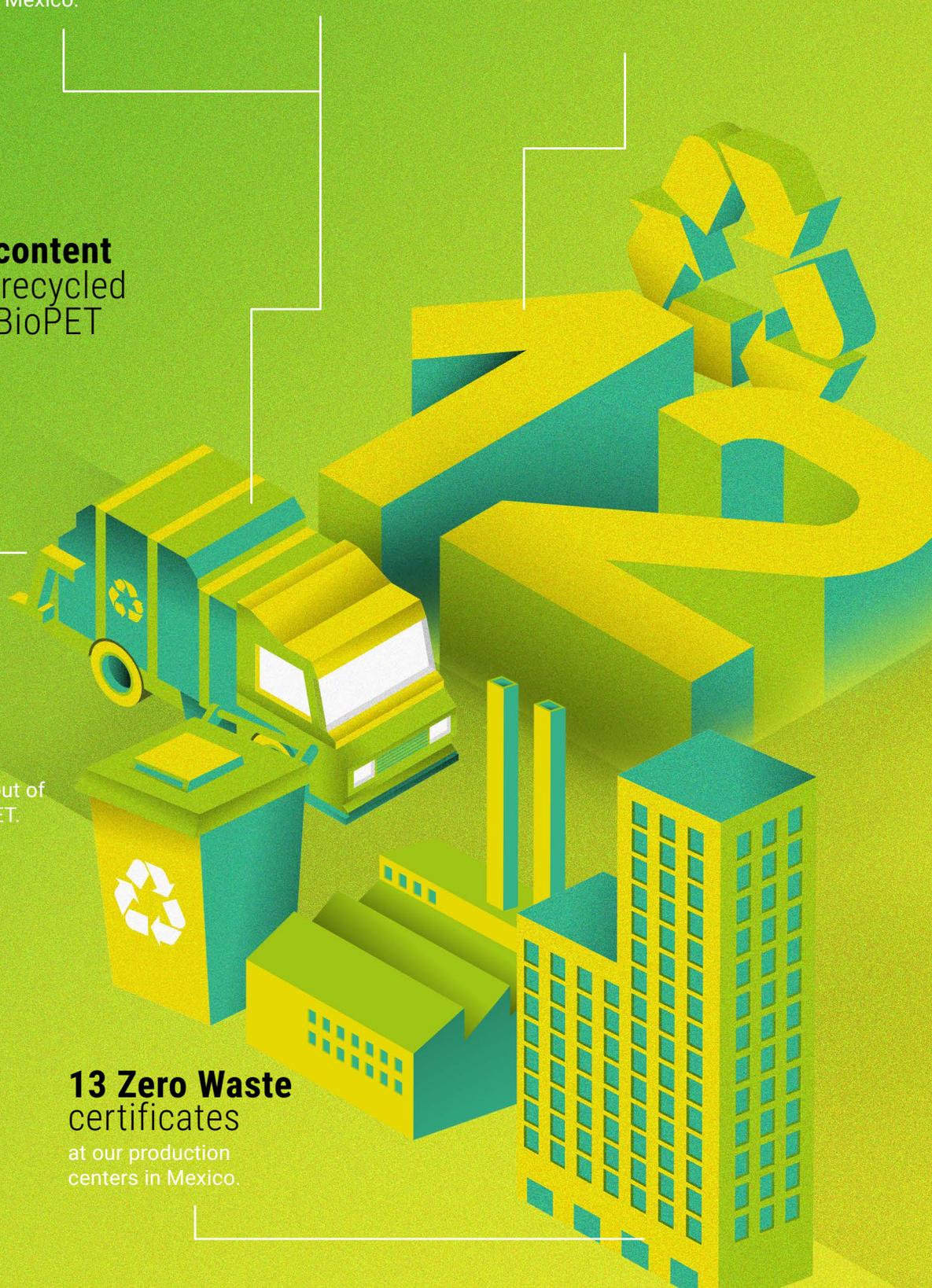
are completely made out of
food grade recycled PET.

**First
signatories**
in the world

of The New
Plastics
Economy Global
Commitment.

13 Zero Waste
certificates

at our production
centers in Mexico.



Ethical Behavior

At Arca Continental, ethical behavior is a key cultural element that is completely aligned with the company's strategy. It is part of both our values and our cultural principles, which is why we expect everyone who interacts with the company to operate and behave based on the strictest ethical standards. In order to achieve this, we have created an Ethics and Compliance System that includes several interrelated elements: the Code of Ethics and Conduct Policies and its Management Manual, specific policies, our reporting line and specific procedures for addressing reports, a sanctions and incentives system, organizational structure, communications and training strategy, evaluation processes, risk monitoring, and reports.

CODE OF ETHICS AND CONDUCT POLICIES

The Code of Ethics and Conduct Policies, which take into consideration best practices and recommendations from several institutions that are known to be a point of reference on these issues, they establish that anyone who works for the company as well as our commercial partners are committed to, among many other aspects, the following:

- Act with the highest sense of honesty, integrity, and transparency, in strict adherence to the law.
- Respect and promote Human Rights.
- Follow established norms to prevent corruption, money laundering, and conflicts of interest.
- Protect the environment as well as the occupational health and safety conditions.

COMMUNICATION AND TRAINING

Our Code of Ethics and Conduct Policies apply to and are understood by our associates and Board of Directors, as well as third-parties related to the company such as customers, suppliers, and other actors within the community.

- More than 4,200 associates received e-learning courses on our Code of Ethics.
- Training on the Code of Ethics for all our top management.
- Design and execute specific additional training for members of the local Ethics Committees in all our territories.

COMPLIANCE MANAGEMENT

The local Integrity and Ethics Committees are responsible for managing the Code of Ethics and Conduct Policies at Arca Continental in their corresponding territories and business units.

The Committees follow the Management Manual of the Code of Ethics which specifies:

- The people responsible for addressing each case.
- The procedure to be followed in case a complaint is received.
- The process and scheduling for the elaboration of performance reports.
- The mechanisms that are in place to maintain a culture of compliance with the values of Arca Continental.

REPORTING LINE

Every associate and commercial partner is obligated to report any act that deviates from the Code of Ethics. The following channels can be employed:

- The Transparency Mailbox, calling a toll-free reporting line.
- Sending an email to the reporting line.

For more information, please visit:
<http://www.arcacontal.com>

Reports are handled immediately by an independent third-party in charge of managing them.

The manager of the reporting line receives a request through the Transparency Mailbox or by any other means.

The manager assigns the request to the corresponding Local Committee.

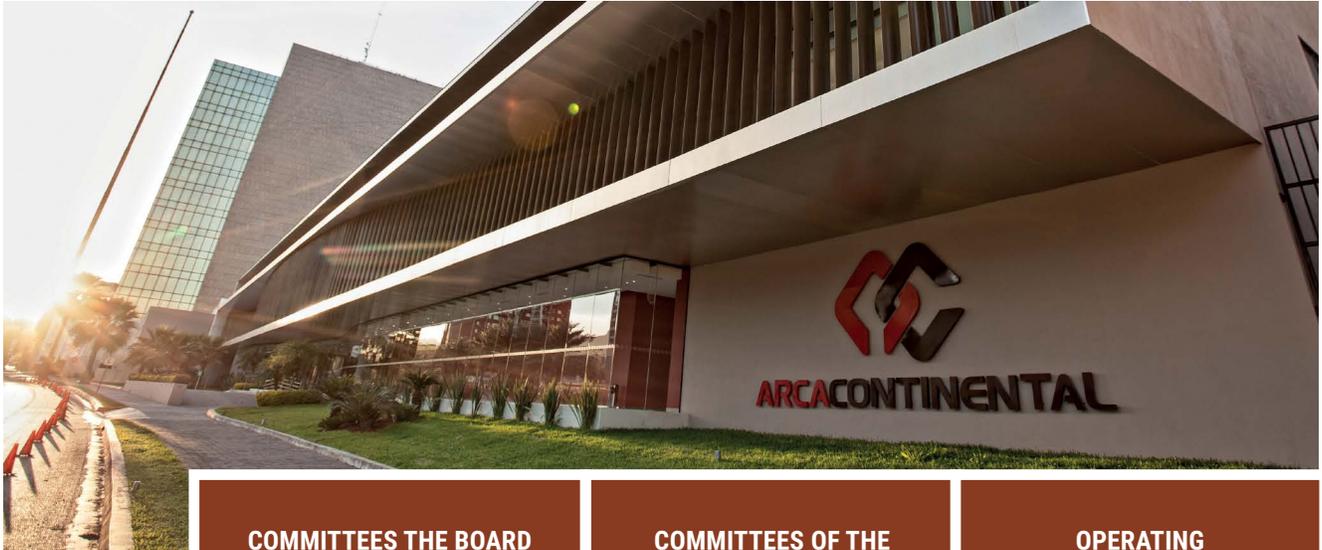
The Committee then assigns it to the responsible expert.

The corresponding sanctions and remediation measures for each case and fault are taken.

The Managing Ethics Committee and the Audit Committee of the Board of Directors are periodically informed on how the reports have been managed.

Corporate Governance

All material issues in Arca Continental are managed at the top level. The Committees of the Board of Directors oversee and manage the Ethics and Sustainability Managing Committees, among others, which ensures that such issues are highly visible and have the support they need in order to achieve the goals that each committee establishes in collaboration with the Board.



Strategic Alliances

As an integral part of our strategy we establish partnerships and lead joint efforts to benefit society and the environment. We actively participate in close to 100 associations and organisms to promote sustainable growth in all our regions, occupying a leadership position in half of them.



INTERNATIONAL COUNCIL OF BEVERAGES ASSOCIATIONS LATAM (ICBA-LATAM)

We promote the Circular Economy in every country in Latin America where we have operations.

INTERNATIONAL LABOUR ORGANISATION (ILO)

We participate in several roundtables and in the design of pilot programs for the eradication of child labor.

CONSUMER GOODS FORUM

We promote a global consumer health and well-being initiative through several projects based on the needs of each country.



ASOCIACIÓN DE EMBOTELLADORAS MEXICANAS DE COCA-COLA

In collaboration with ECOCE and ANPRAC, we promote the Circular Economy through training and pilot programs.

CONSEJO EMPRESARIAL PARA EL DESARROLLO SOSTENIBLE (CESPEDES)

In collaboration with the "Consejo Consultivo del Agua" (Water Advisory Council), we put together dialogue roundtables to promote water efficiency and water access.

MOVIMIENTO POR UNA VIDA SALUDABLE (MOVISA)

In collaboration with "Queremos Mexicanos Activos", (We Want Active Mexicans) we promote sports encouragement, physical activation and nutrition that have benefited thousands of people, particularly children.



ASOCIACIÓN ARGENTINA DE FABRICANTES DE COCA-COLA

In collaboration with the Ministry for National Development and INTA, we developed the Safe Water project.

CÁMARA DE COMERCIO E INDUSTRIA DE LA PROVINCIA DE SALTA

Our main ally in the program to offer training and support retailer entrepreneurship called "Potenciá tu Negocio" (Give your Business a Boost).

ASOCIACIÓN NORTE SUSTENTABLE

We implemented the "Mentes Transformadoras" (Transforming Minds) project in Northern Argentina through mentoring programs to promote entrepreneurship and creativity in young people.



UN GLOBAL COMPACT

We lead the SDGs roundtables on Sustainable Production and Consumption as well as Gender Equality, the latter in close collaboration with "Mujeres por Ecuador" (Women for Ecuador) and UN Women.

ALIANZA PARA EL EMPRENDIMIENTO E INNOVACIÓN

We launched a national contest to reward the best waste recycling initiatives.

CÁMARA DE INDUSTRIAS Y PRODUCCIÓN

We manage every social and environmental initiative that we carry out in the country in collaboration with this Chamber.



MINISTRIES OF PRODUCTION AND ENVIRONMENT

In collaboration with these two ministries we signed an Agreement for Clean Production, becoming the first company in Peru to do so.

PARTNERSHIP WITH COMPANIES THAT FINANCE AND EXECUTE PROJECTS IN EXCHANGE FOR TAXES

Resulting from this framework in Peru, we have been able to execute several social and environmental projects.

WATER RESOURCES GROUP

Our main ally for actions pertinent to water refurbishing and sanitation as well as green infrastructure.



KEEP HOUSTON BEAUTIFUL

One of the first partnerships through which we successfully carried out our citizen-participation recycling program, Weekend Without Waste.

TEXAS BORDER COALITION

We collaborate on border and bi-national issues which have a social and economic impact.

LEAGUE OF UNITED LATIN AMERICAN CITIZENS

We execute and support several projects to promote education and the respect for the Human Rights of Latin American people living in the U.S.

Recognitions

As a result of the performance and efforts carried out at different business units in our regions, Arca Continental has been granted several recognitions that once again confirm its leadership position in the food and beverages industry.



ARCA CONTINENTAL

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

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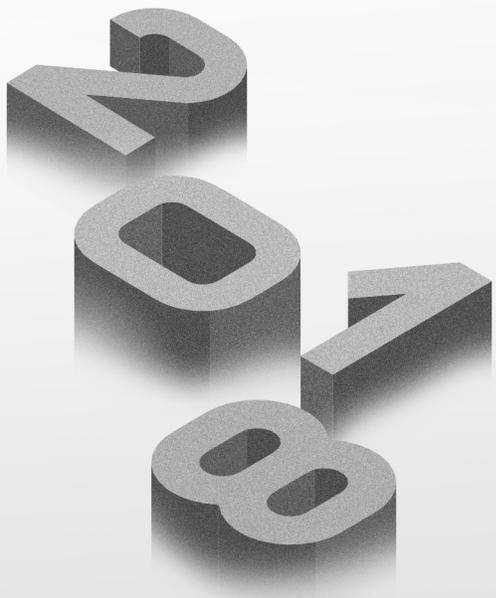
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ARCACONTINENTAL



INTEGRATION
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