

The background features several abstract geometric shapes in teal, red, and olive green, arranged in a pattern that suggests movement or a path. The shapes include triangles, rectangles, and chevrons, some pointing towards the right and others towards the left.

Sustainability Report 2012

Sustainability Report 2012





About this report

“Organizations around the world, and their stakeholders, are becoming increasingly aware of the need for and benefits of socially responsible behavior. The objective of social responsibility is to contribute to sustainable development. An organization’s performance in relation to the society in which it operates and to its impact on the environment has become a critical part of measuring its overall performance and its ability to continue operating effectively.”

Excerpt from the Introduction of the International Standard ISO 26000: Guidance on social responsibility, ISO 26000: 2010. First edition 2010-11 01.

About this report

This is the first Sustainability Report, which accounts for the commitment and contribution to sustainable growth as well as economic, social and environmental development, corresponding to financial year 2012. For comparative purposes, we have included information about the past year (2011).

This report includes the results of our business in all the geographic areas where San Miguel operates: Argentina Uruguay and South Africa. In case of any limitation on the scope of the information published, this will be explicitly mentioned.

Given the worldwide importance of the standard, ISO 26000 Guidance on Social responsibility, from its launch back in 2010, we have taken into account the fundamental issues and principles of Social Responsibility proposed by this standard for drawing up this Report.

We are aware of the importance of not only complying with but also promoting sustainable development and we consider the promotion of the principles as well as the use of this Guidance, essential. To this end, all the chapters will include a box with textual statements from the Standard ISO 26000.

Furthermore, we have based this Report on Level C of the G3.1 Guidelines of the GRI (Global Reporting Initiative) applying the principles of materiality, stakeholder participation, sustainability context and thoroughness.

In this document, we introduce our first Communication on Progress (COP), as well as our own commitment to and compliance with the principles proposed by the UN Global Compact initiative.

Drawing up this first Report on Social Responsibility has involved all levels and areas within the company. We set up an operating team –CSR “In Action” Committee – comprised of members from all areas of the organization who were trained on the process and the G3.1 Guidelines of the Global Reporting Initiative, GRI, used in the collection and systematization of all the relevant information to this report.

San Miguel
has used
Standard ISO
26000 as
guidance to
integrate social
responsibility
into its values
and practices.





Materiality issues for Sustainable Development in San Miguel

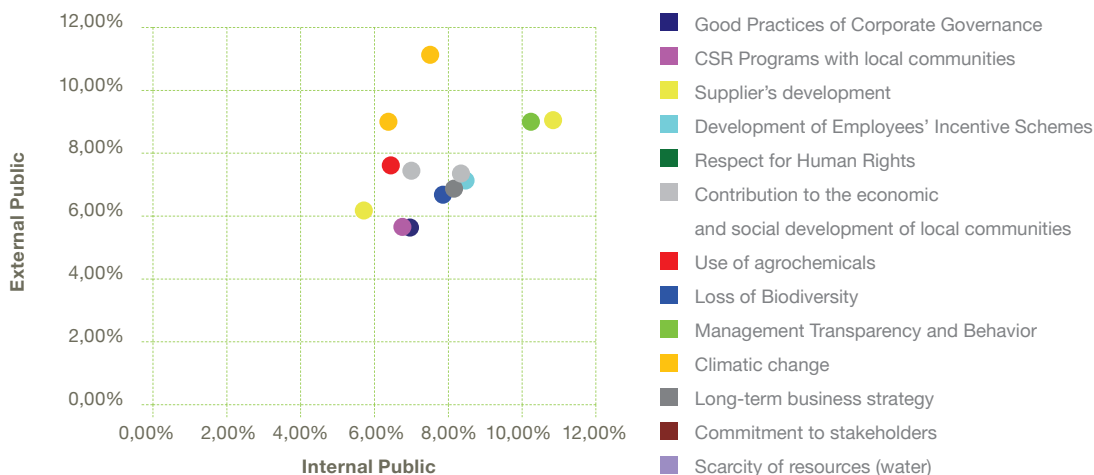
The materiality analysis seeks to identify the relevant issues to the company, reflecting the economic, social and environmental impact of the organization besides the aspects of the business which may influence the decisions of the stakeholders.

This exercise was based on the Technical Protocol “Applying the Principles for Defining the content of the report” from the GRI Guidance G3.1 (2001) whose aim is to help organizations determine the contents of their Social Sustainability Reports. In order to prepare it we took into account the relevant topics to the industry and analyzed the internal and external factors which may influence both internal and external stakeholder groups.

The subjects were prioritized by both the internal public (the senior management of the company and employees) and the external public (suppliers).

The following graph shows the results of the exercise of spotting materiality issues for San Miguel and its later prioritization.

MATERIALITY ISSUES – SUSTAINABILITY REPORT 2012





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A strong step forward

I am proud to introduce San Miguel's first Sustainability Report, proof of the commitment made to promote responsible management at every level of the company, and in compliance with the demanding criteria of the Global Reporting Initiative (GRI).

We share a common vision with this organization, that "A global sustainable economy requires organizations to responsibly manage their performance, their economic, environmental, and social impact, and to keep records in a transparent way."

Thanks to the Corporate Social Responsibility (CSR) Committee, we have promoted new and far-reaching initiatives over the last few years in accordance with the ISO 26000, a standard that has helped us pave the way for sustainable development, and at the same time, promote San Miguel's business strategy.

The social aspect of our efforts in particular shows that we live in a world with many basic shortages. This is why our initiatives in Argentina, Uruguay and South Africa focus on Education and Health, as we believe that these are two critical components to rescuing families from structural poverty.

Along this line, we are very enthusiastic about the expansion of the Cre-Ser program; this initiative, carried out in conjunction with the Asociación Conciencia and Fundación Banco de Alimentos, is orientated towards addressing the food needs of 1,500 students who currently attend 7 rural schools in Tucumán sponsored by San Miguel; providing at the same time educational support to those students facing educational risk. Through this program, we expect to change the reality of our neighbour community.

This year we have also doubled our progress in the social aspect of our initiatives, addressing the personal development of our staff; to this end, we have taken action to both promote health care and safety at work, as well as offering opportunities of permanent training.

We highly value our commitment to quality and safety in all our products and to our performance in supply programs, as this commitment has become a central component in our relationship with customers from all over the world, improving our overall service and strengthening consumer loyalty with each one of our customers.

We have also developed environmental control indicators with the aim of reducing energy and water consumption. These actions have allowed us to calculate and certify the Carbon and Water Footprint of our Company, which today's target markets demand. Moreover, in our relationship with strategic suppliers, we continue to promote sustainable soil management, carried out by our fruit growers, through training workshops on good agricultural practices.

Of course, there are still many challenges ahead of us, but we are positive that with hard work we will attain substantial improvements in all aspects of CSR.

During 2014, our Company will commemorate the 60th anniversary of its foundation; on the eve of this important event, this document containing the advances of the CSR program is no doubt another milestone in the development of our Company, as we strive to become a socially responsible global player.

In this line, I would like first and foremost to thank our staff, since, beyond the economic resources allocated to the different programs, each one of them has played an important role in meeting the objectives of the projects outlined in this document.



Gonzalo Tanoira
President of S.A. San Miguel





1. Our company

San Miguel is one of the largest lemon and citrus by-products exporter worldwide. Since 2000, the company has widened its range of products adding sweet citrus, developing an ambitious growth scheme on mandarins, oranges and grapefruits, especially in Uruguay and South Africa.

2012 Highlights



1,900 tons of citrus packed per day



200 customers in 50 countries worldwide.



6,500 employees during peak season

Our company

As a worldwide leading company in the fruit business, we carry out a process of continuous improvement in our management practices in terms of social responsibility balancing economic, social and environmental aspects. We focus on the execution of a complex logistic process which ensures a good service delivered to our customers. In turn, we guarantee food safety and environmental care on all products which we produce, working with high quality standards in all processes certified by international accrediting organisms



28 Own Farms
19 Farms in Argentina
7 in Uruguay
2 in South Africa

58

years in the sector (1954-2012)

Own production of 150,000 plants per year in our own nurseries.

1,900 tons of citrus packed per day

2,500 tons of lemon processing per day.

We account for 22% of the lemon processing in Argentina and over 12% of the world's lemon processing.

200

customers in 50 countries worldwide.

6,500

employees during peak season

Yearly contributions regarding taxes and salaries worth 194 million pesos.

1%

EBITDA allocated to CSR.

939

Turnover of 939 million pesos.

7,200

hs planted in total.

SAN MIGUEL'S PRODUCTIVE PROCESS

Nursery



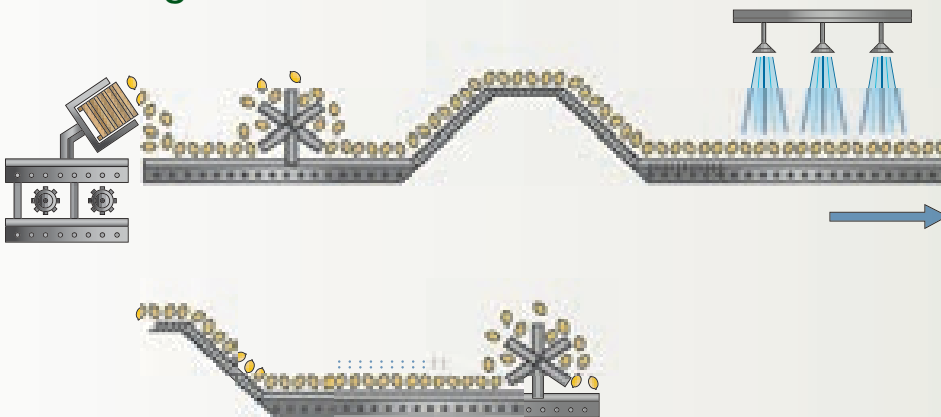
1. The starting point of the process is the nursery where plants are grown. These are later taken to the farms where they are given different cares such as irrigation, fertilization, weed control, plague control and pruning.

2. Once the plant reaches the right size, the fruit is harvested. It is picked in two ways:

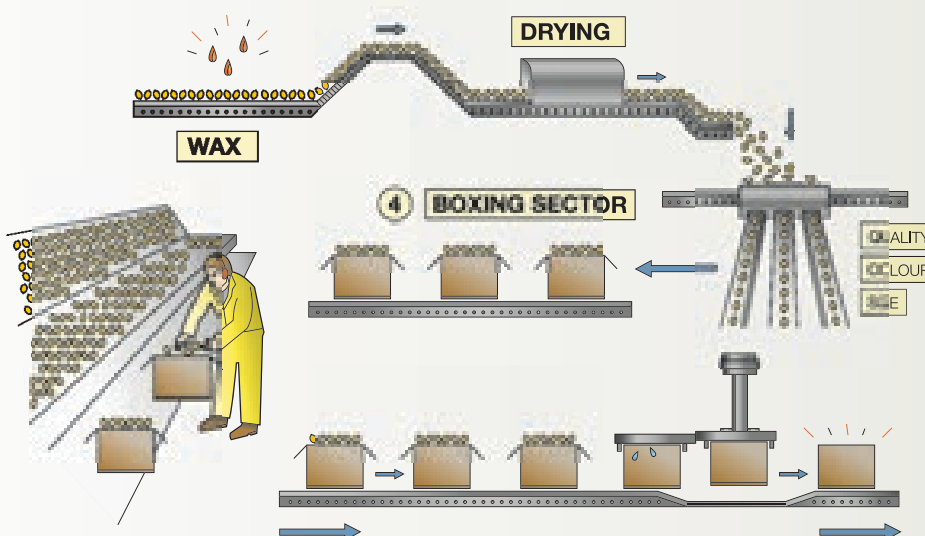
- By hand: when its end use is processing, the fruit is picked by hand, without tools, and transported in bulk.
- With pliers: when its end use is fresh fruit (packing), it is taken off the tree using pliers and transported in bins..



Packing

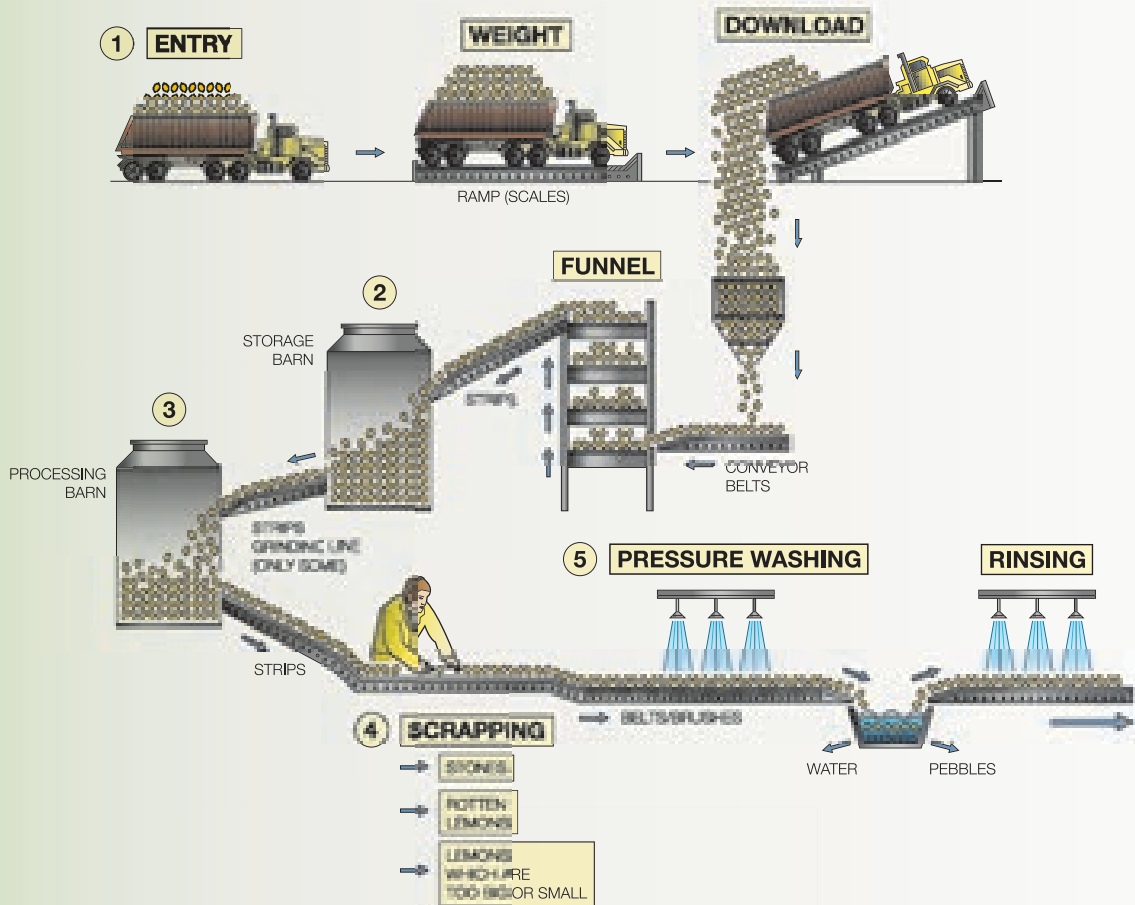


3. Harvested fruit, whose end use is fresh fruit, is transported to Packing where it is prepared.



4. After the fruit is classified according to colour, size, and quality, it is packed in boxes in different sizes. A conveyor belt carries the boxes to the palletizing area where the pallets are made according to customers' requirements.

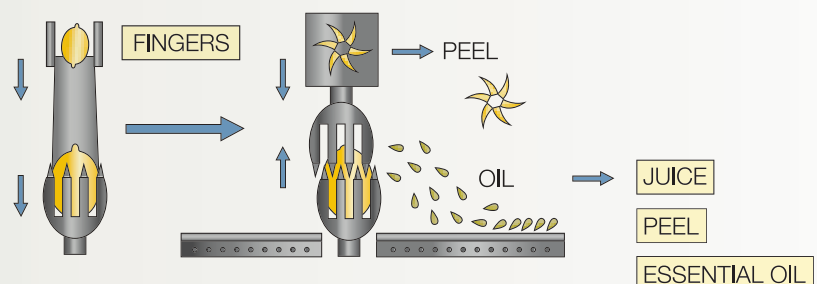
Processing



5. At the processing plant, trucks unload the fruit which is transported on conveyor belts and lifts, firstly to the storage barn and then to the processing barn. From the barn the fruit is taken to the discarding line where operators scrap big or small fruit according to the tops of extraction machines

as well as , rotten fruit, pebbles and other objects which may damage extraction machines. Then the fruit is sent to a high pressure washing board where superficial dirt is eliminated.

6. After the fruit is grouped by size and sent to extraction machines, 3 products are obtained: juice, peel and essential oil.

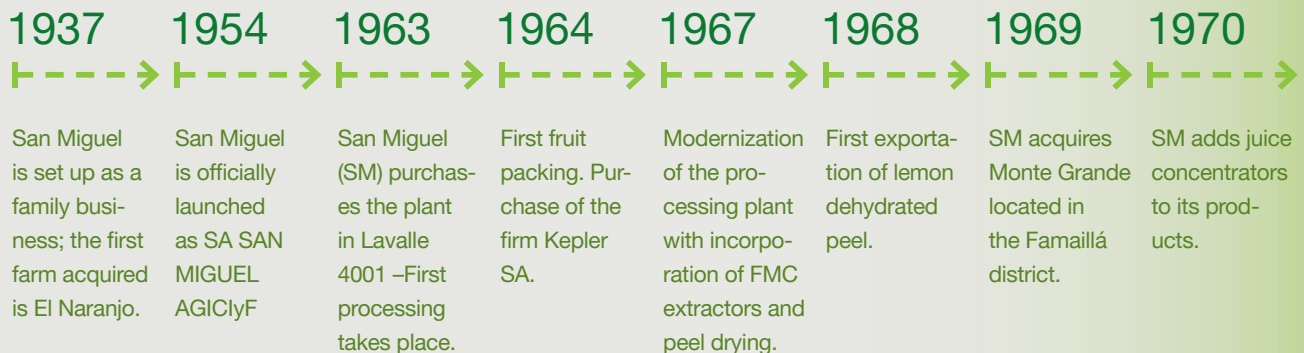




MAIN ECONOMIC AND FINANCIAL INDICATORS

Direct economic value	2012	2011
Net sales	938.708.676,0	824.235.281,0
Income from financial investment	1.345.972,8	1.949.638,4
Assets sale	4.563.476,0	11.291.608,0
Distributed direct economic value		
Payment to suppliers	774.712.150,9	870.820.670,1
Payroll and social security taxes (*)	194.022.560,0	149.761.343,0
Payment to capital suppliers	34.326.088,8	59.864.630,1
Investments in fixed and other assets	38.010.994,0	90.682.744,0
Investments in community	1.029.757,4	942.792,0
Taxes	-	-
Direct taxes	7.527.691,0	6.302.637,0
Taxes, duties and contributions	3.240.992,0	2.812.624,7
Income tax	14.350.022,0	50.092.943,0
Net income of the financial year	20.394.658,0	105.639.259,0
Total capitalization	1.650.114.791,0	1.379.752.069,0
Equity	601.533.183,0	585.586.302,0
Non-current loans	277.102.163,0	228.282.271,0
Current loans	368.031.360,0	294.580.497,0

OUR STORY



Our values

- ✓ **Integrity:** we act in an ethical, respectful and honest way. We are transparent and trustworthy; we assume responsibility and honor agreements.
- ✓ **Value creation:** we manage the company's assets and resources as our own. We are entrepreneurial and innovative, seeking opportunities to make our company grow with a global and integrating mentality. We learn from our mistakes and we challenge the status quo, continuously improving our processes. We deliver results in an efficient and sustainable way.
- ✓ **Customer orientation:** we strive to serve and help our customers –be they internal or external. We try to understand and satisfy their needs– and we provide solutions. Our customers and the market are our first priority and we project our initiatives from right there.
- ✓ **Team spirit:** We pursue a common goal, subordinating personal goals to team objectives. We listen to others in order to understand and we ask for help. We promote constructive criticism and feedback fostering open and honest debate. We treat every individual inside and outside our organization with respect, trust and dignity. We support and value diversity.
- ✓ **Environmental and social responsibility:** We take care of the environment. We promote personal growth of those who are part of our organization and favor the development of our community. We consider respect for legislation and human rights the necessary conditions for sustainable growth.

Our vision

To be the leading company of fresh citrus from the Southern Hemisphere as well as of value added fruit & vegetable industrialized by-products



Our Business Areas

At San Miguel we produce our own citrus plants from where we obtain the raw material which we then market as fresh fruit and processed products. This enables us to optimize the production process.

Fresh fruit

As the main citrus producer in Argentina, we exported around 112,000 tons of citrus from Argentina, Uruguay and South Africa in 2012; 68% of lemon and the remaining 32% divided between tangerines, oranges and grapefruit.

Our farms in Argentina, Uruguay and South Africa are located in areas that, given their agro-environmental conditions are optimal for the production of counter-season citrus whose end markets are mainly countries in the northern hemisphere.

Our nurseries produce all of the plants that are used both in the reconversion and the development of new areas within the farms of San Miguel in Argentina and Uruguay.

In our five packing plants –two in Tucumán, two in Uruguay, and the third party packing house in South Africa (outsourced service) – we have a daily production capacity of 1,900 tons of fresh citrus.

Citrus processed products

Our processing plant in Argentina is located in Famaillá with a 16,000-square-meter covered area and a 2,500-metric-ton daily fruit processing capacity. Besides lemon, our plant in Uruguay processes orange, grapefruit and mandarin.

Our varied processed product range includes:

- **Lemon juice concentrates:** (Cloudy and clear) usually used in the beverage industry..
- **Juice not from concentrate; Lemon, Orange, Mandarin and Grapefruit**
- **Lemon Oil:** for beverage and fragrance industries.
 - Lemon Oil,
 - Distilled Lemon Oil,
 - Folded Lemon Oil,
 - Lemon terpenes.
- **Dehydrated Lemon Peel:** main raw material for the production of pectin, used in the food and pharmaceutical industries.
- **Other citrus products:** Aroma (Water Phase), Essential Oil, (Oil-Phase) and Pulp cells.

Processing plant in Tucuman 16.700 m²

Packing plant in Uruguay 6.000 m²

Packing plant in Argentina 20.280 m²





Uruguay

In the year 2000 we entered the citrus market in Uruguay through the lease of Milagro SA, one of the leading companies in the production and marketing of sweet citrus. Three years later, we acquired 100% of the share capital of this company, strengthening our commitment and consolidating our market share in this market.

The farms of Milagro SA cover a surface of 1430 hectares under production with mandarin, orange, grapefruit and lemon.

In 2012 we opened a brand new packing plant in San José –consolidating our presence in this country. The plant is supplied with fruit from 11 farms distributed across the country. Five are in San José, four in Paysandú and one in Río Negro.

Milagro has a nursery in San José where it produces different varieties of certified citrus plants with genetic quality that are then planted in our fields.

In addition Milagro SA has a processing plant where juice and oils based on fruit extracts are produced, as well as a second fresh fruit packing plant in the City of Young, therefore turning Milagro SA into a truly integrated company in the citrus sector.

South Africa

In 2008 we acquired, through a joint venture with a renowned local producer, the first hectares with citrus plantations in the Sundays River Valley. Two years later, we set up our first commercial structure in Port Elizabeth.

In 2011 we purchased a new farm called Riverbend, located in the Sundays River Valley, Eastern Cape, South Africa, totaling about 360 has planted with citrus and a production potential worth more than two million boxes for export purposes.



**5.360 hectares
under production
in Argentina**



**1.430 hectares
under production
in Uruguay**



**360 hectares
under production
in South Africa**





2. Corporate Governance

“Organizational governance is the most crucial factor in enabling an organization to take responsibility for the impacts of its decisions and activities and to integrate social responsibility throughout the organization and its relationships.

Organizational governance in the context of social responsibility has the special characteristic of being both a core subject on which organizations should act and a means of increasing the organization’s ability to behave in a socially responsible manner with regard to the other core subjects.”

Excerpt from section 6.2.1 “Overview of organizational governance”. International Standard ISO 26000. Guidance on social responsibility, ISO 26000: 2010. First edition 2010-11 01.

2012 Highlights



Organization
of the CSR
department



Trainee for
Senior
management

Corporate Governance

The board forms the governance of San Miguel. The directors are committed to ensure transparency and clarity within the business, treating all shareholders fairly and ensuring accountability in all forms of communication.

The management and control of the company is shared with stockholders, represented in the General Meetings, the Board and CEO in accordance with the business law applicable in Argentina for corporations quoting their shares in the Buenos Aires Stock Exchange.

The Board is formed by 9 members who have regular meeting throughout the year. All directors are present at those meetings together with the CEO and the CFO.

Members of the (non-executive) Board

Gonzalo Tanoira

Luis Roque Otero Monsegur

Romain Corneille

Miguel Crotto

Agustín Otero Monsegur

Martín Otero Monsegur

Rubén Dario Patrouilleau

Pablo J. Taussig

Cristian Lopez Saubidet

Deputy directors: Alejandro Anchorena

Our auditing committee is formed by three members and a substitute member appointed among the members of the board.

Upon experiencing the internationalization of our business and integrating activities in South Africa and Uruguay into the business in Argentina, our current organizational structure is orientated towards optimizing the general management. The organization has a matrix structure formed by 7 corporate divisions, whose members have executive functions and report to the CEO of the company.

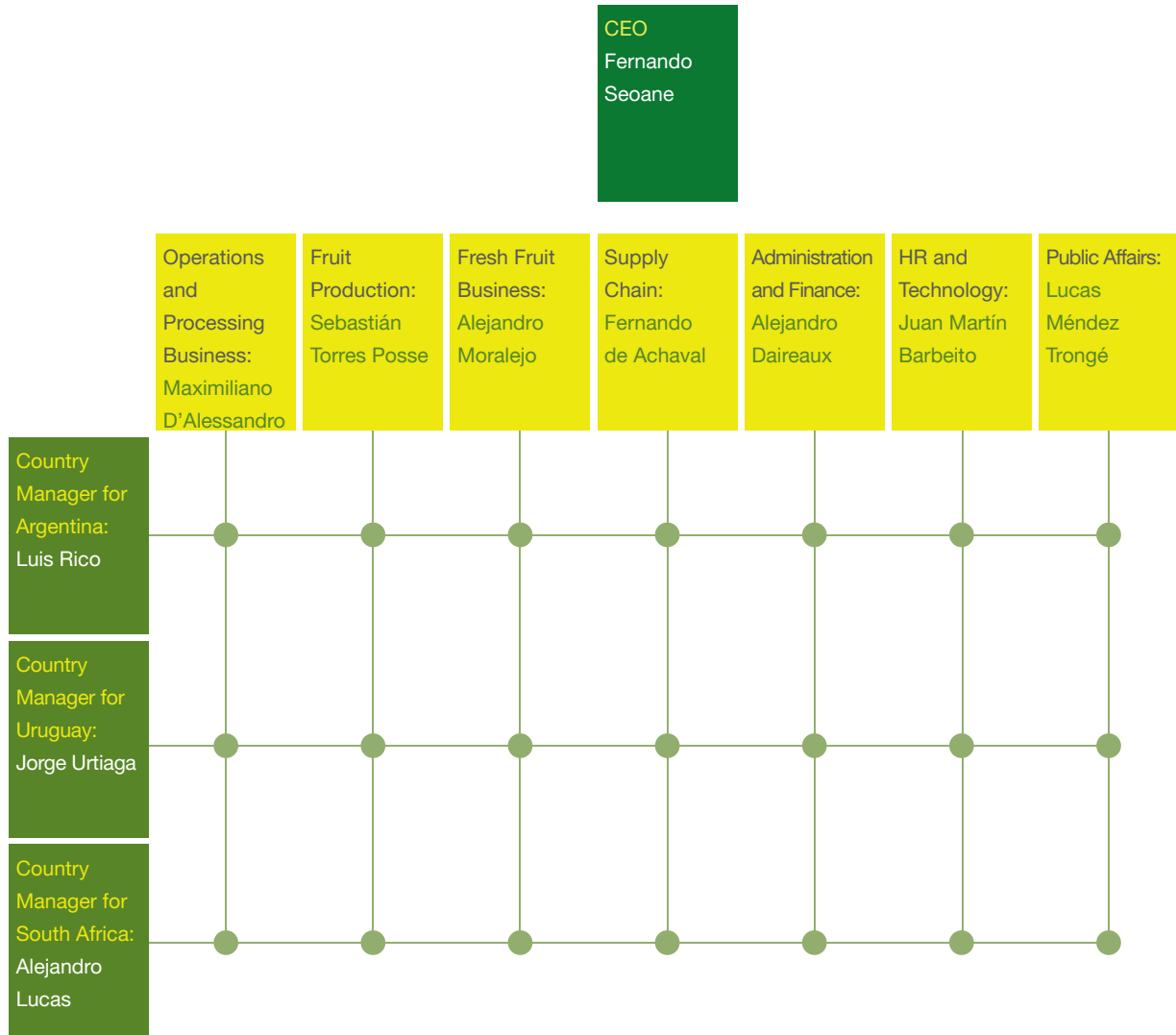
The role of the Country Manager is to assume complete responsibility for the management in each country where we have operations. They report directly to the CEO and are fully coordinated with the corporate divisions.

Specific rules of Corporate Governance

Encourage initiatives in accordance with the strategic plan aimed at turning the company into a socially responsible organization, promoting transparent and fair relationships with all stakeholders.



ORGANIZATIONAL CHART





3. Corporate Social Responsibility in San Miguel

“Social responsibility has the organization as its focus and concerns an organization’s responsibilities to society and the environment. Social responsibility is closely linked to sustainable development. Because sustainable development is about the economic, social and environmental goals common to all people, it can be used as a way of summing up the broader expectations of society that need to be taken into account by organizations seeking to act responsibly. Therefore, an overarching objective of an organization’s social responsibility should be to contribute to sustainable development.”

Excerpt from Section 3.3.5, “Relationship between social responsibility and sustainable development” International Standard ISO 26000. Guidance on social responsibility, ISO 26000: 2010. First edition 2010-11 01.

2012 Highlights

→
The cross-sectional management of a socially responsible practice has been a strategic decision made by the members of the board.

Corporate Social Responsibility in San Miguel

3.1 Corporate Social Responsibility Policy

In San Miguel, we understand Social Responsibility Policy (CSR) as a conscious and coherent commitment to fully comply with the mission statement of the company considering the expectations of all stakeholders within the economic, social and environmental aspects, showing respect for ethical values for the people, the community, the environment and strengthening the common good.

Our permanent commitment

Understand our customers' requirements and fulfill their needs with integrity.

Develop people both from a human and economic perspective.

Contribute with suppliers in the sustainable development of their business.

Make responsible use of natural resources and energy

Support the development of communities within our sphere of action.

Promote the responsible management of the business within the organization.

We seek to create economic, social and environmental value in all our management. This entails:

- ✓ To meet our commercial objectives and remain a profitable business
- ✓ Generate dignifying work for our employees
- ✓ To have an active, transparent and open role in the community, thus contributing to sustainable development.

The scope of CSR defined by San Miguel is structured on 6 dimensions We have drawn up specific rules for each one of these which are at the basis of our management approach. They are outlined in each chapter.

We seek to add value in the economic, social and environmental aspects throughout all our activities



CSR MAIN DOMAINS

Corporate Governance

Transparent relationships with stockholders and investors, authorities and stakeholders incorporating at all times the specific criteria on sustainability and the institutional values of the organization.

Labour Practices

Relationship with workers, especially including the good management practices in favor of fundamental labour rights, health care, safety at work and permanent support to staff enhancement.

Environmental Management

Relationship with the environment with emphasis on the efficient use of resources, pollution prevention, sustainable procedures and technologies as well as the promotion of environmental education to the whole organization.

Customers Relationships

Relationship with customers and consumers, maintaining quality, food safety, security and access to information in terms of products and services. Regarding distribution, attention must be given to packaging aspects and environmental protection for transportation.

Social Investment

Our goal is to support the increase in social capital in the communities the company operates in, caring about the relationship with the community, defining scope in terms of company activities and seeking to cooperate with their needs in a rational and sustainable way.

Suppliers Relationships

Relationship with suppliers and subcontractors, seeking to establish commercial deals which are fair and orientated towards a long-term sustainable relationship.

3.2 CSR structure

Cross-sectional management of socially responsible practices has been a strategic decision of the company board. During 2012 the Board received training on sustainability. The need to incorporate the Corporate Social Responsibility throughout all our business areas was detected, consequently the different committees were created.

A CSR Committee formed by three members of the Board, the CEO, the HR Director and the Public Affairs Director was set up with the objective of encouraging an overall integrated plan in line with San Miguel's view of the business.

This team holds 4 yearly meetings and defines the strategic criteria for each dimension of the CSR. In addition it does the follow up and gives permanent support to the different initiatives in place.

“Because social responsibility concerns the potential and actual impacts of an organization's decisions and activities, the ongoing, regular daily activities of the organization constitute the most important behavior to be addressed. Social responsibility should be an integral part of core organizational strategy, with assigned responsibilities and accountability at all appropriate levels of the organization. It should be reflected in decision making and considered in implementing activities.”

Excerpt from the Introduction of the International Standard ISO 26000; Guidance on Social Responsibility ISO 26000:2010. First Edition 2010-11-01

Moreover, we have a Managing CSR Committee, formed by executive Directores assigned to the different dimensions of CSR . In addition we created a CSR Operating Committee -CSR Committee in Action- formed by representatives from different areas of the organization.

The CSR Committee in Action holds 4 yearly meetings to discuss initiatives and get to know projects related to the 6 dimensions of CSR. They have been responsible for the data, corresponding to their area, used to prepare this report.

The Public Affairs department which oversees the CSR area, is accountable for coordinating activities related to sustainable development within the management of the business.

3.3 Dialogue with stakeholder groups of San Miguel

At San Miguel, we understand that our decisions and activities may affect the interests of a group or individuals. Identification of our stakeholders contributes to make us aware of the impact of our decisions and activities.

Working on the 6 dimensions of CSR has enabled us to establish different channels of communication with our stakeholder groups. Dialogue with stakeholders helps us fulfill our social responsibility, providing us with solid basis for taking our own decisions.

“Stakeholder engagement involves dialogue between the organization and one or more of its stakeholders. It assists the organization in addressing its social responsibility by providing an informed basis for its decisions.”
 Excerpt from section 5.3.3, “Stakeholder engagement” International Standard ISO 26000. Guidance on social responsibility, ISO 26000: 2010. First edition 2010-11 01.

STAKEHOLDERS

COMMUNICATION CHANNELS

Corporate Governance

- Budget Analysis Meetings and evaluation of the season where both the Board and employees take part.
- Liaison with national and provincial authorities.
- Company strategic meetings.

Employees

- Suggestion box in SoMos (internal publication) direccionrrhh@sa-sanmiguel.com.
- webpage Contact : www.sa-sanmiguel.com
- SoMos (internal publication)
- Meetings related to the news & general follow-up of the business

Customers

- Satisfaction survey
- Visits to our facilities
- Customer Service Department
- Participating on International Trade Fairs
- CSR audits and other standards
- R&D



STAKEHOLDERS

COMMUNICATION CHANNELS

Suppliers

- E-mail
- Telephone
- Communication sent from the purchasing department to providers (R&D)
- Individual Meetings
- Management cooperation on raw material imports

Community

- Prior to the development of the programs, we assessed the needs of the communities we belong to.
- Detailed evaluation prior to the donation of housing facilities in our farms.
- Liaison with authorities from nearby municipalities.
- Meetings with Head masters, teachers in rural schools as well as supervisors from the Ministry of Education.
- Joint work with producers- giving advice on different production techniques.

Environmental Management

- This issue is related to all stakeholders. We promote care of the environment through raising awareness of the need for the efficient use of resources.



3.4 Awards and Recognition

Prensa Económica 2012 Award to the Argentinian Exporter: we were recognized as the largest fruit exporting company in Argentina.

LA NACION-Banco Galicia Award to Agricultural Excellence. We were the winner in the Fruit Farming Category.

Prensa Económica Ranking of 1,000 leading corporations. First award in the fruit sector.

GlobalGap Award 2012 Uruguay's subsidiary of the San Miguel Group was awarded GlobalGAP Award 2012 for "Best Agricultural Practices".



4. Fair Operating Practices

“Fair operating practices concern ethical conduct in an organization’s dealings with other organizations. [...] In the area of social responsibility, fair operating practices concern the way an organization uses its relationships with other organizations to promote positive outcomes.”

Excerpt from section 6.1.1, “Overview of fair operating practices” International Standard ISO 26000. Guidance on social responsibility, ISO 26000: 2010. First edition 2010-11 01.

2012 Highlights



Edition of our
Ethical Code



Program
of Recycling
and reverse
logistics



CSR training
to suppliers



Audit carried out
in September
2012 on Ethical
Trading Initiative
in South Africa.

Fair Operating Practices

4.1 Anti-corruption practices: our Ethical Code

At San Miguel, we believe that corruption undermines efficiency and the ethical reputation of an organization. We developed an Ethical Code, as we are aware of the world's trend towards stricter regulation on issues concerning transparency and corporate corruption.

It provides an ethical framework within which our employees must carry out their daily professional activity. During 2012, we defined its main features, its structure and finished its wording.

The launch is scheduled for 2013. We will carry out a campaign for employees to join the initiative and sign their agreement, which will be then filed in each employee's dossier.

Moreover, we set up a Court of ethics, formed by 5 directors of the company (3 members of the board and 2 executive directors) and the CEO, whose mission is to safeguard the above mentioned code.

4.2 Relationship with other organizations: initiatives agreed.

We have alliances with different institutions and chambers in Argentina to promote sustainable development. We support and are part of:

- ✓ Asociación fitosanitaria del NOA
- ✓ All Lemon
- ✓ Asociación Argentina de Logística
- ✓ Asociación Tucumana de Citrus
- ✓ Cámara de Exportaciones de la República Argentina
- ✓ Cámara de la Industria Cítrica de la República Argentina
- ✓ Centro de investigación y asistencia técnica a la Industria (CIPPEC)
- ✓ Coordinadora de las Industrias de Productos Alimenticios (COPAL)
- ✓ Federación Argentina de Citrus
- ✓ Federación Económica de Tucumán
- ✓ Fundación del Tucumán
- ✓ Global Compact
- ✓ Asociación Conciencia
- ✓ Fundación Red de Acción Política
- ✓ Unión Industrial Argentina
- ✓ Universidad Nacional de Tucumán
- ✓ Universidad San Andrés
- ✓ Universidad de la República de Uruguay
- ✓ CECU - Cámara de Exportadores de Citrus del Uruguay UPEFRUY
- ✓ Unión de Productores y Exportadores Frutícolas del Uruguay
- ✓ UEU - Unión de Exportadores del Uruguay
- ✓ CNCS - Cámara Nacional de Comercio y Servicios del Uruguay Cámara de Comercio Uruguayo - Británica
- ✓ Perishable Products Export Control Board (South Africa) (PPECB)
- ✓ Fresh produce exporter forum (South Africa)(FPEF)
- ✓ Citrus Grower Association (South Africa) (CGA)



4.3 Social Responsibility in the value chain: our suppliers

Our suppliers are a key network for our business and include a range of multinational companies to small and medium-sized businesses. One of our main objectives is to contribute with our contractors to the sustainable and responsible development of their business.

We carried out joint developments with suppliers of main inputs such as boxes of different dimensions and types for the transportation of fresh fruit, as well as joint evaluations and on-site training with suppliers of containers and the implementation of new systems of foldable packaging in the industry.

We implemented a system of auditing suppliers to ensure San Miguel's concept of quality, assessing their way of working on issues such as health, hygiene and safety conditions, social responsibility and compliance with labour laws in order to support and provide assistance in the development of raw materials and secure & reliable suppliers.



Audits on the initiative of Ethical Trading Initiative

In 2012, we carried out the Auditing process of the Ethical Trading Initiatives in South Africa. The Ethical Trading Initiative is a cooperation instrument between enterprises, NGOs, and trade unions committed to working together in order to identify and promote good practices in the execution of the working behavior codes, including monitoring and verification. This audit records the observations and non-conformities related to 9 guidelines based on issues like: free choice of employment freedom of association, safe conditions at work and the ban on child labor, among others.

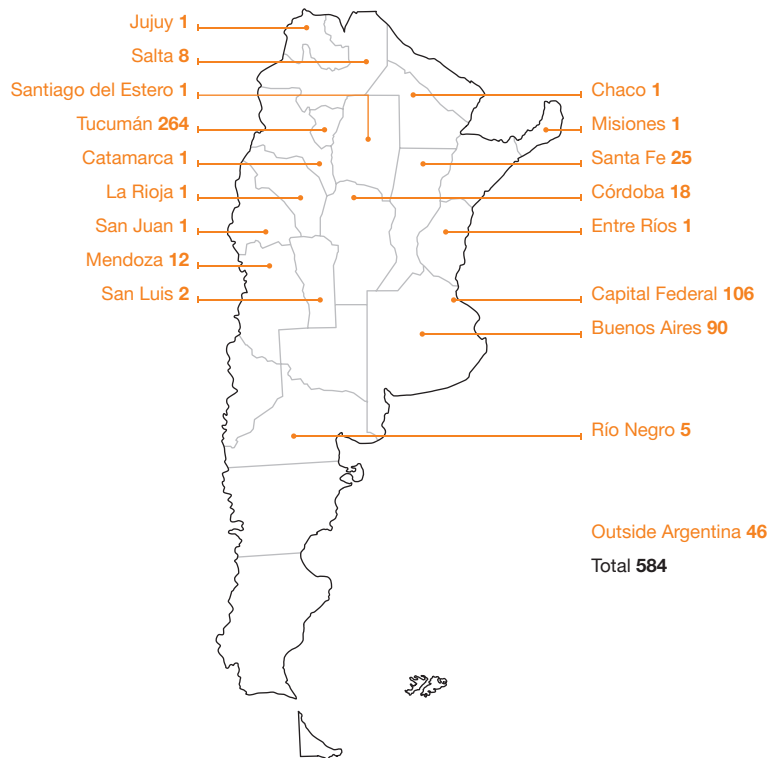
Specific Rules for Suppliers

- Boost the development of professional and business practices of critical suppliers.
- Encourage the understanding of the benefits of managing the business within the framework of a socially responsible organization.
- Respect the identity and interests of providers.

SUPPLIERS OF RAW MATERIALS	Direct	Indirect	TOTAL
# of suppliers	433	151	584

(*) Argentina

SUPPLIERS BY REGION



12%

During 2012, only 12 % of purchases were imported



Regarding the selection of suppliers, only a small percentage of the company’s purchases are made to foreign suppliers (technological equipment and some strategic production supplies).

Within the framework of our Supplier Assessment Policy, our procurement and QC departments annually appraise all suppliers of raw materials. Those who do not pass this evaluation ought to discontinue their supply to the company until they go through a new audit that shows the amendments on the non-conformities.

4.4 CSR Training in the value chain

We strive to generate knowledge and raise awareness in our value chain, promoting the acquisition and support of the principles and practices of sustainability.

During 2012, we organized both in Tucumán and Buenos Aires, a training session for suppliers on the importance of CSR, its trends, available tools, and the keys for liaising with the sphere of influence, among other issues.

Workshops were given to different groups of suppliers, those supplying productive and non-productive raw materials services and fresh fruit suppliers. 39 providers attended the workshops in Buenos Aires and Tucuman



4.5 Programs in the value chain.

Recycling and Reverse Logistics

During 2012, we started a program to reuse and recycle raw materials. After using the pallets or platforms where we receive our cardboard packaging, we carry out a process of reverse logistics (return to the supplier) in order to reuse materials to the same end. The product is finally eliminated from the cycle after several uses.

The list of recycled materials includes cardboard and plastic packaging and wooden pallets.

Business venture program

In 2012, the ATC-SIA Government of Tucumán entered into a Cooperation Agreement. The aim of this initiative, carried out in conjunction with the Employment Ministry of Tucumán, The Citrus Association of Tucumán and trade unions, is to promote the implementation of production ventures related to the citrus activity during the off season.

Therefore enabling a part of our staff to have a regular employment all year round, helping to strengthen their families' income, minimizing the risk of child labor arising in those families.



5. Labor Practices

“The significance of employment for human development is universally accepted. As an employer, an organization contributes to one of the most widely accepted objectives of society, namely the improvement of standards of living through full and secure employment and decent work.”

Excerpt from section 6.4.3 “Labor practices issue 1: Employment and employment relationships” International Standard ISO 26000. Guidance on social responsibility, ISO 26000: 2010. First edition 2010-11 01.

2012 Highlights

- Launching the “Talent Management Program
- Implementation of the Program for Identification of Development Opportunities
- Implementation of the Internal Communication Program.
- Launch of two continuous training programs on Health & Safety.
- Implementation of a Mobile clinic in South Africa for the prevention of diseases.

Labor Practices

5.1 Respect for and Management of Human Rights

At San Miguel, we respect, comply with and safeguard the laws and agreements which regulate labor relations between the company and the workers, as well as their working environment in the different countries where we operate.

Within this framework we assume the following actions:

- ✓ **Employees' right to freedom of association:** we provide room for the election of legal representatives and allow the organization of weekly meetings during peak season and monthly meetings during low season with trade union representatives within working hours. The senior line management in San Miguel holds meetings with trade union representatives once a month and out of schedule if necessary.
- ✓ **No child or forced labor:** Our companies will not under any circumstance employ any person who is under 18 and has not accomplished compulsory education. Moreover, we believe in freedom and choice of dignifying work for all employees.
- ✓ **We promote diversity and respect for difference:** selection, recruitment, assessment and promotion of employees are carried out according to an employee's capacity to perform adequately the job proposed. No distinction whatsoever is acceptable.

5.2 Diversity and Social inclusion

At San Miguel, we strive to minimize discrimination practices in all their forms, raising awareness and sharing this behavior on to the personal and social life of all staff.

During September 2012 we were successfully audited with Ethical Trading Initiative (SMETA)



The guidelines we follow are:

Minimize or eliminate any exclusion or inequality, exclusion or preference that may generate rejection or inequality in terms of opportunities, employment, treatment or occupation due to race, colour, gender, sexual orientation, religion, political ideology, provenance, social stratum, mental or physical disability, health or age.

To ensure that access to employment, training and career development or promotion policy is based on employees' capacities to carry out work and not on the conditions described in the point above.

To promote equality and fairness at work, payment, working hours, breaks, leaves, vacations, social security, occupational, health and safety; these may be differentiated solely on the basis of Labor Act 20,744 or in collective labor agreements applicable to the activity of the organization.

Not to write or allow provisions, terms or decisions which may be apparently neutral but may result in disadvantages for a person with regard to another as these do not derive from a legitimate end or imply means to obtain them which are inappropriate.

To promote and make the best of individual and cultural differences with a view to creating competitive advantage through new points of view and sensitivity in connection with the domestic market of the community where we operate.

To treat staff with dignity and respect, giving them recognition for their work, generating a cooperative and tolerant work environment.

We support and enhance the inclusion in our staff of disabled people

In 2012, we analyzed alternatives for necessary positions for our business which may be covered by people with some disability.

In this way with the support and advice of Fundación Discar (Buenos Aires) and Minka (Tucumán) we finalized the induction process to employ, in 2013, a person with mental disability in our plant in Famaillá.

In Uruguay, in conjunction with SERINF, as a training institution, and PROCLADIS (Work Training Program for Persons with Disability) we developed the Packing Operating Project, a training project aimed at disabled people in the city of Young, providing them with the necessary tools which may allow them to strengthen their work prospects, favoring their social inclusion.



The courses are aimed at people with minor mental disability, people with hearing disability or some problem in mobility of their lower limbs. They include support for work inclusion, follow-up and therapeutically aid. They work with a multi-disciplinary team, specialized coaches, psychologists, social workers, etc. Moreover, it includes coaches from specific areas: the citrus and packing areas, proposed by the organization.

Fairness Labor Plan in South Africa

We believe that global competitiveness will require different skills and abilities from all individuals. Through the **Fairness Labor Plan**, we embark on a social transformation process to overcome barriers in the work environment and accelerate the training and promotion of individuals belonging to vulnerable groups.

This Plan has 5-year duration. It is an initiative proposed by the Labor Department of South Africa. Its objective is to promote equal opportunities and eliminate any sort of unfair discrimination from the workplace. It also involves the implementation of positive actions for disadvantaged groups, which guarantees equal representation at all occupational levels in the workplace.

5.3 Relationship with workers

Through the design and implementation of policies, practices and management tools, we provide a means of stable occupation and offer the conditions for individuals to develop as professionals and human beings.

Specific Rules of Labor Practices

- Raise awareness in the top and middle management, and among supervisors of the strategic importance of being a socially responsible company.
- Prioritize the health & safety of our people.
- Prioritize the integral development of our employees.
- Ensure full compliance with the legal regulations pertaining to labor law.
- Promote the attraction and retention of talent, positioning San Miguel as people's favorite company to work

HUMAN RESOURCES 2012 PER REGION

	July 2012			December 2012		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Argentina	765	4550	5315	753	662	1415
Uruguay	203	1834	2037	197	249	446
South Africa	99	353	452	101	0	101

HUMAN RESOURCES RATES (ARGENTINA 2012)

	Men	Women	Total
Total Employees	4837	478	5315
By category			
Director	9	0	9
Manager	14	1	15
Chief	29	14	43
Employee	203	67	270
Operator	4582	396	4978(*)
By seniority			
Average seniority			
30 years	197	6	203
25-29 years	29	3	32
20-24 years	92	7	99
15-19 years	148	23	171
10-14 years	415	29	444
5-9 years	1537	170	1707
Less than 5 years	2419	240	2825
By age			
Staff older than 45 (%)	18,1% (901)	22,3% (115)	18,5% (1016)
Other indicators:			
Medium employee turnover	-2,20%	-3,20%	-2,30%
Medium turnover of new employees	69,90%	86,10%	73,70%

(*) This figure refers to staff in the high season (both own and third parties)

5.4 Personnel Selection

We carry out both internal and external searches as recruitment channels. We ensure compliance with the principles of no discrimination and equal opportunities all along the personnel recruitment process.

In 2012, 10 people took part in the Young Professionals Program. This program has a one-year duration. Once the program has ended, participants may continue working at San Miguel in case there are positions available.



OF EMPLOYEES RECRUITED IN 2012

Analysts	2
Assistants	2
Errands assistant	1
Commercial assistant	1
Coordinator	2
Executive	1
Chief	1
Managers	2
Junior Professionals	10
Supervisor	1
Technician	1
TOTAL	24

This year we have received 500 applications; 24 people were taken on by the company

5.5 Staff Training and Human Development

We are currently redesigning the training process. To this end, during 2012 we held meetings to detect needs in order to carry out suitable planning. As of this process, we will update the Annual Training Plan, which this year includes, the following themes: technical training, behavior management, safety and hygiene, environment and quality.

PERCENTAGE OF TRAINING THEMES CONDUCTED DURING 2012

Theme	Percentage*
Safety, Hygiene and occupational Health	33%
Environment	7%
Quality	9%
Technical Training	24%
Management/Behavior	27%

*it implies percentage on the basis of total training conducted in SA San Miguel



Other than the subjects on the Training plan, we strive to conduct parallel programs comprising specific themes. During 2012, these were some of the programs carried out:

✓ ***Workshop on Risk and Accidents Prevention with Agricultural Machinery***

In Uruguay, we carried out the following training course: **“Handling and maintenance of agricultural machinery”** conducted by PROAS –registered training institution in the city of Salto- aimed at permanent staff: chiefs, drivers and technical employee’s mechanics working in the farms of Salto and Paysandú.

Training included, besides the issues pertaining to the management of machinery, cross-curricular subjects regarding the world of work, reinforcing basic aspects such as occupational health, labor rights and obligations, first aid, etc.

21 employees took part of 180 hours of training

✓ ***Training Program for Implementation of Performance Assessment:***

We redesigned the performance appraisal tool. We carried out activities on two different occasions along the year to present this tool to the employees and train them on its correct use.

✓ ***School Completion Program:***

We encourage all our employees to complete their secondary education. The program seeks to fund primary and secondary studies without employees incurring expenses. It is aimed at all those workers of San Miguel and personnel of third parties who have not yet completed their primary or secondary education and are willing to finish them. In 2012, 225 employees enrolled. They will start classes next year.

EMPLOYEES REGISTERED IN THE ADULTS SCHOLARSHIP

	Primary	Secondary	Total
Lavalle	0	19	19
Famaillá	2	22	24
Monte Grande	4	34	38
Caspinchango	0	47	47
Santa Isabel	12	85	97
TOTAL	18	207	225

TRAINING ARGENTINA

Number of participants

Income Tax Training Program	74
Training on auditors' competence and criteria for assessing 5S Auditing	15
Road Safety Program –Stage 1	120
Writing workshops for internal correspondents	20
Workshop on risk and accidents Prevention with Agricultural Equipment	110
Training Program on implementing Performance Evaluation	206
School Completion Program	225
Foreign Language Training Program (English)	49
Introduction to Project Management	37
Update on Work Strategies	20
Leadership tools, actions coordination and Team Work	15
Coaching for Middle Management and Mentoring for directors.	20
Leadership workshop for Directors	8
Sustainability workshop	30

✓ Sustainability Training – CSR Committee in Action

The main objective of this committee is to work in conjunction with the Public Affairs & CSR Department in the follow-up and the implementation of the different CSR initiatives we encourage. It has quarterly regularity and the training includes basic notions of sustainability, trends and knowledge on CSR international standards.

This committee constitutes a forum for discussion, review and channeling innovative suggestions arising from company staff that might become part of the CSR plan of the organization.

✓ Employability Program (Uruguay):

This program provides workers the necessary tools to strengthen their long-term job prospects.. It comprises training on issues like employability, Curriculum Vitae design, health and sex hygiene, work responsibility, computing, etc. Furthermore, it also provides activities in order to develop specific work abilities pertaining to participants. This way we may facilitate employability of our high season workers in Uruguay during the off-season.



✓ Continuous Development and Learning Program (South Africa):

The program is supported by the National Training Institution (NTI). We analyzed the necessary training and as a result, we developed programs aimed at different hierarchical levels within the corporation: drivers and operators, junior management, team leaders and permanent plant staff.

5.6 Talent Management

Program for Identification of Executive Development Opportunities (PIOD)

This program arose after the detection of the need of reinforcing company human resources. At San Miguel, we are going through a solid and decisive process of growth, both domestic and international, which requires adequate resources for future demand of our business. We seek to find both professional and human quality to make our business more efficient.

The end goal is to make sure we set up a practical tool of staff management, which allow us to, on the one hand, strengthen our position in order to face daily challenges of the business and, on the other, focus our investment on the development of individuals in San Miguel.

5.7 Payment and benefits

The objectives of our Compensations Policy are to:

Give employees compensation in accordance with the importance of their position.

Support the objectives of attracting, retaining and motivating the human capital that the activities and projects may require.

Link compensation to company performance and contribute to San Miguel’s strategic objectives.

Compensate workers in a fair and suitable way, ensuring internal consistence of compensations and external competitiveness with the market which the company determines in accordance with the position desired.

Regarding the relationship of the basic salary between men and women, for the category of “Operator” the average male worker wage is 11.5% lower than women’s. The reason is that in the case of field positions (pickers, workers); mostly men cover these, while female workers fill the administrative jobs, which are better paid. As regards “Employee” and “Chief” the average salary is higher for men than for women in 7.5% and 1.5% respectively. In the “Manager” category male average personnel is 33.4% higher than female since there is a sole woman among managers.

We encourage and promote the employability of our staff during off-season through our Employability program



In 2012, we launched the Benefits Program in Tucumán. Our employees in Tucuman may get discounts only by showing the “Benefits Card” in different ranges such as clothing and accessories, household, health, beauty, entertainment and education.

We have other benefits as well:

SAN MIGUEL BENEFITS	SCOPE
Transport	
Car – Position	Personnel not covered by Labor Agreement (FC)*
Transport subsidy	Famaillá Personnel
Financial	
Loans	all
Wage advances	all
Discount Schemes	all
Health	
Medical Coverage	FC Personnel*
Sickness Aid	all
Nutritional advice	all
Medical Check-up Hierarchical Personnel	FC Personnel*
Maternity Protection Manual	all
Food	
Beverages	all
Education	
Children education expenses – grants	all
School kit	all
Entertainment	
Breaks for short stretching in the office	Tucumán
Employees’ annual Party	all
Additional Leaves	
Fridays during the summer	FC Personnel* and Administration
Gifts	
Birthday gifts	all
End-of -year Gifts	all
Personnel Anniversary Gift	all
Other	
Mobile telephone	According to post requirements

*FC Personnel: Personnel not covered by Labor Agreement (FC)

We give our employees benefits on transport, health, food, recreation, education, and gifts.





5.8 Work-life Balance

Some of our initiatives in our commitment to encouraging the work-life balance are:

Activity	Theme	People involved
Women's Day	We handed out a gift voucher to the personnel of our Buenos Aires premises. In Tucumán, staff had the choice of a make-up course or a gift voucher.	93 employees in all among both locations
Children's Day	In Buenos Aires we gave out employees' children, aged between 0 and 12, a voucher for different activities. In Tucuman, we organized a visit to the theatre for children between 2 to 10 years old.	150 kids with their parents
Mother's Day	We handed out a Beauty Set to mothers.	62 mothers among both locations
Secretary's Day	We gave out a voucher for Spa and Relaxation.	9 secretaries/assistants
Family Day – 1° Solidarity Marathon SA San Miguel	We organized a sporting event which engaged the employees of the company and their families –where we aided Fundación Ayuda al Niño Necesitado (a foundation for the aid of children in need).	210 people among employees and relations
Soccer Tournament	The tournament was held with a view to encouraging integration among male staff of the company.	476 participants
Company Career Recognition Program	We gave recognition award to employees with more than 20, 30 and 40 years in the company, for their effort and contribution to the organization	90 people.
Christmas Eve for All	We organized a day with the personnel and their families to contribute with the packing of Christmas boxes for the program “Noche Buena para todos” where Christmas food and toys are donated to families in need.	50 people among children and employees of San Miguel
Honorable Mentions	Agricultural Engineer's Day, Organ Donor Day, Literacy Day, Environment Day, Father's Day	Mailing to all the personnel and use of notice boards

5.9 Health and Occupational Safety

Policy of Health and safety at Workplace

Our industry has been characterized throughout the years by a level of hazard above average compared to all other industries. At San Miguel, we are committed to generating a culture of health and safety at work that may become our distinctive landmark. To this end we have developed practices, policies, and working methods.

Our Policy of Safety and Health at work is a basic instrument we use to encourage the implementation of the health and safety system. This policy is regularly reviewed to guarantee its adequacy and relevance to the organization.

The Health and Safety department decides on the necessary trainee to all workers. This division at the same time considers, after evaluation by the specific working area, the workshops needed in order to minimize specific risks on different areas or tasks. Based on this, the division draws up a “Yearly Training Plan” in order to develop a culture of safety and managing risk.



TRAINING ON WORK SAFETY

Sector	Man hours 2011	Man hours 2012	General training themes
Plant I (Laval)	1925,3	2419,1	Fire Brigade, First Aid, Evacuation, Safe Working Methods, Wheelbarrow Handling, Hazardous substance Handling, General Induction, auto elevator and tools handling, Use of equipment for personal protection, electrical maintenance, etc.
Plant II (Famaillá)	1318,1	2874,7	General induction, emergency procedures, evacuation, risk prevention in activities, maneuvering industrial vehicles, handling hazardous substances, use of equipment for personal protection, apparatuses subject to pressure, tools handling, etc.
PFF (Fresh Fruit Production, Packing and Field)	3850	5020	Safety in handling, electrical and power tools. Prevention of accidents during the use, cleaning and servicing of agricultural machinery, prevention and control of fire, organizing an Emergency Brigade, contingency Plans, Safety in Citrus Harvesting, Safety in new techniques and work procedures, prevention of accidents in receipt, storage, transportation, development and application of agrochemicals. Prevention of accidents in general tasks and cultural work duties in agriculture. Road Safety, use and care of equipment for personal protection.

Training of Contractors: In line with company policy, all personnel entering our premises to provide services ought to comply with a series of entry requirements including: Training in the risks posed by its tasks. The corporation briefs contractors on internal regulations. Prior to entry, contractors must submit all documentation on Work Hygiene and Safety. Entry is authorized once documentation is checked.

Internal Campaign: Risk Warning

With a view to eradicating acts and conditions that are unsafe at work- place, San Miguel has developed this tool, as a means of information and prevention. This “Risk Warning” serves as a record of the situa- tions in which a worker may, by his own actions or by external agents, put his own integrity at risk.

Hygiene and Safety Program –Talks on Safety

These talks represent a tool for the supervisor to work with employees in order to avoid possible accidents at site. They consist of two types talks: from 10 to 15 minutes, conducted by supervisors and chiefs prior to the beginning of the working day or by the end of it. They all have the following features:



Sector	Number of Talks 2011	Number of Talks 2012
General	80	93

With a view to improving communication between employees and the Work Hygiene and Safety Area, we introduced an ideas and suggestion box in 2012.

This report does not include top management absenteeism. The follow- ing concepts are included as absences:

- ✓ Sickness
- ✓ Accidents
- ✓ Leaves (No holidays)
- ✓ Absent with previous advise
- ✓ Absent with no advise
- ✓ Work stoppage & Alcoholism test positive

Health and Security Indicators	2012
Absenteeism rate (%)	7,00%
Rate for injuries due to accidents ⁽²⁾	5,29%
Amount of mortal victims	0

(1)Amount of Absents/Amount of working days*100

(2)Amount of Accidents/Amount of average workers*100

(*)Argentina

This year’s general talks on safety, reached 88 supervisors and their assistants at the farms, 42 supervisors and chiefs at Famailá plant Plant and 22 supervisors and chiefs at Lavalle Plant.



Every employee receives training on health and labour security, enabling the workers to develop the sense of risks, illnesses and accidents prevention, on each working area.

Safety work conditions in the fields:

We are committed to finding out opportunities for improvement. We have carried out a review of working conditions in the fields, which led us to take the following actions:

- ✓ **Automation of fire protection system**
- ✓ **Lifting system of 50-kg. bag of lemon peel in drying facilities.**
- ✓ **Change in the methods of application of fertilizers:** with a view to diminishing manual handling of loads and resulting injuries; we modified the methodology of application of fertilizers. Currently the fertilizer arrives in trucks loaded with 100-kg. Big Bags. It is unloaded into barns or onto the fields ready to be used. All movements are automatically managed by the use of lifts.
- ✓ **Change of the mixing system in tanks:** we have replaced 30% of the shaft bars by hydraulic systems with the objective of eliminating the risk of being trapped by shafts and improving homogenization of the different chemical products.
- ✓ **Change of load systems of chemical products:** we preceded the making of chemical products in the lower layer and automatic lift in order to diminish the physical effort on the part of the formulator, thus avoiding accidents due to contact with chemical substances.
- ✓ **Improvements in mechanized pruning:** elimination of pruning remnants in plants with a view to diminishing the risk of bumps by objects falls to ground level and sharp wounds.
- ✓ **Improvements in citrus fruit harvesting:** implementation of the work system with the Bin by the side of the picker in order to shorten the distance covered by the worker to unloading the basket and to reduce the risk of falls to ground level.
- ✓ **Research into change of harvesting ladders:** we have replaced traditional ladders by aluminum ladders with a view to improving work posture, diminishing muscle fatigue in the picker's lower limbs and the effort resulting from tool handling.
- ✓ **Implementation of the 5S Program:** it is a tool originally designed in Japan which encourages the culture of work focusing on optimizing the use of available resources by workers so as to reduce accidents, improve the use of space and increase productivity.

Medical Service

All the activities of this service are based on the International Ethical Code for Occupational Health professionals (drawn up by ICOH –International Commission on Occupational Health) and in Act 26,529 pertaining to patients' rights in their relationship with professionals and health institutions.

The Medical Service carries out actions of prevention, assistance and evaluation of employees' health. These are based on regular reviews of occurrence statistics from which programs and plans are drawn up.

A Healthy Company

At San Miguel, we have implemented a well-being program, encouraging the promotion of healthy habits within company premises and in people's personal lives. In order to meet this goal, we have worked on three activities:

Smoke –free Company

In 2012, our Medical Service applied for the standard Smoke free company. This means all spaces available in San Miguel will be free from tobacco smoke –even vehicles.

Advice on Healthy Nutrition:

In 2012, we highlighted 16 educational talks, 295 nutritional tests, 244 visits to the medical office and professional follow-up. Physical activity in the workplace: we provide active pause training where 230 employees from the Packinghouse and main office took part and working recreational activities where 124 employees participated.

Exercise at work

We have gym breaks at the office in Tucuman. 230 employees at the packing plant together with 124 administrative employees normally participate on stretching activities.

Employee Aid Program

Regular alcohol abuse is a common health problem, which calls for treatment. We have developed the Employee Aid Program (PAE) whose focus is to prevent pathologies and problems related to alcohol consumption, to avoid the use of alcohol during working hours and contribute to the rehabilitation of those people who might need it. We actively work on the prevention of alcoholism through informative talks and training, monitoring blood alcohol levels with suitable instruments, establishing a zero tolerance policy of alcohol in blood to carry out habitual work-related tasks and giving suitable advice to workers who might follow the necessary treatment.

The individuals comprised within the PAE are employees, the employer, hired personnel, supervisors, management, contractors, subcontractors –regular or occasional- and all personnel reporting to these.

In 2012, blood alcohol checks were carried out and 660 people participated in Alcoholics Anonymous talks.



In 2012, blood alcohol checks were carried out and 660 people participated in Alcoholics Anonymous talks.

HIV Campaign in South Africa

Given the seriousness of the situation regarding HIV in South Africa information related to this issue will be strictly confidential for all personnel joining the company. Nevertheless, we carry out awareness and HIV prevention campaigns reaching all supervisors and employees. Furthermore, the implementation of the Mobile Clinic –a free initiative of the South African Government– allows setting up a monthly mobile clinic in our farm so that people from the community in the vicinity may have free medical check-ups done and possibly receive the necessary medication free. Patients are seen in an orderly way to avoid long queues and interruptions in the normal activity of the farm.

Trained and professional personnel run the clinic. It aims at people having basic health check-ups, among these we find:

- HIV/Aids medication supply
- HIV testing
- Blood pressure
- Information on birth control
- Vaccination to underage children
- Recommendations to see the doctor regularly

Noise Pollution Management

In order to decrease the noise resulting from activities, we developed a study of the conditions, and the environmental aspects where exposure to noise levels could be hazardous to operators.

Preventive measures: we hand out each operator a hearing protection-aid with an attenuation effect of 26 decibels (A) to attach to their helmets. In addition we place notice signs indicating compulsory use of them in sectors with high levels of noise.

Corrective measures: we implemented a predictive maintenance plan, which includes regular control of each machine through instruments to detect vibration failures. In areas where different types of machinery produce a high level of noise, we built a separate room to isolate the operator.



In South Africa we organize different HIV prevention campaigns with the help of the Mobile Clinic where people from the community and employees may have a free medical check-up



5.10 Internal Communication

Our internal Communication Program includes organizational aspects in order to achieve more motivation, loyalty and identification with company projects and interpersonal aspects in order to cooperate with a better working environment.

Our set of communicational tools includes the following:

- ✓ “SoMos” is an internal quarterly publication. There is a Spanish version for Argentina and Uruguay and an English version for South Africa.
- ✓ “SoMos Newsletter” is sent on a monthly basis with relevant information both from all the areas of the company as well as from the different countries we operate in.
- ✓ Bulletin boards located in all areas of the company where the information sent to e-mail users is shared
- ✓ Planning of Communicational Strategies for specific projects
- ✓ Daily News where relevant information of each department is communicated under different categories such as Social events, Environmental news, Trainings & Benefits
- ✓ Flyers are handed out to employees who do not have access to electronic mail.

Furthermore, the internal communication area has an Internal Correspondent Committee, a team, formed by employees from the different areas that have been trained to give updates on their respective departments with the objective of formally integrating the information to be presented for the SoMos magazine and Newsletter.



6. Customers' issues

“Organizations that provide products and services to consumers, as well as other customers, have responsibilities to those consumers and customers. [...] Consumer issues regarding social responsibility are related to, among other matters, fair marketing practices, protection of health and safety, sustainable consumption, dispute resolution and redress, data and privacy protection, access to essential products and services, addressing the needs of vulnerable and disadvantaged consumers, and education.”

Excerpt from section 6.7.1, “Overview of consumer issues” International Standard ISO 26000. Guidance on social responsibility, ISO 26000: 2010. First edition 2010-11 01.

2012 Highlights

→ Fresh fruit & Processed products Customers General Satisfaction Survey.

→ Creation and implementation of the Customer Service Department

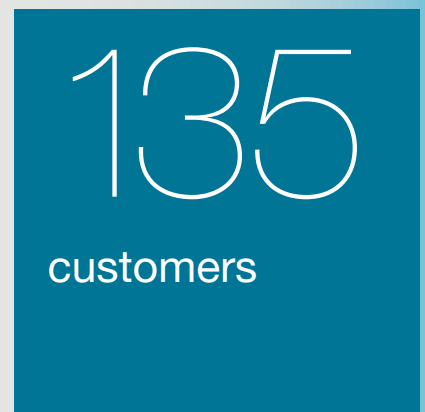
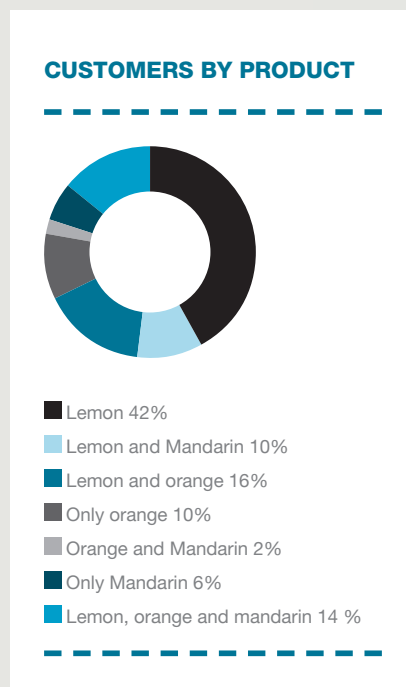
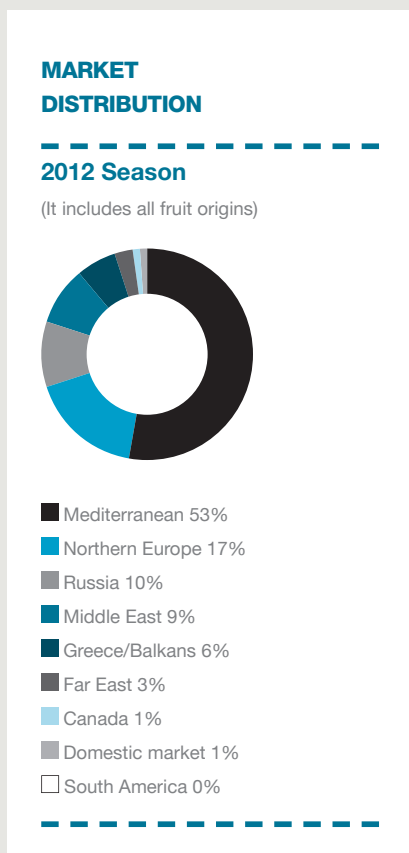
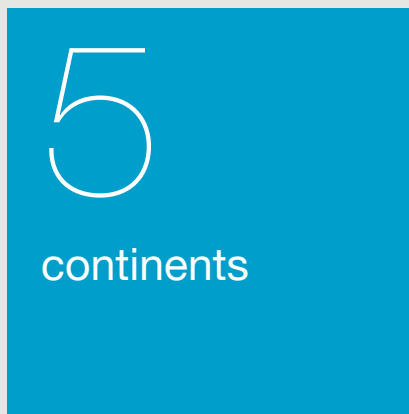
→ Development of specialties to cope with market niches.

→ Genetic innovation on new varieties development.

Customers' issues

6.1 Customers in figures

FRESH FRUIT SAN MIGUEL



PROCESSED PRODUCTS SAN MIGUEL

2013 PROCESSING [TON]



- Argentina 64%
- USA 11%
- Spain 6%
- Italy 5%
- Mexico 2%
- Brazil 4%
- South Africa 4%
- Others 3%
- Turkey 1%

Lemon Peel:
Lemon represents
45% of the raw
material used to
obtain pectin.

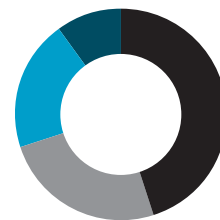
PERCENTAGE OF LEMON JUICE SALES BY MARKET.



- Central and South America 24%
- North America 30%
- Asia and Eastern Europe 17%
- Europe 29%



PECTIN USED AS RAW MATERIAL COMES FROM:



- Lemon 45%
- Apple 20%
- Lime 25%
- Orange 10%

72%

Argentina represents more than 72% of the Southern Hemisphere's lemon processing.

6.2 Products, Customers and Quality Assurance.

As a food producing company, we prioritize consumer health, & food safety, moreover these are a necessary condition for maintaining and consolidating our relationship with customers.

We understand all of these above-mentioned concepts as the sum of the partial processes where results are reflected in our competitiveness and differentiation of our products. This is the key to our continuity in the different markets worldwide. Moreover, in the last 10 years San Miguel, in line with market demands, has developed a series of systems that contribute to guarantee the quality of processed products. Among the first steps taken, we can mention the incorporation of Good Manufacturing Practices, the outline of a Quality System based on ISO regulations and finally standard HACCP (Hazard Analysis & Critical Control Points) as a guarantee of quality and safety.

Providing solutions to our customers is one of our strategic bases To this end, we carry out projects and developments to identify opportunities together with our customers attaining development of new products and innovations that meet specific customer needs worldwide

Therefore, San Miguel develops and patents promising and appetizing varieties for the market. As of 2008 Milagro entered into an agreement with CMBI-A.R.O. / ZAKAI of Israel to introduce, produce and export 13 mandarin varieties and two seedless lemons varieties exclusively from Uruguay.

Among these, the Orri and Morria mandarin varieties are planted and in the process of commercial production. These are some of the most attractive within late ripening seedless mandarins

Besides, we are producing varieties patented mainly in seedless mandarins within the framework of agreements signed with CitroGold. In Milagro, Uruguay, there are to date 72.5 hectares planted with Nadorcott and 120 hectares licensed.

The rest of the varieties are on an experimental stage with the aim of finding the ones, which best adapt to the climatic and production conditions in Uruguay

6.3 Quality Assurance System

Our quality assurance system, based on Standard ISO 19001: 2008 (International Standard Organization), covers aspects such as documentation management, assignment of responsibilities, management commitment, internal policies, objectives, resources management, supply management, traceability, internal audit programs, customer service and ongoing improvement, among others.

Customers Specific Regulations

- Comply with CSR demands of our customers.
- Willingness to give service to customers and consumers with transparency.
- Encourage consumption of fresh citrus and by-products enhancing their healthy properties.





At San Miguel, we maintain a system of Internal Quality Audits. These are used to review compliance and evolution of the different quality tools. The management carries out the review of the system through the evaluation of internal audit results. Corrective actions are discussed and agreed with the person responsible from each area in order to implement them within the time agreed.

Our plantations and all our industrial processes worldwide have been certified by international standards that guarantee product safety, environmental care and certify as well all production processes.

In our farms:

- ✓ **Global Gap:** the aim of Global Gap is to establish standards and procedures for the development of Good Agricultural Practices (G.A.P.), reducing risks and ensuring quality and safety of primary food production.
- ✓ **Tesco Nurture:** ensures that the product is raised and manipulated in such a way that it complies with the legal requirements and demands of Tesco supermarket customers.
- ✓ **Field to Fork,** both Uruguay and South Africa's sites comply with this standard.

In Packing:

- ✓ **HACCP:** The acronym stands for Hazards Analysis and Critical Control Points and it guarantees safety in food manufacturing and preparation activities. Its objective is to guarantee safe products and avoid food poisoning.
- ✓ **All Lemon Tested and Certified for Export:** we have taken part as a member-partner enterprise of the Chamber of Citrus Exporters since 2010. The Chamber owns the quality seal ALL Lemon. The essential requirement to be part of the Chamber is to go through the auditing process and comply with the quality standards of the seal. On a weekly basis, an audit is carried out on the lemon production of the each of Chamber members, in order to ensure the following attributes are assessed juice content, shelf life and durability, firmness, freshness, shape, colour, skin, traceability and harmlessness.

GLOBALG.A.P.



At the processing plant

- ✓ **British Retail Consortium (BRC):** one of the recognized standards for the fulfillment of GFSI requirements (Global Food Safety Initiative) endorsed by major European supermarket chains. We were given the highest score: Grade A. Our next goal is the new version of the BRC Standard, published in 2012, which highlights good manufacturing practices, suppliers control, raw material, foreign material and allergens.
- ✓ **Sure Global Fair (SGF)** issued by an international entity, set up by the fruit juice industry for the certification of suppliers worldwide, mainly for raw material quality monitoring.
- ✓ **HACCP** The acronym stands for Hazards Analysis and Critical Control Points and it guarantees safety in food manufacturing and preparation activities. Its objective is to guarantee safe products and avoid food poisoning.

Furthermore, our set of certifications also includes the religious standards such as Kosher and Halal.

Traceability System

Food safety is ensured through the traceability system. This system allows the customer to know the exact origin of fruit and all the processes it has gone through. It guarantees our customers and markets to receive high quality and safe products, considering that in case of product non-compliance, it may be withdrawn from the market, ensuring any potential risk regarding quality, lawfulness and safety.

6.4 Customer Orientation

Our Customer service Department was set up with the aim of providing reliable support for customers, highlighting the following premises:

- ✓ Increase supply chain visibility
- ✓ Improve claim management regarding Fresh Fruit and Processed products.
- ✓ Management of the logistics costs at destination.
- ✓ Procedures standardization

Additionally, we attended several international fairs in order to interact with our customers. In 2012 we took part in several Fresh fruit oriented fairs (Berlin Fruit Logistica, Asia Fruit Logistica and World Food Moscow) as well as those related to Processed products (Sial Mercosur and Anuga).

During the high season we organize customer's visits to packing and processing plants, as well as internal audits, so that the customers get to know and assess activities of production, control or dispatch of materials, as well as the quality assurance system on which production activities are based on.

Our traceability system ensures food safety, therefore customers are able to know the exact origin of the fruit and the process it went through until its final destination



6.5 Customer Satisfaction

In order to measure the degree of general satisfaction of our customers we have defined the following indicators:

- **Contract Fulfillment:** the goal is to determine to what extent we are duly performing agreements. Identify the existence of any products, or customers that may require further attention.
- **Perfect Order:** the aim is to determine to what extent we comply with purchase orders in terms of delivery, quantity, quality and documentation.
- **Time of response to claims:** this period is measured from claim receipt to the time the customer considers the case closed.
- **Supply chain Costs:** its aim is to determine the costs of the logistics chain, compare the real costs with budgeted costs to identify improvement opportunities.

Satisfaction Survey

In 2012, we carried out the General Satisfaction Survey that included Fresh Fruit and Processed Products customers.

Main results of the fresh fruit customers' survey:

- ✓ Positive regarding our international position
- ✓ Positive regarding the level of general satisfaction:
- ✓ 85% appeared "satisfied or very satisfied".
- ✓ Corporate Brand Value: 7.3/10
- ✓ 93% satisfied with the portfolio of varieties.
- ✓ 70% considered the three-origin coordination unstable.
- ✓ 65% valued Maximum Residue Levels (MRL).
- ✓ 58% confirmed our compliance with the requirements of MRL.
- ✓ 32% of buyers stated they have no contact with the technical department.
- ✓ 37% confirmed their liaison with the technical department and
- ✓ 78% confirmed to have a good response from the department.
- ✓ 50% voted for our business focusing on "citrus"
- ✓ 25% did not have a concrete preference.
- ✓ 25% suggested we incorporated other products.
- ✓ 38% was not aware of Carbon Footprints

STRENGTHS

Volume

Global Supply

Quality

Professionalism

Leadership

WEAKNESSES

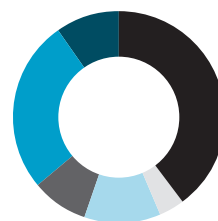
Slow response on some decisions made

Uniformity of products

3-origin coordination

FRESH FRUIT CUSTOMERS

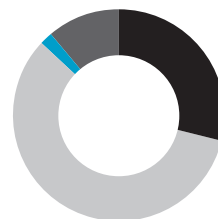
Customers polled per country



- South of Europe 41%
- Canada 4%
- Far East 12%
- Middle East 6%
- North of Europe 27%
- Russia 10%

FRESH FRUIT CUSTOMERS

Customers polled per area/rank



- Owner 29%
- Commercial manager 58%
- Imports manager 2%
- CEO 11%

Principales Resultados de la encuesta de Clientes de Industria

- ✓ Positive regarding the general satisfaction level: 86% appeared “satisfied or very satisfied”.
- ✓ Corporate Brand Value: 8.1/10
- ✓ 89% considered us a strategic partner to develop projects and future products.
- ✓ 55% valued Agricultural Residue levels
- ✓ 89% confirmed we comply with requirements of Agricultural Residue levels
- ✓ 21% of the buyers said they do not liaise with the technical department. The level of satisfaction regarding the technical department was 8.5/10 points.
- ✓ 46% confirmed to have a good response from the technical department, and valued at 8,5 to 10
- ✓ 50% would rather have San Miguel as a provider of citrus by-products:
 - ✓ 24% would prefer San Miguel to expand to other fruit processed products.
 - ✓ 26% would prefer San Miguel to incorporate other products
- ✓ 48% was not aware of carbon footprints

STRENGTHS

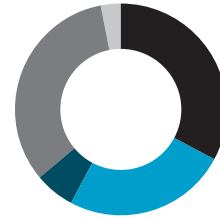
- Product Quality
- Customer Service
- Professionalism
- Market position
- Size

WEAKNESSES

- Price
- Communication
- Follow-up on purchase orders

INDUSTRY CUSTOMERS

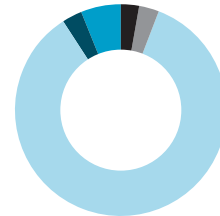
Customers polled per country



- USA/Canada 33%
- Latin America 25%
- Asia 6%
- Europe 33%
- Oceania 3%

INDUSTRY CUSTOMERS

Customers polled per area/rank



- Financial manager 3%
- General manager 3%
- Sales Responsible 85%
- Logistics manager 3%
- CEO 6%





Our plantations are certified by international standards that guarantee customers and markets the quality and safety of our products



7. Environment

“The decisions and activities of organizations invariably have an impact on the environment no matter where the organizations are located. [...] Environmental matters are closely linked to other social responsibility core subjects and issues. Environmental education and capacity building is fundamental in promoting the development of sustainable societies and lifestyles.”

Excerpt from section 6.5.1, “Overview of the environment” International Standard ISO 26000. Guidance on social responsibility, ISO 26000: 2010. First edition 2010-11 01.

2012 Highlights

- Evaluation and certification of Carbon and water Footprint
- Energy efficiency Audit
- Management of industrial solids used for composting, bio-remediation and fertigation

Environment

7.1 Commitment with the environment

Our environmental management policy reveals the commitment of the company regarding this issue and sets forth the guidelines to follow, establishing the framework within which we develop our activities.

Said policy determines the commitment of the company to carry out its activities safeguarding the environment through the prevention and minimization of the impact on air, water, soil, flora and fauna. It states appropriate management of our company's waste, respect for current legislation as well as the development of control and monitoring programs.

Environmental Policy

Our main objectives aim at an efficient use of natural resources, production and economic profitability other than, contributing to the development of our people and the community, working in a sustainable way.

To that end, San Miguel commits itself to:

- ✓ Run its facilities identifying and assessing their environmental risks, minimizing their possible impact and considering Environmental Management as a company priority.
- ✓ Comply with applicable legislation and other commitments San Miguel may make.
- ✓ Make rational use of supplies, water and energy.
- ✓ Prevent pollution, monitoring and auditing environmental performance and working for continuous improvement, minimizing emissions and hazardous discharges to the air, water and soil.
- ✓ Minimize the generation of waste, applying concepts of recycling and ensuring responsible management of hazardous waste.
- ✓ Make use of technologies to achieve a more pollution-free production.
- ✓ Inform and train employees, and the people who develop activities for San Miguel, in order to make them aware of their environmental responsibilities and commitments made regarding this policy. Maintain open communication on environmental issues with the nearby community, regulatory institutions and other stakeholders somehow related.

Specific regulations on environmental management

→ Attain full compliance with the regulations and demands of the environmental control authority.

→ Attain full compliance with customers' environmental regulations and demands.

→ Make the value chain respectful of and committed with environmental regulations and legislation in force.

→ Active participation in intercompany initiatives organized for environmental prevention and care in the geographical regions where San Miguel operates.

→ Promote initiatives in order to strengthen the culture of prevention in terms of environmental care



7.2 Environmental Management System

This system has helped us develop environmental practices and procedures orientated towards the protection of the environment through the prevention and minimization of impact on air, water, soil, flora and fauna, considering that the preservation of biodiversity guarantees sustainability.

The environmental area is responsible for implementing and carrying out the company's environmental management as a whole. The Environmental Department is currently implementing on a frequent basis a series of environmental samples whose results are constantly analyzed.

- Greenhouse gas samples.
- Soil samples.
- Assessment of factory peripheral noise.
- Quality monitoring of superficial water from the basin.
- Control samples of effluent quality.

7.3 Environmental Awareness

We carry out training on the efficient use of resources for staff joining the company. We hold workshops once a year on Environmental Management and Waste Classification.

In 2012, 310 employees of San Miguel belonging to production areas took part in these workshops. As a first experience in order to design the Environmental Training Plan for 2013, we broadened the scope to cover some non-production areas: In Buenos Aires we held the first Environmental Workshop where 38 employees participated actively. During the workshops the following topics were mentioned:

- Environmental Management System and Environmental Management Policy
- Waste management and classification system
- Efficient use of water
- Conservation of natural resources
- Risk Analysis Matrix
- Carbon and water Footprints
- Green bonds
- Effluent treatment in San Miguel
- Actions concerning the Environmental regulatory entities Environmental Management costs
- Added value of Environmental Management

310 employees
in Tucuman and
38 in Buenos Ai-
res participated
in the environ-
mental work-
shops

We usually organize different awareness campaigns both with information on bulletin boards with different environmental messages on key dates.

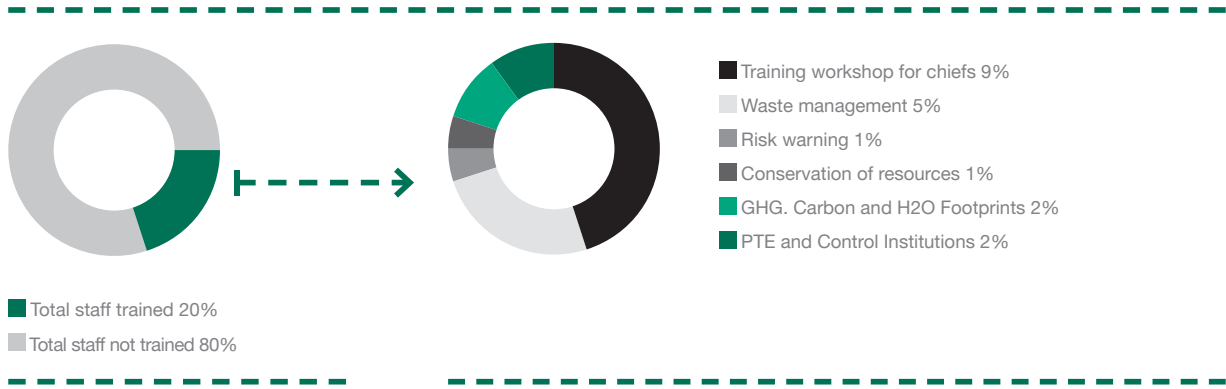
This year we organized the first Environmental Day on the Environmental Awareness Day bringing together staff from our premises in Buenos Aires as well as personnel from Packing and processing plants in Uruguay.

With a view to motivating the different sectors, during the “End-of-Year Dinner Celebration”, we handed out recognition awards to the areas and operators who did best in terms of Environmental Management Practices during the year.

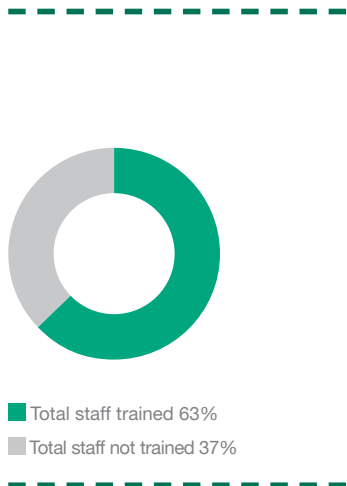
We gave awards to those areas who did the best in terms of environmental practices throughout the year

Environmental Talks in Argentina

ENVIRONMENTAL TALKS



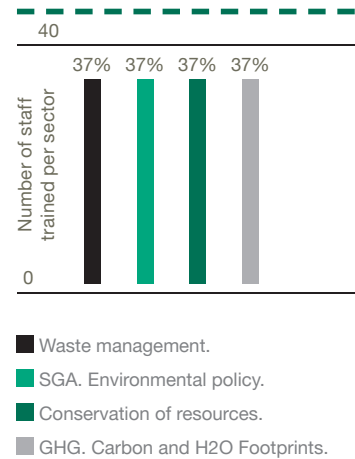
ENVIRONMENTAL TALKS IN BUENOS AIRES



NUMBER OF STAFF TRAINED PER SECTOR



WORKSHOP AGENDA



Environmental commitment within our products

As part of the plan of Good Agricultural Practices in San Miguel we have adopted the general guidelines for Good Agricultural Practices from the GlobalGAP protocol.

In this way, we aim to respond to growing consumer concern about the environmental impact as well as health and food-safety, reflecting the desire to improve production standards in cooperation with producers. The implementation of GAP is based on the following principles:

- ✓ Maintain consumer confidence about the quality and food-safety of the products
- ✓ Minimize impact and environmental degradation, which implies the conservation of flora and fauna.
- ✓ Reduce the use of agrochemicals through the adoption of integrated production systems
- ✓ Improve the efficient use natural resources (water, energy, air and soil)



7.4 Responsible Management of Resources

Water

WATER CONSUMPTION IN M³/H

Production	Volume m3/hr
Well Nr 1	160
Well Nr 3	200
Well Nr 4	210
	570
Consumption	
Processing Plant	549
Extraction	54
Osmosis	90
Fruit Washing	30
Boilers	25
Taste 1	60
Centrifuge handling	15
Juice clearing process	20
Pasteurizer FMC packaging	25
Cleaning+Toilets+Administration	30
Drying well+ recovery	200



At San Miguel, our efforts and objectives are orientated towards minimizing water consumption and reusing it in all those production stages where the final quality of the product may not be affected.

During 2012, we carried out, in conjunction with Obispo Colombres Agro-industrial Experimental Station (EEAOC), an Audit on water in the whole of the Famaillá plant with the objective of getting to know and studying improvements in consumption and a more efficient use of water. After the results, we put into practice several initiatives:

- ✓ Substitution of factory washing with hose stream through high-pressure washer.
- ✓ Reuse of refuse waters from equipment of reverse osmosis.
- ✓ Reuse of waters from juice cooling.

We currently continue working on the reduction and re-use of water in all industrial processes.

Irrigation and Monitoring of water needs

In order to ensure rational use of water resources, we use the drip and micro-sprinkler irrigation system. Their distinctive feature is their high efficiency, nearly 92%, which allows saving water resources. Daily monitoring of the needs of the plant, allows us to use water efficiently and to apply and distribute water according to the needs of plants.

The water sources for irrigation use are analysed according to different standards (Chemicals, pesticides, microbiological elements and heavy metals) and are compared to international standards.

At San Miguel, we use authorized underground sources and superficial registered sources in accordance with the Provincial Law of Irrigation.

Energy

During 2012, we carried out an audit on energy efficiency in our plant in order to determine adequate use of it. This played an important role as the starting point for the development of the necessary improvement projects; it allowed drawing up concrete action plans with the clear objective of reducing consumption of energy fluids and making production sustainable.

We also performed the Carbon and Water Footprint Calculation in order to generate and encourage strategic solutions oriented towards inventory taking, monitoring, reporting and mitigating the impact generated by atmospheric emissions resulting from daily activities.

In 2012 we carried out at the plant, an audit on energy efficiency to determine the good use of it



**ENERGY CONSUMPTION ON PROCESSED TONS -
FAMAILLÁ PLANT 2012**

	Consumption/ processed tons	Unit
Direct consumption of diesel fuel	2,27	L/Tn
Direct consumption of petrol	0,06	L/Tn
Direct consumption of natural gas	67,80	m3/Tn
Indirect consumption of electric energy	101,00	Kwh/Tn

Carbon and water footprint calculation

The reduction of CO₂ and water consumption constitutes one of our priorities on which we base sustainable development and the generation of innovative initiatives. In this line in 2012 we implemented a process which objective is to calculate and certify the Carbon and Water Footprints of our company as a whole and of all our products in particular.

This initiative consists in identifying and quantifying emissions of GHG (Greenhouse gases) released to the atmosphere, as well as the total volume of fresh water used or polluted directly or indirectly by the company to produce goods. In this sense, today San Miguel participates in the international program of green bonds as a receiver of said bonds.

The application of this measuring tool, besides gauging priority action areas in Production, Logistics, Packing and product distribution at destination, helps outline and implement an action plan to minimize the impact and succeed in attaining responsible consumption of non-renewable natural resources.

This program is carried out in conjunction with the Production and Processing Areas. The Environmental department coordinates it; and Green Solutions supported it, a consultancy specialized in this issue and a partner of the Carbon Reduction Institute.



Soil Sustainable Management

Given the importance of the soil for our business, we have developed a series of initiatives in order to favor the sustainability of this resource:

- ✓ **Chopping in renewed plantations:** in order to incorporate organic matter into the soil and avoid burning vegetable residue, we incorporated the chopping of plants pulled from the soil for their later degradation in the soil.
- ✓ **Soil rest:** When the pulling of the citrus plantation is done, we leave the soil to rest for two years, implanting a year-through warm-season crop (sorghum forage) and a winter year-through crop (black barley). In this way we succeed in incorporating organic matter improving the soil structure, its physical and chemical conditions, as well as interrupting the cycle of plagues and diseases
- ✓ **Preventive measures to avoid erosion:** In accordance with soil topography, we plant on contour level. The aim is to avoid water erosion, with the least loss of soil, achieving a long-term sustainable system.
- ✓ **Mulches of vegetable residue to keep water in and improve organic matter content:** Using this technology we seek to maximize efficiency of water resources generating a vegetable cover over the soil in the areas of major concentration of active root systems.
- ✓ **Elimination of pruning residue:** It is performed with grinders whose objective is to diminish the size of residue to favor their incorporation into the soil.



✓ **We have adopted a conservationist system of practices to avoid erosion.**

In this way we are avoiding problems like loss of soil and its subsequent fertility. Our aim is to work on a long-term sustainable system.

✓ **Plague monitoring and thresholds use of chemicals:** a clear framework is established for the application of chemical products through a system of monitoring and fixing thresholds, monitoring plague damage and population levels of beneficial insects. In this way, treatment and impact on soil are diminished.

Waste Management

Our policy of waste and pollution management aims at taking the necessary measures to prevent and avoid environmental pollution. To this end, we carry out a process of waste management oriented primarily to minimize it; secondly, to treat waste where possible or recycle it and lastly, if not treatable or recyclable, to dispose of waste in adequate and safe places.

The success of this system lies in emphasizing a good classification at origin. Firstly, we classify all waste generated in the different sectors of the company and we store it in depots in accordance with the nature of the waste, until its suitable transfer and final disposal.

In this way we group waste in three different types:

- **General waste:** it is mostly sent to recycling, such as paper sent to the Garrahan Hospital, cardboard sold to a recycling business in the province of Salta, and plastics in general which are also sent to recycling.
- **Industrial waste:** such as pulp, mud, liquid mud and fruit residue are sent to composting, bio-remediation, livestock feed or fertigation, according to their nature.
- **Hazardous waste:** results from production processes where chemical or toxic products have been used or from maintenance of equipment, field and factory machinery. This waste is collected and taken to a store tray until its final transportation to disposal with authorized operators.

The correct classification of the residues guarantees legal fulfillment and avoids pollution

WASTE

Type	Waste	Volume		Treatment
		2012	2011	
Rubbish	Domestic waste	554600	822220	Sanitary filling
Plastic	Hazardous	75280	102145	Recycling
Cardboard	Waste	18930	15560	Recycling
Paper		1820	12060	Recycling
Hazardous Waste	Hazardous Waste	44085	31533	Incineration
Fruit Residue	Production	556630	1419310	Bio-remediation, composting
Factory Pulp	Waste	3470400	4262411	Livestock feed, Bio-remediation, composting
Effluent Pulp		8164520	12100425	Livestock feed, Bio-remediation, composting
Dry mud		2456908	7226760	Bio-remediation, composting
Liquid mud		26305420	8027501	Fertigation
Bud down UF		592640	0	Fertigation

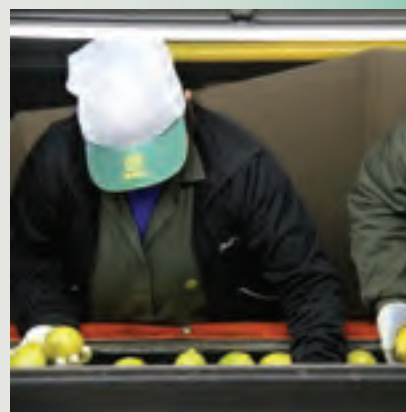
With regard to handling empty agrochemical containers, their proper disposal and handling is carried out following guidelines, which determine the non-use of containers through the technique of triple washing - and their subsequent piercing. Once containers are rendered useless, they are sent to final disposal with an authorized operator for the treatment of plastic with agrochemical refuse.

In addition, we have implemented measures to reduce the risk of pollution:

- ✓ Construction of fixed trays in the depots where liquid products are stored in order to avoid spilling in case of breakages.
- ✓ Construction and use of waterproof fixed/movable trays for spraying fronts.
- ✓ Construction of anti-spilling trays for storing diesel fuel and emulsion oil.
- ✓ Unused oil, filters, etc. are stored in appropriate places until their final disposal.

7.5 Biodiversity

Our main objective is to preserve biological communities present in the areas where we operate. To be successful, we work permanently on protecting the natural habitat surrounding the plantations of San Miguel based on a policy of environmental conservation, compatible with economically sustainable agriculture, seeking to minimize environmental impact and implementing systematic plans of action.



Some of the practices implemented are:

- ✓ Planting native tree species in small areas to maintain and promote biodiversity.
- ✓ Identification of typical fauna present in the field in order to discover possible variations in their population.
- ✓ Reconversion of unproductive areas, such as forest and waterlogged areas, headlands, field edges or rivers, areas of unproductive soil, land with difficult access, etc., into conservation areas to preserve natural flora and fauna.

Moreover, we have regulated and rationalized the use of fertilizers and phytosanitary products in order to minimize the impact that their excess use may cause on the soil, surface or underground sources of water animal and vegetable species.

In South Africa, we have recently carried out an Environmental Impact Assessment, through which we studied our farms in order to establish a methodology to increase productive hectares without harming the environment. We are currently drawing up a report on this study, with chapters on the handling of soil, water, archeological elements, flora, fauna and biodiversity.

Initiative with Methane biogas resulting from effluent treatment:

In order to reach better energy indicators and promote the best practices, San Miguel certified the Carbon Bonds Project before the UN where we committed ourselves to reducing GHG (Greenhouse effect gases) emissions, among these Methane, linked to our effluent treatment, reusing it in our own plant for heating the effluent entering the bio-reactor.

It certainly is a long-term project. When volumes of biogas –generated in sufficient quantity-- are to be reached, we plan to use it as fuel to feed peel-drying boilers.

In addition, the effluent treatment plant, located in the industrial center for citrus processing of our company in Famaillá, has been up and running since 2009.



The responsible use of fertilizers does not exceed national or international limits, thus avoiding contamination by phosphates or nitrates in groundwater.

EFFLUENT

	m ³ /year	Processing in 2012
Industrial effluent 2012	1226760 m ³ /year	217864 ton



8. Community

“Community involvement goes beyond identifying and engaging stakeholders in regard to the impacts of an organization’s activities; it also encompasses support for and building a relationship with the community. [...]An organization’s contribution to community development can help to promote higher levels of well-being in the community. Such development, generally understood, is the improvement in the quality of life of a population.”

Excerpt from section 6.8.1, “Overview of community involvement and development” International Standard ISO 26000. Guidance on social responsibility, ISO 26000: 2010. First edition 2010-11 01.

2012 Highlights

→ Cre-Ser, the education project done in conjunction with Asociación Conciencia in the 7 schools in rural areas in the vicinity of our farms.

→ Alliance with Fundación Banco de Alimentos to provide 3,000 kg/month of food to the 7 schools in rural areas with around 1,600 students.

→ In South Africa, we work with Grassroot Soccer (NGO) to create awareness and help prevent HIV.

Community

At San Miguel, we have made a commitment -as members of the communities we belong to- to contribute to the improvement of their quality of life. To this end, we constantly allocate human, technical and financial resources to the generation of share capital.

8.1 Nutritional assistance to rural schools

At San Miguel, our objective is to contribute to satisfy children's nutritional need in order to prevent or correct deficiencies in the general health and help enhance their school performance.

To that end, we cooperate with non-perishable food items in conjunction with Fundación Banco de Alimentos in order to supplement state assistance guaranteeing a healthy and balanced diet to the 1600 children at the seven schools in rural areas located near our farms.

8.2 Cre-Ser Program

With clear objective of helping the schools making their students remain at school, thus avoiding their dropping out, we work in conjunction with Asociación Conciencia –an organization devoted to education for social inclusion.

The first step was to carry out an initial Survey on the current situation and basic needs and current assessment of the seven schools in rural areas we work with. We came across difficulties in: writing, reading comprehension, problems related to low self-esteem, insecurity, impetuosity, in addition to problems in the cognitive and attitudinal areas.

Based on this assessment, we defined activities for each line of action:

- ✓ **Healthy Life Habits:** incorporation of healthy life habits (preventive good nutrition, medical check-ups).
- ✓ **Scholarship Promotion:** supportive pedagogical actions and strengthening of learning abilities in students.
- ✓ **Children's Rights:** artistic and sports activities to develop social and emotional activities and to promote values (teamwork, self-esteem, friendship, solidarity, etc.)

Activities were held three times a week, two hours a day, with teachers chosen to that effect. The program took place after normal school hours, at school facilities. Besides, students had the assistance of a dedicated team of multidisciplinary professionals at all times.

Community specific rules

→ Promote local development with a focus on nutrition and education

→ Prior attention to our employees.

→ Make the best of operative issues that have a positive impact in our communities.

7

In 2012, 7 schools obtained this benefit. These are located in the immediate vicinity of the farms of San Miguel de Tucumán. The aid reached 1,600 students.

Cre Ser

CONCIENCIA
HACEMOS FUTURO, GENERANDO CONCIENCIA.

Because of this program, we developed relationships of direct and permanent consultation between the CSR Area of San Miguel and the Regional Ministerial Supervisors, we receive new demands from Parents and children to be incorporated in the program in place. There is an indirect follow-up of headmasters as well as an Awareness of problems of absenteeism and synergies with the Junior Achievement Program and Banco de Alimentos (Food Bank).

8.3 Nutrition Program

Since 2008, we have worked with a focus on Nutrition in order to improve the food aid provided to school dining rooms in the 7 schools in the immediate vicinity of our farms. With the advice of a qualified professional, we developed the activities listed below during 2012:

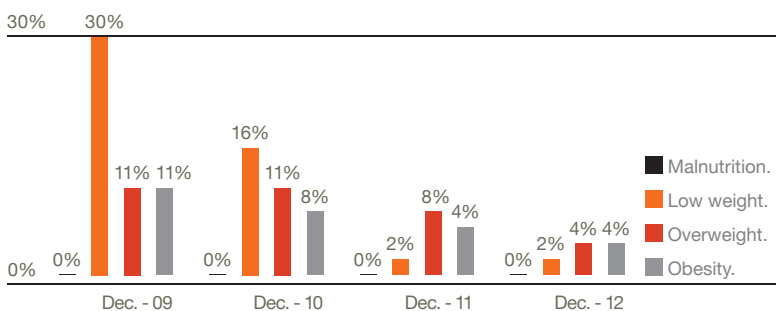
- Nutrition workshops in the classrooms.
- Cookery workshop:
- Workshops on nutrition aimed at students, community and teachers: Seminars on health and nutrition:
- Individual and group visits to the nutritionist.
- Scientific advice to science fairs for different forms/grades
- Nutritional tests of students both at the beginning and at the end of the year:



In 2012 we developed 124 workshops, 130 school support schemes and 125 recreational activities.

Activities	# of services	# of participants
Nutrition classes in the classroom	13	390
Cookery workshop	24	144
Training to cooking staff	13	52
Nutritional education workshops for students, community and teachers	15	422
Integral seminars on health and nutrition	3	530
Both individual and group-based nutritional Practice.	17	88
Scientific advice for science fairs to different forms/grades	9	270
Nutritional Tests	14	2,177

EVOLUTION OF THE NUTRITIONAL STATE OF STUDENTS IN THE SCHOOLS AIDED.



8.4 Survey on basic needs

With the aim of getting to know more deeply the dynamics and socio-economic reality of students' families attending the Cre-Ser Program, we have done qualitative and quantitative research work in conjunction with Asociación Conciencia, oriented to determine the needs affecting the above mentioned population.

116 families were surveyed and a total of 142 pupils participating of the program Cre-Ser of which the greater percentage were from 1st to 2nd grade (20,4%) and in less proportion pupils from 6th grade (10,5%). The results allowed us to have a clearer view of the general situation and reinforce the importance and impact of the above-mentioned program in place. At the same time, allowing us to think about possible potential needs and programs.

8.5 Corporate Volunteering

At San Miguel, we seek to create new instances of interaction between the community and the staff and thus encourage bonds of solidarity, commitment, interaction between the company and the players from the communities where we are based.

Actions in 2012

- ✓ **Four-monthly meetings of the Committee in Action.** The committee is formed by a multidisciplinary group of 25 people, representing different areas the company in Argentina-Uruguay and South Africa. They meet in order to introduce issues for discussion and analyze the present situation on the ongoing projects.
- ✓ **Supervision of Computing Rooms at rural Schools in Tucumán.** It was carried out in 2 schools in Famaillá.
- ✓ **Clearing Plan of Products that are "obsolete" and disused for their subsequent disposal,** and Reuse or potential donations to schools.
- ✓ **We actively tend to local demands and carry out specific actions:** infrastructure repair jobs at schools near our farms, wire fence fixing and setting, among others.

Junior Achievement

A worldwide educational foundation whose mission statement is to inspire in youths the entrepreneurial spirit to encourage them to meet their goals. To this end, they develop educational programs aimed at students between 5 and 11, conducted by volunteering professionals in public and private institutions.

During 2012, 28 employees from Argentina participated in three different programs in seven schools in rural areas in Tucumán: The programs in place were "The advantages of remaining at school", "The Company" and "Day Partners" with 207 students trained.





Grassroot Soccer, in South Africa

Grassroot Soccer Inc. is a Non-Governmental Organization that uses the power of soccer to provide youth with the knowledge, skills, and support to lead healthier lives, specifically with reference to the fight against HIV.

San Miguel believes that even under difficult circumstances there is an immense potential in youth to engage themselves in a transformational process that will improve their health and wellbeing and that of their communities

In 2012, 10 employees of San Miguel took part in the activities and turned into team members in order to help youths commit themselves to this process.

8.6 FormARTE

At San Miguel, we encourage the cultural vocation of our staff, families of our staff as well as third party employees through training workshops oriented towards providing integral artistic coaching both in terms of drawing and different fine arts techniques.

The workshops are held in El Naranjo School in Burruyacu area, at Famaillá Plant as well as at Lavalle packing plant.

In 2012, 77 workers and relatives participated during the whole year of the workshops and 69 pieces of artwork were exhibited in San Miguel's Artistic Passion Contest –held every year.

We outline some of the foundations we work in conjunction with:



Fundamind:
Aid foundation for the help of children affected by poverty and HIV.



Fundalam:
Breastfeeding and Motherhood Foundation.



FANN: Foundation for the Aid to Children in Need.



Asdra: Down Syndrome Association of Argentina.



Fundación RAP:
Political Action Network



Fundación NUTRIR-Conin:
NGO that works on preventing malnutrition on children from 0 to 6 years



Events for Children's Day



Fundación CARITAS



Fundación Garrahan





9. Achievements and challenges

OBJECTIVES FOR 2012

ADVANCES IN OBJECTIVES IN 2012

CHALLENGES FOR 2013

Corporate Social Responsibility

Turn San Miguel into a company renowned for its corporate responsibility and integrity.

- Design of a corporate Social Responsibility plan
- Interaction with NGOs to exchange points of view, assess projects.

- Launch of the Ethical Code in the three countries where we operate.
- Ethical Trading initiative (ETI) in Argentina and Uruguay.

Strengthen the institutional awareness process of the senior and middle management supervising the content and the strategic importance of being a socially responsible company.

- Training courses and work meetings of the CSR Committee.
- Integration of Uruguay to the CSR plan

- Continue with the general awareness plan at all levels within the company, ensuring the CSR is incorporated as a responsible management system

Fair operating practices

Encourage raising awareness and appreciation of being a socially responsible company within our value chain.

- CSR training to suppliers.

- Incorporation of social and environmental criteria into the process of Selection and Assessment of suppliers.
- Communication of the ten principles of the Global Compact to main suppliers including as well an invitation to sign a Letter of Commitment where parties pledge to abide by the said principles.
- Promote joint CSR actions together with strategic suppliers in the regions where we operate

OBJECTIVES FOR 2012**ADVANCES IN OBJECTIVES
IN 2012****CHALLENGES FOR 2013****Labour practices**

Incorporate a Complete program for the professional development of San Miguel employees.

- Redesign, update and implementation of the Talent Management System
- Training for all staff on the use of this new tool developed for the skills management

- Implementation and Follow-up of the Intra Area Communication Program in order to finalize the process and assess results.
- Definition and communication to all the organization of the Leadership Model proposed by San Miguel
- Design and implementation of a Development Program in Generic Leadership and Team Work for the Processing Business Division

Redesign of the Training Plan, improving detection of needs in order to design programs according to levels and specific topics or subjects

- Implementation of the Program for Identification of Development Opportunities.

- Design and implementation of a Control Board with management indicators allowing performance appraisal of the Training Area
- Design and implementation of E-learning (as a tool) for processes related to Training and Development.

Establish new communication channels with the staff

- Design and implementation of the Internal Communication Program: Redesign of "SoMos" Magazine and its first launch in South Africa
- Implementation of new tools such as the monthly digital Newsletter and Daily News encompassing different categories.

- Design and implementation of the first Employee working environment Survey at San Miguel.

Promote initiatives that strengthen the culture of prevention in terms of safety and health care at workplace.

- Application for the standard "tobacco free enterprise".
- Employee Assistance Program. (Alcoholism)
- Launch of two continuous training programs in Safety and Hygiene.

- Ensure continuity of the programs up and running and propose new challenges that may add value in terms of safety and health care at workplace.
- Regular update on medical suggested checkups in our publications.
- Spread information on national free Vaccination Programs.

OBJECTIVES FOR 2012

ADVANCES IN OBJECTIVES IN 2012

CHALLENGES FOR 2013

Customers' issues

To be recognized by our customers as a company which cares about the triple line (social –Economic and Environmental issues)

- Creation and implementation of the “Customer Service” Division.
- Regular visits to customers before and after every season enabling the commercial team to understand new trends customer needs and demands
- Development of our supply from three origins with presence in Argentina, Uruguay and South Africa.

- Improve logistic coordination in supply from the three origins.
- Be updated in terms of innovations or market requirements in terms of “sustainable” packaging.
- Work on increased uniformity of products offered throughout All Lemon
- Strengthen bonds with technical departments, discovering clear synergies for continuous improvement.
- Strengthen customers’ awareness of the initiatives of San Miguel pertaining to sustainability (Water and CO2 Footprints –report-)

The environment

Promote initiatives that may strengthen the culture of prevention and care of the environment.

- Environmental awareness oriented towards employees.
- Awareness of the importance of sustainable management in all areas, making rational use of our resources and achieving good management of our waste.
- E-mail information given on different key environmental dates.
- Holding Families’ Environmental Day

- Identification of environmental aspects related to different production stages and their significant environmental impact.
- Certification on Standard Environmental Monitoring Techniques ISO 9001

Implement a management plan for responsible use of energy and suitable handling of water and soil.

- Calculation and certification of Water and Carbon Footprints.
- Energy efficiency audit in plants.

- Carbon and Water Footprints South Africa and Uruguay.

OBJECTIVES FOR 2012**ADVANCES IN OBJECTIVES
IN 2012****CHALLENGES FOR 2013****Community**

Carry on with our commitment to local development focusing on nutrition and educational programs.

- Provide 1,600 students in schools near our farms with non-perishable food. This is supplementary to national government aid so that children may have a balanced diet.

- Carry on with this Project attaining synergies with other institutions.
- Include Food bank from South Africa into this plan and analyze further possibilities with local communities.

Continue with the commitment of the local development focusing on educational programs

- Success in implementing CRE-SER Program of educational support for 2 quarters in 2012. This program provides support to the 350 children at educational risk in the 7 schools in the vicinity of our farms.

- Extend the program to the three quarters of 2013.
- Achieve the continuity and consolidation of the Cre-Ser Program

Promote corporate volunteering.

- Junior Achievement programs at the 7 schools in the areas where we operate at Tucumán

- Implement volunteering projects for Buenos Aires, Tucumán; Uruguayan offices



A close-up photograph of a person's hands working on a piece of machinery, possibly a forklift, with a green background. The image is partially obscured by a large green rectangular overlay on the left side, which contains the text.

10. Indicators of Corporate Social Responsibility

Indicators of Corporate Social Responsibility

10.1 Commitment with the UN Global Compact

With a view to contributing to build a more stable, fair and inclusive global market, we signed our adhesion to the UN Global Compact in 2012.

In this way, we confirmed our international commitment to adopt and progress in the implementation of the 10 universal principles related to human rights, labor regulations, the environment and anti-corruption.



References:

N/A information not available

Notes: at the bottom of the chart

10.2 Table of Development Indicators: GRI, Global Compact and Standard ISO 26000

GRI REFERENCE	Global Compact Principle	ISO 26000 Clauses	Page(s)
1. Strategy and Analysis			
1.1 Statement from the most senior decision-maker of the organization.		6.2	10,11
1.2 Description of key impacts, risks, and opportunities.		6.2	7,17,22,26-29, 33,40,58,66, 78,84-87
2. Organizational Profile			
2.1 Name of the organization.			6
2.2 Primary brands, products, and/or services.			13-15,18-19
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.		6.2	12,18-19,23
2.4 Location of organization's headquarters.			Note 1
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.			12
2.6 Nature of ownership and legal form.			12, Note 2
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).			12,18,19,56-57
2.8 Scale of the reporting organization.			16,18,41,56-57
2.9 Significant changes during the reporting period regarding size, structure, or ownership.			Note 3
2.10 Awards received in the reporting period.			29
3. Report Parameters			
<i>Report profile</i>			
3.1 Reporting period (e.g., fiscal/calendar year) for information provided.			6
3.2 Date of most recent previous report (if any).			Note 4
3.3 Reporting cycle (annual, biennial, etc.)			Note 4
3.4 Contact point for questions regarding the report or its contents.			Back cover
<i>Report scope and boundary</i>			
3.5 Process for defining report content.			6,7

GRI REFERENCE	Global Compact Principle	ISO 26000 Clauses	Page(s)
3.6			6
3.7			6
3.8			Note 5
3.9			6
3.10			Note 5
3.11			Note 5
<i>GRI content index</i>			
3.12			90-95
<i>Assurance</i>			
3.13		7.5.3	Note 6
4. Governance, Commitments, and Engagement			
<i>Governance</i>			
4.1		6.2	22,23
4.2		6.2	Note 7
4.3		6.2	22, Note 7
4.4		6.2	22
4.5		6.2	Note 8
4.6		6.2	32
4.7		6.2	22,27,28
4.8		6.2	17,32
4.9		6.2	27
4.10		6.2	N/A
<i>Commitments to external initiatives</i>			
4.11	Principle 7	6.2	66, 67
4.12		6.2	33, 35, 39, 40, 43, 45, 78-81
4.13		6.2	32, 81
<i>Stakeholder engagement</i>			
4.14		6.2	28, 29
4.15		6.2	28, 29

GRI REFERENCE		Global Compact Principle	ISO 26000 Clauses	Page(s)
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		6.2	7, 28, 29, 53, 61, 62
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.		6.2	7, 53, 61, 62
Economic performance indicators				
<i>Economic performance</i>				
EC1 (P)	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		6.8, 6.8.3, 6.8.7, 6.8.9	16
EC2 (P)	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Principle 7	6.5.5	N/A
EC3 (P)	Coverage of the organization's defined benefit plan obligations.			N/A
EC4 (P)	Significant financial assistance received from government.			Note 9
<i>Market presence</i>				
EC5 (A)	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Principle 1	6.4.4, 6.8	Note 10
EC6 (P)	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		6.6.6, 6.8, 6.8.5, 6.8.7	34
EC7 (P)	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Principle 6	6.8, 6.8.5, 6.8.7	Note 11
<i>Indirect economic impacts</i>				
EC8 (P)	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		6.3.9, 6.8, 6.8.3, 6.8.4, 6.8.5, 6.8.6, 6.8.7, 6.8.9	78-81
EC9 (A)	Understanding and describing significant indirect economic impacts, including the extent of impacts.		6.3.9, 6.6.6, 6.6.7, 6.7.8, 6.8, 6.8.5, 6.8.6, 6.8.7, 6.8.9	35, 38, 41, 43, 44, 79, 80
SOCIAL PERFORMANCE INDICATORS: Labor Practices and Decent Work				
<i>Employment</i>				
LA1 (P)	Total workforce by employment type, employment contract, and region, broken down by gender.		6.4, 6.4.3	41
LA2 (P)	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Principle 6	6.4, 6.4.3	41
LA3 (A)	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		6.4, 6.4.3, 6.4.4	46
LA15 (P)	Return to work and retention rates after parental leave, by gender.			N/A
<i>Labor/management relations</i>				
LA4 (P)	Percentage of employees covered by collective bargaining agreements.	Principle 1 y 3	6.4, 6.4.3, 6.4.4, 6.4.5, 6.3.10	Note 12
LA5 (P)	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Principle 3	6.4, 6.4.3, 6.4.4, 6.4.5	N/A
<i>Occupational health and safety</i>				
LA6 (A)	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Principle 1	6.4, 6.4.6	N/A
LA7 (P)	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Principle 1	6.4, 6.4.6	49
LA8 (P)	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Principle 1	6.4, 6.4.6, 6.8, 6.8.3, 6.8.4, 6.8.8	48-52
LA9 (A)	Health and safety topics covered in formal agreements with trade unions.	Principle 1	6.4, 6.4.6	N/A
<i>Training and education</i>				
LA10 (P)	Average hours of training per year per employee by gender, and by employee category.		6.4, 6.4.7	44,48
LA11 (A)	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		6.4, 6.4.7, 6.8.5	42-45,48
LA12 (A)	Percentage of employees receiving regular performance and career development reviews, by gender.		6.4, 6.4.7	N/A

GRI REFERENCE	Global Compact Principle	ISO 26000 Clauses	Page(s)
<i>Diversity and equal opportunity</i>			
LA13 (P) Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Principle 1 y 6	6.3.7, 6.3.10, 6.4, 6.4.3	22,41,Note 11
LA14 (P) Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Principle 1 y 6	6.3.7, 6.3.10, 6.4, 6.4.3, 6.4.4	45
Social performance indicators: Human Rights			
<i>Investment and procurement practices</i>			
HR1 (P) Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Principle 1-6	6.3, 6.3.3, 6.3.5, 6.6.6	N/A
HR2 (P) Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Principle 1-6	6.3, 6.3.3, 6.3.5, 6.4.3, 6.6.6	N/A
HR3 (A) Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Principle 1-6	6.3, 6.3.5	N/A
<i>Non-discrimination</i>			
HR4 (P) Total number of incidents of discrimination and corrective actions taken.	Principle 1, 2 y 6	6.3, 6.3.6, 6.3.7, 6.3.10, 6.4.3	40
<i>Freedom of association and collective bargaining</i>			
HR5 (P) Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Principle 1-3	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.8, 6.3.10, 6.4.3, 6.4.5	33,38
<i>Child labor</i>			
HR6 (P) Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Principle 1,2, 4 y 5	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10	33,38
<i>Forced and compulsory labor</i>			
HR7 (P) Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Principle 1, 2 y 4	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10	33,38
<i>Security practices</i>			
HR8 (A) Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Principle 1 y 2	6.3, 6.3.5, 6.4.3, 6.6.6	N/A
<i>Indigenous rights</i>			
HR9 (A) Total number of incidents of violations involving rights of indigenous people and actions taken.	Principle 1 y 2	6.3, 6.3.6, 6.3.7, 6.3.8, 6.6.7	N/A
<i>Assessment</i>			
HR10 (P) Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.			33,38
<i>Remediation</i>			
HR11 (P) Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.			N/A
Social performance indicators: society			
<i>Local community</i>			
SO1 (P) Percentage of operations with implemented local community engagement, impact assessments, and development programs.		6.3.9, 6.8, 6.8.5, 6.6.7	78-81
SO9 (P) Operations with significant potential or actual negative impacts on local communities.			N/A
SO10 (P) Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.			N/A
<i>Corruption</i>			
SO2 (P) Percentage and total number of business units analyzed for risks related to corruption.	Principle 10	6.6, 6.6.3	N/A
SO3 (P) Percentage of employees trained in organization's anti-corruption policies and procedures.	Principle 10	6.6, 6.6.3	N/A
SO4 (P) Actions taken in response to incidents of corruption.	Principle 10	6.6, 6.6.3	N/A
PUBLIC POLICY			
SO5 (P) Public policy positions and participation in public policy development and lobbying.	Principle 1-10	6.6, 6.6.4, 6.8.3	Note 13

GRI REFERENCE	Global Compact Principle	ISO 26000 Clauses	Page(s)
S06 (A) Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Principle 10	6.6, 6.6.4, 6.8.3	Note 14
<i>Anti-competitive behavior</i>			
S07 (A) Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		6.6, 6.6.5, 6.6.7	N/A
<i>Compliance</i>			
S08 (P) Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		6.6, 6.6.7	N/A
Social performance indicators: product responsibility			
<i>Customer health and safety</i>			
PR1 (P) Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Principle 1	6.3.9, 6.6.6, 6.7, 6.7.4, 6.7.5	58,59,60
PR2 (A) Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Principle 1	6.3.9, 6.6.6, 6.7, 6.7.4, 6.7.5	N/A
<i>Product and service labeling</i>			
PR3 (P) Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Principle 8	6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9	58-60
PR4 (A) Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Principle 8	6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9	N/A
PR5 (A) Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		6.7, 6.7.4, 6.7.5, 6.7.6, 6.7.8, 6.7.9	60-62
<i>Marketing communications</i>			
PR6 (P) Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		6.7, 6.7.3, 6.7.6, 6.7.9	Note 15
PR7 (A) Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		6.7, 6.7.3, 6.7.6, 6.7.9	N/A
<i>Customer privacy</i>			
PR8 (A) Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Principle 1	6.7, 6.7.7	N/A
<i>Compliance</i>			
PR9 (P) Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		6.7, 6.7.6	N/A
Environmental performance indicators			
<i>Materials</i>			
EN1 (P) Materials used by weight or volume.	Principle 8	6.5, 6.5.4	N/A
EN2 (P) Percentage of materials used that are recycled input materials.	Principle 8 y 9	6.5, 6.5.4	N/A
<i>Energy</i>			
EN3 (P) Direct energy consumption by primary energy source.	Principle 8	6.5, 6.5.4	71
EN4 (P) Indirect energy consumption by primary source.	Principle 8	6.5, 6.5.4	71
EN5 (A) Energy saved due to conservation and efficiency improvements.	Principle 8 y 9	6.5, 6.5.4	N/A
EN6 (A) Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Principle 8 y 9	6.5, 6.5.4	69,72
EN7 (A) Initiatives to reduce indirect energy consumption and reductions achieved.	Principle 8 y 9	6.5, 6.5.4	67,68,72
<i>Water</i>			
EN8 (P) Total water withdrawal by source.	Principle 8	6.5, 6.5.4	69
EN9 (A) Water sources significantly affected by withdrawal of water.	Principle 8	6.5, 6.5.4	69
EN10 (A) Percentage and total volume of water recycled and reused.	Principle 8 y 9	6.5, 6.5.4	N/A
<i>Biodiversity</i>			
EN11 (P) Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Principle 8	6.5, 6.5.6	N/A
EN12 (P) Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Principle 8	6.5, 6.5.6	72-75
EN13 (A) Habitats protected or restored.	Principle 8	6.5, 6.5.6	N/A
EN14 (A) Strategies, current actions, and future plans for managing impacts on biodiversity.	Principle 8	6.5, 6.5.6	72,74,75
EN15 (A) Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Principle 8	6.5, 6.5.6	N/A

GRI REFERENCE	Global Compact Principle	ISO 26000 Clauses	Page(s)
<i>Emissions, effluents, and waste</i>			
EN16 (P) Total direct and indirect greenhouse gas emissions by weight.	Principle 8	6.5, 6.5.5	N/A
EN17 (P) Other relevant indirect greenhouse gas emissions by weight.	Principle 8	6.5, 6.5.5	N/A
EN18 (A) Initiatives to reduce greenhouse gas emissions and reductions achieved.	Principle 7, 8 y 9	6.5, 6.5.5	72,75
EN19 (P) Emissions of ozone-depleting substances by weight.	Principle 8	6.5, 6.5.3	N/A
EN20 (P) NOx, SOx, and other significant air emissions by type and weight.	Principle 8	6.5	N/A
EN21 (P) Total water discharge by quality and destination.	Principle 8	6.5	75
EN22 (P) Total weight of waste by type and disposal method.	Principle 8	6.5	74
EN23 (P) Total number and volume of significant spills.	Principle 8	6.5	N/A
EN24 (A) Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Principle 8	6.5	73,74
EN25 (A) Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Principle 8	6.5, 6.5.4, 6.5.6	N/A
<i>Products and services</i>			
EN26 (P) Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Principle 7, 8 y 9	6.5, 6.5.4, 6.6.6, 6.7.5	69, 73,74
EN27 (P) Percentage of products sold and their packaging materials that are reclaimed by category.	Principle 8 y 9	6.5, 6.5.4, 6.7.5	35
<i>Compliance</i>			
EN28 (P) Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Principle 8	6.5	N/A
<i>Transport</i>			
EN29 (A) Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Principle 8	6.5, 6.5.4, 6.6.6	N/A
<i>Overall</i>			
EN30 (A) Total environmental protection expenditures and investments by type.	Principle 7, 8 y 9	6.5	N/A

NOTES:

- 1: The headquarters of San Miguel are in Buenos Aires, Argentina.
- 2: San Miguel Inc. Farming, Livestock, Industrial, Commercial, Real Estate and Financial
- 3: Inauguration of Milagro Inc. Packing plant (South).
- 4: San Miguel publishes for the first time its Sustainability report, covering the annual period.
- 5: There is no re edition of information concerning previous reports, nor changes in the scope of the document, due to the fact that this is the first sustainability report.
- 6: There is no third parties verification on this Sustainability.
- 7: All board members, including the President, do not hold an executive position in San Miguel.
- 8: The salaries of the Board members are fixed based on the responsibilities, the dedicated time, the skills and professional prestige as well as the market value of the offered services. The salaries do have a fixed component based on performance, which are aligned with the market returns.
- 9: There was not any financial support from the governments.
- 10: San Miguel salaries of the employees who are not under agreements are above the Argentinian Minimum wage. The initial salary for men and women exceeds the 105,6% of the Argentinian Minimum wage.
- 11: All the non-executive board members are Argentinians.
- 12: The 95,2% of employees under agreements are covered by the collective ones.
- 13: Through the different Commercial Chambers we belong to, we participate promoting the interests of the sector, proposing initiatives for the improvement of the competitiveness and cooperate with the development of new markets.
- 14: There were no disbursements to any political parties or related institutions.
- 15: In the framework of the Food Industries Coordinator, we participate in the development of a Self-regulated Food & beverage publicity code, which mainly targets children.

Open to dialog

This publication of our first CSR Report is expected to make our public aware of the way we work and experience CSR and the materiality issues that guide our business and our commitment to Sustainable Development.

We hope you send your opinions, suggestions, doubts or any further comment related to our management and the statements contained in this Report.

You may do so using the following e-mail: rse@sa-sanmiguel.com

Acknowledgements

We want to acknowledge the valuable contribution of all our staff and all stakeholder groups that made the analysis performed and the assessment of necessary data possible in order to draw up this Report.

Buenos Aires, May 2013.

1500 Spanish and 500 English copies of this CSR Report have been printed for free distribution among our stakeholders.

This Report is available in electronic format at:

http://www.sa-sanmiguel.com/docs/en_EN/sustainability2012.pdf

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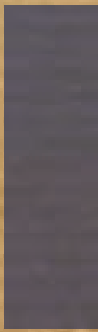
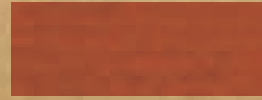
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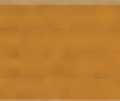
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